

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020



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**MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
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YEARS ENDED JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

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

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, 2021 and 2020, and the related statements of activities, 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 of America; 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.

Auditors' 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 of America. Those standards require that we plan and perform the audits 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 auditors' 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 foundation'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 foundation'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.

Board of Directors
Milwaukee Area Technical College Foundation, Inc.

Opinion

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
September 30, 2021

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 1,382,862	\$ 127,503
Restricted Cash	1,890,883	312,129
Investments	25,680,370	18,870,574
Promises to Give, Net	1,626,333	626,548
Accounts Receivable	-	20,833
Prepaid Expenses	9,242	14,750
Total Assets	\$ 30,589,690	\$ 19,972,337
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 1,779,998	\$ 168,927
NET ASSETS		
Without Donor Restrictions	2,298,555	1,400,740
With Donor Restrictions	26,511,137	18,402,670
Total Net Assets	28,809,692	19,803,410
Total Liabilities and Net Assets	\$ 30,589,690	\$ 19,972,337

See accompanying Notes to Financial Statements.

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, SUPPORT, AND GAINS			
Contributions	\$ 111,030	\$ 5,719,406	\$ 5,830,436
In-Kind Contributions	559,699	-	559,699
Milwaukee PBS Restricted Contributions	-	6,776,496	6,776,496
Special Events Revenue	-	13,615	13,615
Investment Income, Net	1,035,592	3,890,746	4,926,338
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	<u>9,998,117</u>	<u>8,108,467</u>	<u>18,106,584</u>
EXPENSES			
Program Services Expense:			
Program Operating Expenses	2,490,393	-	2,490,393
Milwaukee PBS Program Expenses	<u>5,956,615</u>	<u>-</u>	<u>5,956,615</u>
Total Program Expenses	8,447,008	-	8,447,008
Supporting Services Expense:			
Management and General	371,772	-	371,772
Fundraising and Development	<u>281,522</u>	<u>-</u>	<u>281,522</u>
Total Supporting Services Expenses	<u>653,294</u>	<u>-</u>	<u>653,294</u>
Total Expenses	<u>9,100,302</u>	<u>-</u>	<u>9,100,302</u>
CHANGE IN NET ASSETS	897,815	8,108,467	9,006,282
Net Assets - Beginning of Year	<u>1,400,740</u>	<u>18,402,670</u>	<u>19,803,410</u>
NET ASSETS - END OF YEAR	<u>\$ 2,298,555</u>	<u>\$ 26,511,137</u>	<u>\$ 28,809,692</u>

See accompanying Notes to Financial Statements.

**MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	\$ 80,597	\$ 3,141,357	\$ 3,221,954
In-Kind Contributions	561,666	-	561,666
Milwaukee PBS Restricted Contributions	-	6,974,481	6,974,481
Special Events Revenue	-	47,985	47,985
Investment Income, Net	212,318	378,398	590,716
Investment Income Appropriated for:			
Administrative Endowment	37,768	(37,768)	-
Investment Management Fees	9,474	(9,474)	-
Net Assets Released from Restrictions - Other	9,849,934	(9,849,934)	-
Total Revenue, Support, and Gains	10,751,757	645,045	11,396,802
 EXPENSES			
Program Services Expense:			
Program Operating Expenses	3,581,744	-	3,581,744
Milwaukee PBS Program Expenses	6,465,017	-	6,465,017
Total Program Expenses	10,046,761	-	10,046,761
 Supporting Services Expense:			
Management and General	261,579	-	261,579
Fundraising and Development	304,757	-	304,757
Total Supporting Services Expenses	566,336	-	566,336
 Total Expenses	10,613,097	-	10,613,097
 CHANGE IN NET ASSETS	138,660	645,045	783,705
 Net Assets - Beginning of Year	1,262,080	17,757,625	19,019,705
 NET ASSETS - END OF YEAR	\$ 1,400,740	\$ 18,402,670	\$ 19,803,410

See accompanying Notes to Financial Statements.

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

	Program Services	Management and General	Fundraising and Development	Total
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>10,020</u>	<u>7,967</u>	<u>-</u>	<u>17,987</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.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Fundraising and Development	Total
Grants and Other Assistance	\$ 1,346,232	\$ -	\$ -	\$ 1,346,232
Program Expenses	2,127,333	-	-	2,127,333
Special Event Expenses	-	-	1,500	1,500
Salaries, Wages, and Employee Benefits	99,429	154,991	251,465	505,885
Milwaukee PBS Expenses	6,465,017	-	-	6,465,017
Accounting Fees	-	36,974	-	36,974
Information Technology	1,750	7,251	13,071	22,072
Occupancy	7,000	7,000	14,000	28,000
Travel	-	-	1,665	1,665
Conferences, Conventions, and Meetings	-	19	1,755	1,774
Bank Fees	-	2,381	-	2,381
Insurance	-	8,461	-	8,461
Fundraising and Development	-	-	7,099	7,099
Dues and Subscriptions	-	-	3,903	3,903
Legal Expenses	-	4,839	-	4,839
Administrative Endowment Expenses	-	37,768	-	37,768
Other	-	1,895	10,299	12,194
	<u>\$ 10,046,761</u>	<u>\$ 261,579</u>	<u>\$ 304,757</u>	<u>\$ 10,613,097</u>
Total Expenses by Function	<u>\$ 10,046,761</u>	<u>\$ 261,579</u>	<u>\$ 304,757</u>	<u>\$ 10,613,097</u>

See accompanying Notes to Financial Statements.

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 9,006,282	\$ 783,705
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Realized and Unrealized Gain on Investments	(4,340,599)	(17,498)
Contributions Restricted to Endowment	(164,314)	(61,349)
Changes in Operating Assets and Liabilities:		
Promises to Give	(999,785)	417,910
Accounts Receivable	20,833	(20,833)
Prepaid Expenses	5,508	4,671
Accounts Payable	1,611,071	(13,093)
Net Cash Provided by Operating Activities	5,138,996	1,093,513
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(4,769,540)	(6,573,135)
Proceeds from Sales of Investments	2,300,343	5,121,990
Net Cash Used by Investing Activities	(2,469,197)	(1,451,145)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collections of Contributions Restricted to Endowment	164,314	61,349
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	2,834,113	(296,283)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	439,632	735,915
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 3,273,745	\$ 439,632
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and Cash Equivalents	\$ 1,382,862	\$ 127,503
Restricted Cash	1,890,883	312,129
Total Reconciliation of Cash, Cash Equivalents and Restricted Cash	\$ 3,273,745	\$ 439,632

See accompanying Notes to Financial Statements.

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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 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, 2021 and 2020.

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF 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 are not recognized until the conditions on which they depend have been substantially met.

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.

Donated Services and In-Kind Contributions

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 goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received. Contributed goods and services totaled \$559,699 and \$561,666 for the years ended June 30, 2021 and 2020, respectively.

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF 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 among the programs and supporting services benefited.

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 IRC Section 501(a), as an organization described in Internal Revenue Code (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 and Credit Risk

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.

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-13, *Fair Value Measurements*. The amendments in this ASU are intended to improve the effectiveness of disclosures about fair value measurements required under Accounting Standards Codification (ASC) 820. The ASU removes certain disclosures and modifies others. The Foundation has applied the guidance in ASU No. 2018-13 on a retrospective basis. There was no change in opening balances of net assets and no prior period results were restated as a result of adopting this standard.

Subsequent Events

We have evaluated subsequent events through September 30, 2021, 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:

	2021	2020
Cash and Cash Equivalents	\$ 1,382,862	\$ 127,503
Investments	1,473,577	942,970
Total	<u>\$ 2,856,439</u>	<u>\$ 1,070,473</u>

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.

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:

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

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.

A significant portion of our investment assets are classified within Level 1 because they are traded in an active market for which closing prices are readily available. We invest in money market funds traded in the financial markets. Those money market funds are valued by the custodians of the securities using multiple sources of information that are corroborated by market data and are classified within Level 2.

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.

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

The following table presents assets measured at fair value on a recurring basis at June 30, 2021.

ASSETS	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (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	25,141,957	\$ 24,717,587	\$ 424,370	\$ -
Assets Valued at NAV:				
REIT	271,434			
Limited Partnership	266,979			
Total Investments	\$ 25,680,370			

The following table presents assets measured at fair value on a recurring basis at June 30, 2020:

ASSETS	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Fixed Income Securities	\$ 7,722,134	\$ 7,722,134	\$ -	\$ -
Large Cap Equity Securities	4,452,381	4,452,381	-	-
Small/Mid Cap Equity Securities	3,664,995	3,664,995	-	-
International Equity Securities	1,552,132	1,552,132	-	-
Emerging Markets Equity Securities	835,269	835,269	-	-
Money Market Funds	643,663	-	643,663	-
Total	\$ 18,870,574	\$ 18,226,911	\$ 643,663	\$ -

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 PROMISES TO GIVE

Unconditional promises to give are estimated to be collected as follows at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Within One Year	\$ 953,996	\$ 229,405
In One to Five Years	701,083	337,667
Thereafter	-	70,000
Total	<u>1,655,079</u>	<u>637,072</u>
Less: Discount to Net Present Value	<u>(28,746)</u>	<u>(10,524)</u>
Total	<u>\$ 1,626,333</u>	<u>\$ 626,548</u>

At June 30, 2021, two donors accounted for 59% of total promises to give. There is no concentration of donors at June 30, 2020.

NOTE 5 ENDOWMENT

Our endowment (the Endowment) consists of approximately 74 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, 2021 and 2020, 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
JUNE 30, 2021 AND 2020

NOTE 5 ENDOWMENT (CONTINUED)

As of June 30, 2021 and 2020, we had the following endowment net asset composition by type of fund:

June 30, 2021	Without Donor Restriction	With Donor Restrictions	Total
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>
<u>June 30, 2020</u>			
MPBS Designated Endowment Funds	\$ -	\$ 9,378,532	\$ 9,378,532
Donor-Restricted Endowment Funds: Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	3,954,143	3,954,143
Total	<u>\$ -</u>	<u>\$ 13,332,675</u>	<u>\$ 13,332,675</u>

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.

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.

MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.
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NOTE 5 ENDOWMENT (CONTINUED)

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

June 30, 2021	MPBS Designated Endowment Funds	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 9,378,532	\$ 3,954,143	\$ 13,332,675
Investment Return, Net	2,768,870	1,175,731	3,944,601
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>
<u>June 30, 2020</u>			
Endowment Net Assets - Beginning of Year	\$ 8,261,963	\$ 3,935,447	\$ 12,197,410
Investment Return, Net	188,202	120,025	308,227
Contributions	2,845,638	61,349	2,906,987
Appropriation of Endowment Assets			
Pursuant to Spending-Rate Policy	(1,917,271)	(115,435)	(2,032,706)
Administrative Fees	-	(47,243)	(47,243)
Endowment Net Assets - End of Year	<u>\$ 9,378,532</u>	<u>\$ 3,954,143</u>	<u>\$ 13,332,675</u>

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Subject to Expenditure for Specified Purpose:		
For the Benefit of MPBS	\$ 13,042,908	\$ 9,554,675
Programs and Scholarships	9,030,516	4,893,852
Total	<u>22,073,424</u>	<u>14,448,527</u>
Permanently Restricted to Endowment	4,437,713	3,954,143
Total Net Assets with Donor Restrictions	<u>\$ 26,511,137</u>	<u>\$ 18,402,670</u>

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

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:

	2021	2020
Satisfaction of Purpose Restrictions:		
For the Benefit of MPBS	\$ 5,956,615	\$ 6,465,017
Programs and Scholarships	6,065	1,352,210
Total	5,962,680	7,817,227
 Restricted-Purpose Spending-Rate		
Distributions and Appropriations:		
Endowment	2,274,880	2,032,706
Administrative Fees	54,236	47,243
Total	2,329,116	2,079,949
Total Net Assets Released from Donor Restrictions	\$ 8,291,796	\$ 9,897,176

NOTE 7 FUNCTIONALIZED EXPENSES

The financial statements report certain 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. The expenses that are allocated include salaries, wages and employee benefits which are allocated based on estimates of time and effort and information technology, occupancy and in-kind operating expenses which are allocated based on estimated usage.

NOTE 8 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, 2021 and 2020 \$50,000 was paid for the services provided by MATC. Expenses incurred beyond the amounts paid are recorded as in-kind contributions and expenses. For the years ended June 30, 2021 and 2020, \$501,598 and \$491,886, respectively, was 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, 2021 and 2020 totaled \$1,626,149 and \$156,459, respectively. As of June 30, 2021 and 2020, there were no amounts receivable from MATC.