

**MILWAUKEE AREA TECHNICAL COLLEGE  
FOUNDATION, INC.**

Milwaukee, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Years Ended June 30, 2016 and 2015

# MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.

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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. (the "Foundation"), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities 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 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 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 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 the Foundation as of June 30, 2016 and 2015, 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.

*Brian Tilly Vukobratovic, CPA*

Milwaukee, Wisconsin  
September 21, 2016

# MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.

## STATEMENTS OF FINANCIAL POSITION As of June 30, 2016 and 2015

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	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 137,801	\$ 157,732
Restricted cash	491,240	328,143
Contributions receivable	333,591	258,092
Prepaid expenses	8,001	7,560
Total Current Assets	<u>970,633</u>	<u>751,527</u>
<b>OTHER ASSETS</b>		
Long-term portion of contributions receivable	299,097	157,764
Investments	<u>11,805,312</u>	<u>11,714,996</u>
Total Other Assets	<u>12,104,409</u>	<u>11,872,760</u>
<b>TOTAL ASSETS</b>	<u>\$ 13,075,042</u>	<u>\$ 12,624,287</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	<u>\$ 7,351</u>	<u>\$ 9,673</u>
<b>NET ASSETS</b>		
Unrestricted	801,956	891,969
Temporarily restricted	9,363,622	8,719,231
Permanently restricted	<u>2,902,113</u>	<u>3,003,414</u>
Total Net Assets	<u>13,067,691</u>	<u>12,614,614</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 13,075,042</u>	<u>\$ 12,624,287</u>

See accompanying notes to financial statements.

**MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.**

STATEMENTS OF ACTIVITIES  
For the Years Ended June 30, 2016 and 2015

	2016			2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT</b>								
Contributions	\$ 3,554	\$ 1,130,810	\$ 88,179	\$ 1,222,543	\$ 390	\$ 279,751	\$ 109,522	\$ 389,663
In-kind contributions	452,402	-	-	452,402	366,259	-	-	366,259
Milwaukee Public Television restricted contributions	-	5,552,658	-	5,552,658	-	5,826,639	-	5,826,639
Special events	-	42,261	-	42,261	-	73,054	-	73,054
Net assets released from restrictions and amounts appropriated for expenditure	6,078,040	(5,977,056)	(100,984)	-	5,817,914	(5,752,543)	(65,371)	-
Total Public Support	6,533,996	748,673	(12,805)	7,269,864	6,184,563	426,901	44,151	6,655,615
<b>REVENUE</b>								
Investment income (loss)	32,246	(104,282)	(60,527)	(132,563)	17,779	96,778	47,091	161,648
Service fee income (expense)	27,969	-	(27,969)	-	28,961	-	(28,961)	-
Total Revenue	60,215	(104,282)	(88,496)	(132,563)	46,740	96,778	18,130	161,648
Total Public Support and Revenue	6,594,211	644,391	(101,301)	7,137,301	6,231,303	523,679	62,281	6,817,263
<b>EXPENSES</b>								
Program Expenses	820,505	-	-	820,505	772,324	-	-	772,324
Program operating expenses Milwaukee Public Television program expenses	5,268,583	-	-	5,268,583	5,031,431	-	-	5,031,431
Total Program expenses Management and general expenses	6,089,088	-	-	6,089,088	5,803,755	-	-	5,803,755
Fundraising expenses	397,591	-	-	397,591	338,151	-	-	338,151
Total Expenses	197,545	-	-	197,545	206,009	-	-	206,009
	6,684,224	-	-	6,684,224	6,347,915	-	-	6,347,915
<b>CHANGE IN NET ASSETS</b>	(90,013)	644,391	(101,301)	453,077	(116,612)	523,679	62,281	469,348
NET ASSETS - Beginning of Year	891,969	8,719,231	3,003,414	12,614,614	1,008,581	8,195,552	2,941,133	12,145,266
<b>NET ASSETS - END OF YEAR</b>	\$ 801,956	\$ 9,363,622	\$ 2,902,113	\$ 13,067,691	\$ 891,969	\$ 8,719,231	\$ 3,003,414	\$ 12,614,614

See accompanying notes to financial statements.

## MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.

### STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2016 and 2015

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 453,077	\$ 469,348
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net realized and unrealized loss on investments	499,857	214,868
Contributions restricted for endowment	(88,179)	(109,522)
Changes in assets and liabilities		
Contributions receivable	(216,832)	165,961
Prepaid expenses	(441)	(5,302)
Accounts payable	(2,322)	(11,550)
Deferred revenue	-	(500)
Net Cash Flows from Operating Activities	645,160	723,303
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(6,231,763)	(3,100,042)
Proceeds from sale of investments	5,641,590	1,846,484
Restricted cash	(163,097)	30,754
Net Cash Flows from Investing Activities	(753,270)	(1,222,804)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted for endowment	88,179	109,522
<b>Net Change in Cash and Cash Equivalents</b>	(19,931)	(389,979)
CASH AND CASH EQUIVALENTS - Beginning of Year	157,732	547,711
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 137,801	\$ 157,732

See accompanying notes to financial statements.

# MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2016 and 2015

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### **NOTE 1 - Summary of Significant Accounting Policies**

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#### *Nature of Activities*

Milwaukee Area Technical College Foundation, Inc. (the "Foundation") is a not-for-profit corporation 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.

MPTV is a program of MATC and consists of two traditional television stations, WMVS and WMVT, which are licensed to MATC; seven additional digital television services; a state-of-the-art production facility; the website [mptv.org](http://mptv.org); the monthly magazine Fine Tuning; and an Associate Degree program in Television and Video Production through MATC. In addition, the Foundation acts as the depository of contributions for the benefit of MPTV. All contributions received related to MPTV are considered temporarily restricted. As MATC incurs expenses relating to MPTV, MATC requests reimbursement from the Foundation at which time the contributions are released from restriction.

#### *Cash and Cash Equivalents*

The Foundation defines all cash and cash equivalents as highly liquid, short-term investments with a maturity date at acquisition of three months or less. Cash and money market accounts that are held for unrestricted purposes at investment brokers are classified as cash and cash equivalents.

#### *Restricted Cash*

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

#### *Contributions Receivable*

Contributions made to the Foundation are recorded in the year the commitment is made. Amounts that are expected to be collected after one year are discounted at 1.9% and are reflected in the financial statements at their net present value. An allowance for uncollectible contributions is determined based on experience. No allowance for uncollectible contributions receivable is considered necessary as of June 30, 2016 and 2015. If amounts become uncollectible, they are charged to the allowance in the period in which that determination is made.

#### *Investments*

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Investment income or loss and unrealized gains or losses are included in the statements of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law. Money market accounts that are held for restricted purposes at investment brokers are classified as investments.



# MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2016 and 2015

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### **NOTE 1 - Summary of Significant Accounting Policies** (continued)

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#### *Net Assets*

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

**Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations.

**Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation.

#### *Tax-Exempt Status*

The Foundation has received notification that it qualifies as a tax-exempt organization under Section 501 (c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes. However, any unrelated business income may be subject to taxation.

#### *Revenue Recognition*

Contributions, including contributions receivable, are recognized in the period received. Conditional contributions are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. In the absence of donor specification or law that income and gains on donated funds are restricted, such income and gains are reported as unrestricted income.

#### *Donated Goods and Services*

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of goods are stated at fair value at the date of the gift. Such goods and services totaled \$452,402 and \$366,259 for the years ended June 30, 2016 and 2015, respectively, and are reflected as in-kind contributions and expense on the statements of activities.

# MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2016 and 2015

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### NOTE 1 - Summary of Significant Accounting Policies (continued)

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#### *Estimates*

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

#### *Subsequent Events*

The Foundation has evaluated subsequent events through September 21, 2016, which is the date that the financial statements were approved and available to be issued.

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### NOTE 2 - Investments

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The following is a summary of investments as of June 30:

	<u>2016</u>	<u>2015</u>
Fixed income securities	\$ 5,002,706	\$ 4,200,686
Large cap equity securities	2,286,091	2,461,655
Small/mid cap equity securities	1,697,129	1,707,887
International equity securities	1,167,410	1,149,391
Emerging markets equity securities	440,750	409,738
Alternative assets securities	479,028	411,735
Blended equity securities	626,215	527,837
Money market funds	<u>105,983</u>	<u>846,067</u>
Totals	<u>\$ 11,805,312</u>	<u>\$ 11,714,996</u>

Investment income (loss) is summarized as follows for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 367,294	\$ 376,516
Net realized gains	3,718	358,085
Net unrealized losses	<u>(503,575)</u>	<u>(572,953)</u>
Total	<u>\$ (132,563)</u>	<u>\$ 161,648</u>

The Foundation invests in various securities which, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and statements of activities.

# MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2016 and 2015

### **NOTE 3 - Fair Value Measurements**

As defined in current authoritative guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various valuation methods including the market, income and cost approaches. The assumptions used in the application of these valuation methods are developed from the perspective of market participants pricing the asset or liability. Inputs used in the valuation methods can be either readily observable, market corroborated, or generally unobservable inputs. Whenever possible, the Foundation attempts to utilize valuation methods that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation methods, the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Assets and liabilities measured, reported and/or disclosed at fair value will be classified and disclosed in one of the following three categories:

- Level 1            Quoted market prices in active markets for identical assets or liabilities.
- Level 2            Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3            Unobservable inputs that are not corroborated by market data.

The tables below present the balances of financial instruments carried at fair value on a recurring basis by level within the hierarchy.

	June 30, 2016			
	Level 1	Level 2	Level 3	Total
Fixed income securities	\$ 5,002,706	\$ -	\$ -	\$ 5,002,706
Large cap equity securities	2,286,091	-	-	2,286,091
Small/mid cap equity securities	1,697,129	-	-	1,697,129
International equity securities	1,167,410	-	-	1,167,410
Emerging markets equity securities	440,750	-	-	440,750
Alternative assets securities	479,028	-	-	479,028
Blended equity securities	626,215	-	-	626,215
Money market funds	-	105,983	-	105,983
Total	\$ 11,699,329	\$ 105,983	\$ -	\$ 11,805,312

**MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2016 and 2015

**NOTE 3 - Fair Value Measurements (continued)**

	June 30, 2015			Total
	Level 1	Level 2	Level 3	
Fixed income securities	\$ 4,200,686	\$ -	\$ -	\$ 4,200,686
Large cap equity securities	2,461,655	-	-	2,461,655
Small/mid cap equity securities	1,707,887	-	-	1,707,887
International equity securities	1,149,391	-	-	1,149,391
Emerging markets equity securities	409,738	-	-	409,738
Alternative assets securities	411,735	-	-	411,735
Blended equity securities	527,837	-	-	527,837
Money market funds	-	846,067	-	846,067
<b>Total</b>	<b>\$ 10,868,929</b>	<b>\$ 846,067</b>	<b>\$ -</b>	<b>\$ 11,714,996</b>

Fixed income securities, large cap equity securities, small/mid cap equity securities, international equity securities, emerging markets equity securities, alternative assets securities, and blended equity securities are measured at fair value using quoted market prices. They are classified as Level 1 as they are traded in an active market for which closing prices are readily available.

Money market funds are measured at fair value using multiple sources of information that are corroborated by market data and are considered a Level 2 item.

**NOTE 4 - Contributions Receivable**

Contributions receivable as of June 30 are expected to be collected as follows:

	2016	2015
Less than one year	\$ 333,591	\$ 258,092
One to five years	308,000	166,667
Less: Discount to present value	(8,903)	(8,903)
<b>Total contributions receivable</b>	<b>\$ 632,688</b>	<b>\$ 415,856</b>

Approximately 55% and 85% of contributions receivable is from one donor at June 30, 2016 and 2015, respectively.

# MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2016 and 2015

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### NOTE 5 - Net Assets

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Unrestricted net assets at year-end are composed of:

	<u>2016</u>	<u>2015</u>
Unrestricted reserves	<u>\$ 801,956</u>	<u>\$ 891,969</u>

Temporarily restricted net assets relate to approximately 170 funds restricted for purposes related to college activities, including scholarships, instruction and academic support and television operations as directed by the donors. Temporarily restricted net assets at year-end are composed of:

	<u>2016</u>	<u>2015</u>
Restricted for MPTV	\$ 6,875,550	\$ 6,896,798
Restricted for other purposes	<u>2,488,072</u>	<u>1,822,433</u>
Total temporarily restricted net assets	<u>\$ 9,363,622</u>	<u>\$ 8,719,231</u>

Permanently restricted net assets consist of approximately 60 endowment funds to be held indefinitely. Permanently restricted net assets at year-end are composed of:

	<u>2016</u>	<u>2015</u>
Restricted for endowment	\$ 2,800,052	\$ 2,901,353
Restricted for MPTV endowment	<u>102,061</u>	<u>102,061</u>
Total restricted for endowment	<u>\$ 2,902,113</u>	<u>\$ 3,003,414</u>

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### NOTE 6 - Related Party Transactions

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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 the years ended June 30, 2016 and 2015, \$52,525 and \$50,000, respectively, 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, 2016 and 2015, \$338,694 and \$324,099, respectively, were recorded as in-kind contributions and expenses.

The Foundation disburses scholarships, program grants, reimbursements related to MPTV activities, and donated property and equipment to MATC. The amounts disbursed to MATC are described in Note 8. As of June 30, 2016 and 2015, \$607 and \$5,000, respectively, were payable to MATC. Receivables from MATC as of June 30, 2016 and 2015 were \$17,952 and \$40,890, respectively.

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### NOTE 7 - Endowment Funds

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The Foundation follows current authoritative guidance, which provides guidance on classifying net assets associated with endowment funds held by organizations that are subject to an enacted version of Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). A key component of the guidance is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure. The Foundation has included all unappropriated cumulative investment earnings and losses as permanently restricted net assets.

# MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2016 and 2015

### **NOTE 7 - Endowment Funds** (continued)

The Foundation's permanently restricted endowment fund ("Endowment Fund") consists of approximately 60 individual funds established for a variety of purposes. This endowment includes donor-restricted endowment funds only. As required by Generally Accepted Accounting Principles ("GAAP"), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has also established a board designated quasi-endowment fund to benefit Milwaukee Public Television. This endowment was created using temporarily restricted contributions previously received for the benefit of MPTV.

**Interpretation of Relevant Law** - The Foundation has interpreted UPMIFA enacted in the State of Wisconsin as requiring the creation of an endowment of permanent duration with the original value of a donor's gift when a donor's gift instrument evidences such intent by use of terminology consistent with UPMIFA, unless other language in the gift instrument limits the duration or purpose of the fund. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of the gift donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment from investment earnings and losses in excess of appropriations and an annual service fee expense of 1.0% of the endowment fund balance.

On a semiannual basis, the Foundation transfers 2.0% of the 12 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 semi-annual amount to scholarships and programs if the individual endowment fund balance is below \$10,000. In accordance with UPMIFA, unless the donor's gift instrument otherwise specifically limits the authority to appropriate for expenditure or accumulate, 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 fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Endowment net asset composition by type of fund consists of the following at June 30:

	2016		2015	
	Temporarily Restricted - Quasi-endowment	Permanently Restricted	Temporarily Restricted - Quasi-endowment	Permanently Restricted
Board designated	\$ 6,372,260	\$ -	\$ 6,527,966	\$ -
Donor restricted	\$ -	\$ 2,902,113	\$ -	\$ 3,003,414

**MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2016 and 2015

**NOTE 7 - Endowment Funds** (continued)

Changes in endowment net assets for the year ended June 30, 2016:

	Temporarily Restricted - Quasi- endowment	Permanently Restricted
Endowment net assets, beginning of year	\$ 6,527,966	\$ 3,003,414
Investment income (loss)	(62,501)	(60,527)
Contributions	56,541	88,179
Amounts appropriated for expenditure	(149,746)	(100,984)
Service fee expense	-	(27,969)
Endowment net assets, end of year	\$ 6,372,260	\$ 2,902,113

Changes in endowment net assets for the year ended June 30, 2015:

	Temporarily Restricted - Quasi- endowment	Permanently Restricted
Endowment net assets, beginning of year	\$ 5,802,186	\$ 2,941,133
Investment income	71,300	47,091
Contributions	936,880	109,522
Amounts appropriated for expenditure	(282,400)	(65,371)
Service fee expense	-	(28,961)
Endowment net assets, end of year	\$ 6,527,966	\$ 3,003,414

**Strategies Employed for Achieving Objectives** - To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy** - Semi-annually, on December 31 and June 30, the Foundation transfers 2% of the 12 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 semi-annual amount to scholarships and programs if the individual endowment fund balance is below \$10,000.

The Foundation and MPTV have an agreement regarding the administration of the MPTV Investment Fund, which has been designated a quasi-endowment by the Foundation board. The agreement states that the Foundation's disbursement rate under its spending policy will be applied to the quasi-endowment unless management of MPTV and MATC request otherwise. MPTV requested that the Foundation use a 5% annual disbursement rate.

# MILWAUKEE AREA TECHNICAL COLLEGE FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2016 and 2015

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### NOTE 8 - Program Expenditures

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Scholarships, program grants, and donated property and equipment disbursed to MATC are included in program operating expenses on the statements of activities. Summarized as follows are such expenses not including MPTV reimbursements for the year ended June 30:

	<u>2016</u>	<u>2015</u>
Scholarships/emergency student assistance	\$ 394,019	\$ 315,659
Other programs/projects	213,456	275,488
Property/equipment donated	<u>113,708</u>	<u>42,160</u>
Total	<u>721,183</u>	<u>\$ 633,307</u>

The Foundation reimburses MATC as expenses are incurred relating to MPTV and are included in Milwaukee Public Television program expenses on the statements of activities. The total amount reimbursed to MATC for MPTV was \$5,268,583 and \$5,031,431 for the years ended June 30, 2016 and 2015, respectively.

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### NOTE 9 - Conditional Promise

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The Foundation received a conditional promise of \$96,700 for the period of January 1, 2016 through May 31, 2018. During 2016, the Foundation recognized \$21,700 as a contribution after meeting the required conditions. The contributions for 2017 and 2018 of \$45,000 and \$30,000, respectively, are conditional upon meeting various requirements included in the grant agreement and will be recorded as contributions when the conditions are met.

The Foundation had a conditional promise of \$140,000 from the same donor for the period of June 30, 2012 through July 31, 2015. During 2015, the Foundation recognized the final payment of \$30,000 as a contribution after meeting the required condition. There were no remaining conditional promises to give at June 30, 2015.

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### NOTE 10 - Concentrations

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The Foundation maintains cash balances in one institution which exceed the federally insured limit of \$250,000. The Foundation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash deposits.