

COMMUNITY FOUNDATION OF DUNN COUNTY, INC.

FINANCIAL STATEMENTS

December 31, 2013 and 2012



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Foundation of Dunn County, Inc.
Menomonie, Wisconsin

We have audited the accompanying financial statements of Community Foundation of Dunn County, Inc., which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

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

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

Opinion

In our opinion, the 2013 financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of Dunn County, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Prior Period Financial Statements

The financial statements of Community Foundation of Dunn County, Inc. as of December 31, 2012, were audited by other auditors whose report dated October 23, 2013, expressed an unmodified opinion on those statements.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
August 25, 2014

Community Foundation of Dunn County, Inc.

Statements of Financial Position December 31, 2013 and 2012

<i>Assets</i>	2013	2012
Assets:		
Cash and cash equivalents	\$ 298,122	\$ 369,805
Investments	4,471,865	3,481,849
Equipment - Net	2,125	4,805
TOTAL ASSETS	\$ 4,772,112	\$ 3,856,459
<i>Liabilities and Net Assets</i>		
Liabilities:		
Accounts payable	\$ -	\$ 720
Accrued payroll taxes	3,011	2,180
Scholarships payable	36,400	5,000
Assets held for others - Long-term	875,913	490,238
Total liabilities	915,324	498,138
Net assets:		
Unrestricted	76,946	111,210
Temporarily restricted	987,378	667,034
Permanently restricted	2,792,464	2,580,077
Total net assets	3,856,788	3,358,321
TOTAL LIABILITIES AND NET ASSETS	\$ 4,772,112	\$ 3,856,459

See accompanying notes to financial statements.

Community Foundation of Dunn County, Inc.

Statements of Activities and Changes in Net Assets Years Ended December 31, 2013 and 2012

	2013			
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Revenue and other support:				
Contributions	\$ 20,900	\$ 164,391	\$ 212,615	\$ 397,906
Administrative income	8,895	-	-	8,895
Fund-raising events	55,715	-	-	55,715
Investment income	639	71,638	-	72,277
Net realized and unrealized gains	294	402,369	-	402,663
Total revenue and other support	86,443	638,398	212,615	937,456
Net assets released from restrictions	318,282	(318,054)	(228)	-
Total revenue and other support and reclassifications	404,725	320,344	212,387	937,456
Operating expenses:				
Grants and services	256,652	-	-	256,652
Professional fees	11,055	-	-	11,055
Fund-raising events	28,533	-	-	28,533
Wages and employee benefits	98,567	-	-	98,567
Continuing education and convention	1,536	-	-	1,536
Rent	3,238	-	-	3,238
Depreciation	2,680	-	-	2,680
Office expense	24,613	-	-	24,613
Telephone	3,001	-	-	3,001
Postage	1,657	-	-	1,657
Newsletter and advertising	4,859	-	-	4,859
Other expenses	599	-	-	599
Insurance	1,999	-	-	1,999
Total operating expenses	438,989	-	-	438,989
Change in net assets	(34,264)	320,344	212,387	498,467
Net assets at beginning of year	111,210	667,034	2,580,077	3,358,321
Net assets at end of year	\$ 76,946	\$ 987,378	\$ 2,792,464	\$ 3,856,788

2012			
Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
\$ 25	\$ 337,560	\$ 318,917	\$ 656,502
14,650	-	-	14,650
65,694	-	-	65,694
993	102,362	-	103,355
18,721	201,867	-	220,588
100,083	641,789	318,917	1,060,789
378,042	(455,738)	77,696	-
478,125	186,051	396,613	1,060,789
329,408	-	-	329,408
3,768	-	-	3,768
17,162	-	-	17,162
67,741	-	-	67,741
385	-	-	385
3,144	-	-	3,144
2,679	-	-	2,679
19,919	-	-	19,919
3,117	-	-	3,117
1,583	-	-	1,583
3,781	-	-	3,781
301	-	-	301
1,986	-	-	1,986
454,974	-	-	454,974
23,151	186,051	396,613	605,815
88,059	480,983	2,183,464	2,752,506
\$ 111,210	\$ 667,034	\$ 2,580,077	\$ 3,358,321

See accompanying notes to financial statements.

Community Foundation of Dunn County, Inc.

Statements of Functional Expenses Years Ended December 31, 2013 and 2012

	2013			Total
	Supporting Activities			
	Program Services	General and Administrative	Fund- Raising	
Grants and services	\$ 256,652	\$ -	\$ -	\$ 256,652
Professional fees	-	11,055	-	11,055
Fund-raising events	-	-	28,533	28,533
Wages and employee benefits	24,642	49,283	24,642	98,567
Continuing education and convention	-	1,536	-	1,536
Rent	-	3,238	-	3,238
Depreciation	-	2,680	-	2,680
Office expense	-	24,613	-	24,613
Telephone	-	3,001	-	3,001
Postage	-	1,657	-	1,657
Newsletter and advertising	-	-	4,859	4,859
Other expenses	-	599	-	599
Insurance	-	1,999	-	1,999
Totals	\$ 281,294	\$ 99,661	\$ 58,034	\$ 438,989

Community Foundation of Dunn County, Inc.

Statements of Functional Expenses (Continued) Years Ended December 31, 2013 and 2012

	2012			
	Supporting Activities			Total
	Program Services	General and Administrative	Fund- Raising	
Grants and services	\$329,408	\$ -	\$ -	\$329,408
Professional fees	-	3,768	-	3,768
Fund-raising events	-	-	17,162	17,162
Wages and employee benefits	16,935	33,871	16,935	67,741
Continuing education and convention	-	385	-	385
Rent	-	3,144	-	3,144
Depreciation	-	2,679	-	2,679
Office expense	-	19,919	-	19,919
Telephone	-	3,117	-	3,117
Postage	-	1,583	-	1,583
Newsletter and advertising	-	-	3,781	3,781
Other expenses	-	301	-	301
Insurance	-	1,986	-	1,986
Totals	\$346,343	\$ 70,753	\$ 37,878	\$454,974

Community Foundation of Dunn County, Inc.

Statements of Cash Flows Years Ended December 31, 2013 and 2012

	2013	2012
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ 498,467	\$ 605,815
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,680	2,679
Accounts payable	(720)	720
Accrued payroll taxes	831	(170)
Scholarships payable	31,400	5,000
Total adjustments	34,191	8,229
Net cash provided by (used in) operating activities	532,658	614,044
Cash flows from investing activities:		
Cash transferred to operating cash from investments funds	-	21,193
Investment purchases	(587,353)	(949,797)
Net realized and unrealized gain	(402,663)	(220,588)
Net cash used in investing activities	(990,016)	(1,149,192)
Cash flows from financing activities:		
Increase in assets held for others - Long-term	385,675	341,036
Net decrease in cash and cash equivalents	(71,683)	(194,112)
Cash and cash equivalents at beginning of year	369,805	563,917
Cash and cash equivalents at end of year	\$ 298,122	\$ 369,805

See accompanying notes to financial statements.

Community Foundation of Dunn County, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Principal Business Activity

The Community Foundation of Dunn County, Inc. (the "Foundation") serves the people of Dunn County by building permanent charitable capital, making philanthropic grants, and providing services that contribute to the health and vitality of the community. The Foundation considers itself a voluntary health and welfare organization. The Foundation's vision is to promote a healthy and vital community in which all people have the opportunity to enhance the quality of their lives and the lives of others.

Basis of Presentation

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently restricted net assets—Net assets that have been restricted by donors to be maintained by the Foundation in perpetuity.

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are released to unrestricted net assets. There were no promises to give at December 31, 2013 and 2012.

Community Foundation of Dunn County, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Investments

Investments are recorded at fair value.

Donated Services

Donated services meeting the requirements for recognition (i.e., requiring a specialized skill or creating or enhancing nonfinancial assets), if any, are reflected in the financial statements. The value of these services is determined objectively using the market value for similar services. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with its programs and fund-raising efforts. These services have not been reflected in the financial statements.

Functional Expense Allocation

Functional expenses are charged to the Foundation's programs based on actual costs incurred or management's estimate of the area of operation that benefits from the expense.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain 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 may differ from those estimates.

Community Foundation of Dunn County, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Income Tax Status

The Foundation is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Foundation is also exempt from state income taxes on related income.

The Foundation follows ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which requires foundations to determine whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements.

The Foundation recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits in 2013 and 2012. Federal returns for the years ended December 31, 2013, 2012, and 2011, remain subject to examinations by the Internal Revenue Service.

Subsequent Events

Subsequent events have been evaluated through August 25, 2014, which is the date the financial statements were available to be issued.

Community Foundation of Dunn County, Inc.

Notes to Financial Statements

Note 2 Restrictions on Net Assets

Substantially all of the temporarily restricted net assets relate to funds established for various ongoing or anticipated community projects and scholarships. Temporarily restricted net assets are available for the following purposes:

	2013	2012
Paul and Bea Axelsen - Senior Center Fund	\$ 1,149	\$ 593
Paul and Bea Axelsen - St. Joseph's Fund	5,806	3,019
Cammie Johnson Kids to Camp	18,911	6,512
Cammie Johnson Memorial Fund	15,124	9,064
Drums Along the Red Cedar	7,278	5,249
David M. Sjuggerud Memorial Fund	20,719	15,069
Dunn County Historical Society	3,897	2,920
Robert and Denise Sedlak Fund	2,452	1,776
Dunn County Veterans' Memorial	27,401	19,805
Community Impact Fund	140,737	88,968
Community Healthy Futures	296,703	155,377
Hoffman Hills Fund	32,681	25,971
Jan Polasky Donor Advised Fund	1,713	1,276
Ken Willard Fund	4,899	2,890
Krook Memorial Scholarship Fund	2,507	1,537
Douglas and Ann Larson Fund	15,839	9,846
Lucy Murray Memorial Scholarship	2,780	1,691
Marshal Hagen Estate	12,191	5,126
MASA Fund	6,181	2,391
Menomonie Lion's Club	3,223	2,024
Mickelson Fund	4,613	3,159
Micah Fund	15,033	7,796
Lt. Jeremy Wolfe Scholarship Fund	6,491	4,072
Paul and Bea Axelsen - RCMC Fund	1,836	946
American Edge	-	2,415
Bongey Park	-	63
Colfax Alumni	5,871	5,743
Dunn County Community Vision	11,045	12,738
Dunn County Partners for Youth	-	11,667
Veterans' Memorial	10,203	11,151
Friends of the Dog Park	-	23
Grace Episcopal Church	1,477	-

Community Foundation of Dunn County, Inc.

Notes to Financial Statements

Note 2 Restrictions on Net Assets (Continued)

	2013	2012
Thomas and Barbara Johnson Fund	\$ 1,250	\$ 1,250
Lakebank Project	6,700	6,817
Leadership Legacy	1,482	1,103
Menomonie Community Garden	-	811
Menomonie Police Department - K9	5,778	5,871
Miller Family Fund	-	1,000
Menomonie Youth Hockey Association	22,100	22,100
Stepping Stones of Dunn County, Inc.	-	10,402
Tuesday's Table	35,520	40,018
Urban Forestry Carving Project	451	526
Heritage Tree	926	1,004
Robotics for Kids	-	216
Byron Olson Memorial Fund	24,245	-
GF WC Flower Basket Fund	1,045	1,073
Women's Giving Circle	4,111	729
Menomonie Rotary Club Kids Against Hunger	5,660	2,139
Galloway Creek Protection Fund	-	425
Advancing Innovation Fund	45,406	74,111
Founders' Fund	12,842	5,738
Father Blecha Charitable Fund	2,324	1,351
Houle Memorial Fund	11,133	3,337
Porter Fund	3,578	75
BEST - Boyceville Educational Scholarship Trust Fund	15,765	700
Eric Goers Memorial Scholarship Fund	5,889	-
Free 4 All Fund	25	-
Christopher Wier Memorial Fund	803	-
Menomonie Police Dept Explorer Fund	1,663	-
Friends of the Foundation Fund	7,650	-
Dunn County community Center Fund	1,000	-
BEST - William and Leona Amundson School Fund	384	-
BEST - Lee Fruit Memorial Scholarship Fund	98	-
BEST - Janelle Johnson Memorial Scholarship Fund	2,527	-

Community Foundation of Dunn County, Inc.

Notes to Financial Statements

Note 2 Restrictions on Net Assets (Continued)

	2013	2012
MAPSF - Administrative Fund	\$ 1,888	\$ -
MAPSF - Lois Siefert Memorial Scholarship Fund	34,456	22,496
MAPSF - Bjarne Heian Scholarship Fund	16,567	5,265
MAPSF - Class of 1959 Scholarship Fund	1,143	1,100
MAPSF - Eugene Flug Memorial Scholarship Fund	2,543	3,098
MAPSF - Carrie Ann Lehmann Memorial Scholarship Fund	244	501
MAPSF - Mary Crownhart Memorial Scholarship Fund	324	834
MAPSF - Class of 1945 Scholarship Fund	2,583	2,887
MAPSF - Terry Schaefer Memorial Scholarship Fund	772	1,039
MAPSF - Eleanor Koehler Memorial Scholarship Fund	2,116	2,662
MAPSF - Brad Karis Memorial Scholarship Fund	2,827	3,891
MAPSF - Marissa Joyce Memorial Scholarship Fund	1,080	1,605
MAPSF - Kathleen Fisher Memorial Scholarship Fund	2,586	4,148
MAPSF - Excellence in Education Fund	4,128	560
MAPSF - Dollars for Scholars Fund	13,650	14,872
MAPSF - MHS Alumni Fund	956	403
MAPSF - General Education Scholarship Fund	400	-
	<u>\$ 987,378</u>	<u>\$ 667,034</u>

Community Foundation of Dunn County, Inc.

Notes to Financial Statements

Note 2 Restrictions on Net Assets (Continued)

Permanently restricted net assets consist of endowment fund investments to be held indefinitely. Permanently restricted net assets consist of the following:

	2013	2012
Paul and Bea Axelsen - Senior Center Fund	\$ 5,000	\$ 5,000
Paul and Bea Axelsen - St. Joseph's Fund	25,000	25,000
Cammie Johnson Kids to Camp	-	12,311
Cammie Johnson Memorial Fund	49,880	39,062
Drums Along the Red Cedar	16,704	16,704
David M. Sjuggerud Memorial Fund	39,055	39,055
Dunn County Historical Society	6,954	6,954
Robert and Denise Sedlak Fund	5,100	5,100
Dunn County Veterans' Memorial	37,050	37,000
Community Impact Fund	411,173	411,048
Community Healthy Futures	1,114,463	1,114,463
Hoffman Hills Fund	88,137	87,872
Jan Polasky Donor Advised Fund	5,000	5,000
Ken Willard Fund	20,000	20,000
Krook Memorial Scholarship Fund	9,024	9,024
Douglas and Ann Larson Fund	35,000	35,000
Lucy Murray Memorial Scholarship	10,400	10,400
Marshal Hagen	47,748	47,748
MASA Fund	30,519	25,595
Menomonie Lion's Club	6,947	6,947
Mickelson Fund	7,725	7,725
Micah Fund	46,365	46,365
Lt. Jeremy Wolfe Scholarship Fund	21,210	21,210
Paul and Bea Axelsen - RCMC Fund	8,000	8,000
Grace Episcopal Church Acorn Fund	17,850	10,000
Byron Olson Memorial Fund	183,939	183,939
Women's Giving Circle	12,750	-
Founders Administrative Fund	65,000	65,000

Community Foundation of Dunn County, Inc.

Notes to Financial Statements

Note 2 Restrictions on Net Assets (Continued)

	2013	2012
Houle Memorial Fund	\$ 55,022	\$ 54,924
Porter Fund	21,116	10,652
BEST - Boyceville Educational Scholarship Trust Fund	95,008	-
Christopher Wer Memorial Fund	25,000	-
BEST - William and Leona Amundson School Fund	4,400	-
BEST - Janet Harvey Scholarship Fund	1,791	-
BEST - Lee Fruit Memorial Scholarship Fund	3,670	-
BEST Janelle Johnson Memorial Scholarship Fund	37,485	-
MAPSF - Lois Siefert Memorial Scholarship Fund	84,000	84,000
MAPSF - Bjarne Heian Scholarship Fund	100,000	100,000
MAPSF - Class of 1959 Scholarship Fund	14,421	4,421
MAPSF - Excellence in Education Fund	24,558	24,558
	\$2,792,464	\$2,580,077

Note 3 Investments

Cost and carrying value of investments at December 31 consist of:

	2013		2012	
	Cost	Carrying Value	Cost	Carrying Value
Certificates of deposit	\$ 53,266	\$ 53,266	\$ 106,146	\$ 106,146
Mutual funds	3,652,966	4,418,599	3,115,406	3,375,703
	\$ 3,706,232	\$ 4,471,865	\$ 3,221,552	\$ 3,481,849

Community Foundation of Dunn County, Inc.

Notes to Financial Statements

Note 4 Fair Value Measurements

The Foundation follows the provisions of the Fair Value Measurements and Disclosures Topic of FASB ASC, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability between market participants at a measurement date. This statement describes a fair value hierarchy that includes three levels of inputs to be used to measure fair value. The three levels are defined as follows as interpreted for use by the Foundation:

Level 1—Inputs into the fair value methodology are based on quoted market prices in active markets.

Level 2—Inputs into the fair value methodology are based on quoted prices for similar items, broker/dealer quotes, or models using market interest rates or yield curves. The inputs are generally seen as observable in active markets for similar items for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3—Inputs into the fair value methodology are unobservable and significant to the fair value measurement (primarily consisting of alternative type investments, which include but are not limited to limited partnership interests, hedges, private equity, real estate, and natural resource funds). Often these types of investments are valued based on historical cost and then adjusted by shared earnings of a partnership or cooperative, which can require some varying degree of judgment.

Community Foundation of Dunn County, Inc.

Notes to Financial Statements

Note 4 Fair Value Measurements (Continued)

Information regarding assets (principally assets limited as to use) measured at fair value on a recurring basis as of December 31, 2013 and 2012, is as follows:

Assets at Fair Value as of December 31, 2013				
	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Assets at fair value:				
Cash and cash equivalents, money market funds, and certificates of deposit	\$ -	\$ 53,266	\$ -	\$ 53,266
Mutual funds:				
Equity securities	2,819,833	-	-	2,819,833
Fixed income and debt securities	1,598,766	-	-	1,598,766
Total assets at fair value	\$ 4,418,599	\$ 53,266	\$ -	\$ 4,471,865

Assets at Fair Value as of December 31, 2012				
	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
Assets at fair value:				
Cash and cash equivalents, money market funds, and certificates of deposit	\$ -	\$ 106,146	\$ -	\$ 106,146
Mutual funds:				
Equity securities	2,064,660	-	-	2,064,660
Fixed income and debt securities	1,311,043	-	-	1,311,043
Total assets at fair value	\$ 3,375,703	\$ 106,146	\$ -	\$ 3,481,849

Community Foundation of Dunn County, Inc.

Notes to Financial Statements

Note 4 Fair Value Measurements (Continued)

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

Note 5 Temporarily and Permanently Restricted Net Assets and Endowments

Endowments that are donor restricted consisted of the following at December 31:

	Donor Restricted	
	2013	2012
Unrestricted	\$ -	\$ (294)
Temporarily restricted	987,378	667,034
Permanently restricted	2,792,464	2,580,077
Total	\$ 3,779,842	\$ 3,246,817

Changes in endowment net assets for 2013 and 2012 consisted of the following:

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year	\$ (294)	\$ 667,034	\$ 2,580,077	\$ 3,246,817
Investment return	294	474,007	-	474,301
Contributions	-	164,391	212,615	377,006
Funds released from restrictions	-	(318,054)	(228)	(318,282)
Endowment net assets at end of year	\$ -	\$ 987,378	\$ 2,792,464	\$ 3,779,842

Community Foundation of Dunn County, Inc.

Notes to Financial Statements

Note 5 **Temporarily and Permanently Restricted Net Assets and Endowments**
(Continued)

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets at beginning of year	\$ (19,015)	\$ 480,983	\$ 2,183,464	\$ 2,645,432
Investment return	18,721	304,229	-	322,950
Contributions	-	337,560	318,917	656,477
Funds released from restrictions	-	(455,738)	77,696	(378,042)
Endowment net assets at end of year	\$ (294)	\$ 667,034	\$ 2,580,077	\$ 3,246,817

Note 6 **Equipment**

Equipment acquisitions are recorded at cost. Donated capital assets are capitalized at their fair market value at the time they are received. Depreciation is provided over the estimated useful life and is computed using the straight-line method. Equipment acquisitions are capitalized over a five- to seven-year period. A summary of equipment is as follows:

	2013	2012
Equipment	\$ 15,358	\$ 15,358
Less - Accumulated depreciation	13,233	10,553
	\$ 2,125	\$ 4,805

Community Foundation of Dunn County, Inc.

Notes to Financial Statements

Note 7 Restricted Investments and Assets Held for Others

Restricted assets held for others are included in investments on the statements of financial position and consist of funds owed to United Way of Dunn County, Inc., Indianhead Enterprises, Inc., Menomonie Public Library Foundation Endowment, and St. Joseph's Parish.

Note 8 Allocation of Costs

Certain wages and payroll taxes totaling \$98,567 and \$67,741 in 2013 and 2012, respectively, have been allocated as follows: 25% each to program services and fund-raising and 50% to general and administrative. These percentages are based on management's estimates of time spent.

Note 9 Concentration of Credit Risk

The Foundation maintains depository account relationships with local financial institutions. Operating cash requirements frequently require that amounts on deposit exceed Federal Deposit Insurance Corporation limits. Management believes that these financial institutions have a strong credit rating and that credit risk related to these deposits is minimal. At December 31, 2013 and 2012, the Foundation did not exceed these insured limits.

Note 10 Market and Donor Concentration

The Foundation's primary geographic source of support is western Wisconsin and principally Dunn County. The level of support is partly determined by the state of the economy in the area. During 2013 and 2012, \$132,493 from one donor and \$307,015 from three donors, respectively, represented 33.3% and 44.5%, respectively, of total support.

Community Foundation of Dunn County, Inc.

Notes to Financial Statements

Note 11 Leases

The Foundation leases office space in Menomonie, Wisconsin, under an operating lease that expires May 31, 2016. Lease expense was \$3,238 and \$3,144 during 2013 and 2012, respectively. Future payments under this lease are as follows:

2014	\$3,278
2015	3,278
2016	<u>1,366</u>
	<u>\$7,922</u>