

LAKE MILLS AREA COMMUNITY FOUNDATION, INC.

Lake Mills, Wisconsin

December 31, 2025

FINANCIAL STATEMENTS

Including Independent Accountants' Report

LAKE MILLS AREA COMMUNITY FOUNDATION, INC.

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INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors
Lake Mills Area Community Foundation, Inc.
Janesville, Wisconsin

We have reviewed the accompanying financial statements of Lake Mills Area Community Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summit Accounting Group, Inc.

Janesville, Wisconsin

July 7, 2026

LAKE MILLS AREA COMMUNITY FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION
As of December 31, 2025

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 14,821
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OTHER ASSETS

Restricted cash - donor	683,274
Restricted investments - donor	6,413,373
Total other assets	<u>7,096,647</u>

TOTAL ASSETS	\$ <u>7,111,468</u>
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LIABILITIES AND NET ASSETS

NET ASSETS

Without donor restrictions	\$ 14,821
With donor restrictions	<u>7,096,647</u>
Total Net Assets	<u>7,111,468</u>

TOTAL LIABILITIES AND NET ASSETS	\$ <u>7,111,468</u>
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LAKE MILLS AREA COMMUNITY FOUNDATION, INC.

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Contributions	\$ 18,763	\$ 661,666	\$ 680,429
Investment income	1,314	783,869	785,183
Total Revenues and Other Support	<u>20,077</u>	<u>1,445,535</u>	<u>1,465,612</u>
EXPENSES			
Program expenses	13,200	209,617	222,817
General and administrative	31,858	88,015	119,873
Total Expenses	<u>45,058</u>	<u>297,632</u>	<u>342,690</u>
CHANGE IN NET ASSETS	(24,981)	1,147,903	1,122,922
NET ASSETS - Beginning of Year	<u>39,802</u>	<u>5,948,744</u>	<u>5,988,546</u>
NET ASSETS - END OF YEAR	<u>\$ 14,821</u>	<u>\$ 7,096,647</u>	<u>\$ 7,111,468</u>

LAKE MILLS AREA COMMUNITY FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2025

	<u>Program</u>	<u>General and Administrative</u>	<u>Total</u>
Grants	\$ 222,817	\$ -	\$ 222,817
Salaries	-	15,894	15,894
Professional fees	-	6,040	6,040
Investment fees	-	39,087	39,087
Office expense	-	17,574	17,574
Bank fees	-	489	489
Trustee fees	-	40,789	40,789
TOTAL EXPENSES	<u>\$ 222,817</u>	<u>\$ 119,873</u>	<u>\$ 342,690</u>

LAKE MILLS AREA COMMUNITY FOUNDATION, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 1,122,922
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Realized and unrealized gain on investments	(628,654)
Net Cash Flows from Operating Activities	<u>494,268</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash received for purchase of investments	(106,659)
Net Cash Flows from Investing Activities	<u>(106,659)</u>

Net Change in Cash and Cash Equivalents	387,609
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CASH AND CASH EQUIVALENTS - Beginning of Year	<u>310,486</u>
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CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 698,095</u></u>
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SUPPLEMENTAL INFORMATION

Cash, Cash Equivalents and Restricted Cash are comprised of -

Cash and cash equivalents	\$ 14,821
Restricted cash	<u>683,274</u>

Total Cash, Cash equivalents and Restricted Cash	<u><u>\$ 698,095</u></u>
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LAKE MILLS AREA COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2025

NOTE 1 – Summary of Significant Accounting Policies

Nature of Business

Lake Mills Community Foundation, Inc. (the "Organization") is a Wisconsin nonprofit corporation. The Organization's purpose is to provide grants to organizations within the greater Lake Mills, Wisconsin community for the improvement of the residents of the community to enhance the quality of life.

The accounting policies of the Organization for the year ended December 31, 2025, conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. The following is a summary of the more significant policies.

Cash and Cash Equivalents

The Organization defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

Concentration of Credit Risk

The Organization maintains cash balances at one financial institution in southern Wisconsin. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. On December 31, 2025, the Organization's uninsured balance was \$448,095.

Net Assets

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

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions that either by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those restrictions. The Organization did not have any temporarily restricted assets during the year.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Assets donated with explicit restrictions regarding their use and contributions of cash earmarked to acquire property and equipment are reported as net assets with donor restrictions. Absent donor restrictions regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

LAKE MILLS AREA COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2025

NOTE 1 – Summary of Significant Accounting Policies (cont.)

Tax-Exempt Status

The Organization 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.

Revenue Recognition

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

The Organization reports gifts of cash and other assets as restricted support if they are received with donor restrictions that limit the use of the donated assets. When a donor 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases in liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and promises to become unconditional.

Donated Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteers also provide program and fundraising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria are not met. The Organization receives administrative volunteer hours. The Organization generally pays for services requiring specific expertise.

Expense Allocation

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

Investments

Investments in marketable securities with readily determinable fair values, and all investments in debt securities, are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

LAKE MILLS AREA COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2025

NOTE 1 – Summary of Significant Accounting Policies (cont.)

Fair Value of Financial Instruments

The Organization's short-term financial instruments consist solely of cash and cash equivalents. The carrying values of these short-term financial instruments approximate their estimated fair values based on the instruments' short-term nature.

The fair value of the Organization's investments is based on fair market value.

For the fiscal year ended December 31, 2025, there have been no changes in the application of valuation methods applied to similar assets and liabilities.

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 Organization has evaluated all subsequent events through July 7, 2026, the date that the financial statements were available to be issued.

NOTE 2 – Investments

Investments for the years ended December 31, 2025 are summarized as follows:

	Market	Cost
Mutual funds	\$ 2,371,691	\$ 2,221,428
Equity securities	4,041,682	2,038,661
Total Investments	<u>6,413,373</u>	<u>4,260,089</u>

The following schedule summarizes the investment return in the statement of activities for the year ended December 31, 2025:

Interest and dividends	\$ 156,529
Realized gain on investments	582,371
Unrealized gain on investments	<u>46,283</u>
Investment Gain	<u>\$ 785,183</u>

LAKE MILLS AREA COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2025

NOTE 3 – Fair Value of Financial Instruments

The Organization follows current authoritative guidance which provides a framework for measuring, reporting, and disclosing fair value under generally accepted accounting principles. The guidance applies to all assets and liabilities that are measured, reported, and/or disclosed on a fair value basis.

As defined in the 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 Organization 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 Organization attempts to utilize valuation methods that maximize the use of observable inputs and minimizes the use of unobservable inputs. Based on the observability of the inputs used in the valuation methods, the Organization 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 table below presents the balances of assets and liabilities measured at fair value on a recurring basis, by level, within the hierarchy:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Available for sale securities	<u>\$ 6,413,373</u>	<u>\$ 6,413,373</u>	<u>\$ -</u>	<u>\$ -</u>

Note 4 – Net Assets with Donor Restrictions

Net asserts with donor restrictions are restricted for scholarships and specific community funding. Each restricted fund has specific requirements that need to be met for the funds to be disbursed. Net assets with donor restrictions totaled \$7,096,647 as of December 31, 2025.

LAKE MILLS AREA COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS December 31, 2025

NOTE 5 – Liquidity and Availability

The following reflects the Organization's financial assets as of the date of the statement of financial position, reduced by amounts not available for general expenditure within one year of the date of the statement of financial position because of donor-imposed or other restrictions:

Cash and cash equivalents	\$ 14,821
Restricted cash - donor	683,274
Restricted investments - donor	<u>6,413,373</u>
Financial assets, at year end	7,111,468
Less those unavailable for general expenditures within one year, due to Restriction by donor with time or purpose restrictions	<u>(7,096,647)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 14,821</u></u>