

**EAU CLAIRE COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATION**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**EAU CLAIRE COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATION  
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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Eau Claire Community Foundation and Supporting Organization  
Eau Claire, Wisconsin

We have audited the accompanying consolidated financial statements of Eau Claire Community Foundation and Supporting Organization (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 Trustees  
Eau Claire Community Foundation and Supporting Organization

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Eau Claire Community Foundation and Supporting Organization as of December 31, 2017 and 2016, 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**

Eau Claire, Wisconsin  
April 24, 2018

**EAU CLAIRE COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATION  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016**

<b>ASSETS</b>	<u>2017</u>	<u>2016</u>
Cash and Cash Equivalents	\$ 1,818,680	\$ 3,904,614
Unconditional Promises to Give	2,605,204	3,043,635
Investments	17,441,444	13,382,517
Cash Surrender Value of Life Insurance	23,585	23,986
Prepaid Expenses	-	650
Furnishings and Equipment	<u>3,180</u>	<u>8,571</u>
Total Assets	<u><u>\$ 21,892,093</u></u>	<u><u>\$ 20,363,973</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Grants Payable	\$ 5,324	\$ -
Accounts Payable	4,719	6,073
Accrued Expenses	13,678	10,523
Agency Endowment and Flow-Through Funds	<u>2,456,624</u>	<u>2,004,386</u>
Total Liabilities	2,480,345	2,020,982
Unrestricted Net Assets	10,067,107	8,878,206
Temporarily Restricted Net Assets	8,900,307	9,039,332
Permanently Restricted Net Assets	<u>444,334</u>	<u>425,453</u>
Total Net Assets	<u>19,411,748</u>	<u>18,342,991</u>
Total Liabilities and Net Assets	<u><u>\$ 21,892,093</u></u>	<u><u>\$ 20,363,973</u></u>

See accompanying Notes to Consolidated Financial Statements.

**EAU CLAIRE COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATION  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>								
Contributions	\$ 521,592	\$ 3,180,116	\$ 18,881	\$ 3,720,589	\$ 1,174,439	\$ 2,740,920	\$ 28,980	\$ 3,944,339
Return on Investments	1,341,939	652,811	-	1,994,750	605,975	211,059	-	817,034
In-Kind Services	5,633	-	-	5,633	56,666	-	-	56,666
Administrative Fee Income	30,078	-	-	30,078	28,722	-	-	28,722
Change in Cash Value of Life Insurance	(400)	-	-	(400)	(305)	-	-	(305)
Transfers of Funds To Restrictions	(24,996)	24,996	-	-	(3,673)	3,673	-	-
Net Assets Released from Restrictions	3,996,948	(3,996,948)	-	-	1,334,767	(1,334,767)	-	-
Total Revenues, Gains, and Other Support	5,870,794	(139,025)	18,881	5,750,650	3,196,591	1,620,885	28,980	4,846,456
<b>EXPENSES</b>								
Program and Grants	4,500,699	-	-	4,500,699	1,545,791	-	-	1,545,791
Management and General	80,700	-	-	80,700	70,148	-	-	70,148
Fundraising	100,494	-	-	100,494	103,193	-	-	103,193
Total Expenses and Grants	4,681,893	-	-	4,681,893	1,719,132	-	-	1,719,132
<b>CHANGE IN NET ASSETS</b>	1,188,901	(139,025)	18,881	1,068,757	1,477,459	1,620,885	28,980	3,127,324
Net Assets - Beginning of Year	8,878,206	9,039,332	425,453	18,342,991	7,400,747	7,418,447	396,473	15,215,667
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 10,067,107</u>	<u>\$ 8,900,307</u>	<u>\$ 444,334</u>	<u>\$ 19,411,748</u>	<u>\$ 8,878,206</u>	<u>\$ 9,039,332</u>	<u>\$ 425,453</u>	<u>\$ 18,342,991</u>

See accompanying Notes to Consolidated Financial Statements.

**EAU CLAIRE COMMUNITY FOUNDATION  
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CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017			2016				
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Grants	\$ 4,341,003	\$ -	\$ -	\$ 4,341,003	\$ 1,319,067	\$ -	\$ -	\$ 1,319,067
Payroll	84,557	59,689	60,940	205,186	99,274	50,924	35,733	185,931
Project Expense	28,893	-	-	28,893	80,299	-	-	80,299
Professional Fees	5,324	3,993	2,783	12,100	4,048	3,036	2,116	9,200
Rent	5,645	4,234	2,950	12,829	5,480	4,110	2,865	12,455
Equipment	5,731	4,042	4,127	13,900	5,190	3,893	2,713	11,796
Insurance	1,474	1,105	770	3,349	1,158	869	605	2,632
Conferences	-	3,036	-	3,036	-	1,909	-	1,909
Supplies	1,986	1,490	1,038	4,514	2,316	1,737	1,211	5,264
Printing and Publications	5,625	-	-	5,625	5,469	-	-	5,469
Awareness	5,201	-	-	5,201	5,356	-	-	5,356
Telephone	973	730	509	2,212	1,030	772	538	2,340
Community Events	3,938	-	5,854	9,792	4,345	-	4,385	8,730
Fund Event Expense	-	-	19,863	19,863	-	-	51,007	51,007
Postage	803	602	420	1,825	950	713	497	2,160
Dues to Other Organizations	7,090	-	-	7,090	4,509	-	-	4,509
Other Expenses	84	-	-	84	4,387	-	-	4,387
Total Before Depreciation	<u>4,498,327</u>	<u>78,921</u>	<u>99,254</u>	<u>4,676,502</u>	<u>1,542,878</u>	<u>67,963</u>	<u>101,670</u>	<u>1,712,511</u>
Depreciation Expense	<u>2,372</u>	<u>1,779</u>	<u>1,240</u>	<u>5,391</u>	<u>2,913</u>	<u>2,185</u>	<u>1,523</u>	<u>6,621</u>
Total Expenses and Grants	<u><u>\$ 4,500,699</u></u>	<u><u>\$ 80,700</u></u>	<u><u>\$ 100,494</u></u>	<u><u>\$ 4,681,893</u></u>	<u><u>\$ 1,545,791</u></u>	<u><u>\$ 70,148</u></u>	<u><u>\$ 103,193</u></u>	<u><u>\$ 1,719,132</u></u>

See accompanying Notes to Consolidated Financial Statements.

**EAU CLAIRE COMMUNITY FOUNDATION  
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CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,068,757	\$ 3,127,324
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Net Realized and Unrealized (Gains) Losses on Investments	(1,396,158)	(454,273)
Permanently Restricted Contributions	(18,881)	(28,980)
Depreciation	5,391	6,621
Change in Cash Value of Life Insurance	401	305
(Increase) Decrease in Operating Assets:		
Prepaid Expenses	650	(650)
Unconditional Promises to Give	438,431	712,773
Increase (Decrease) in Operating Liabilities:		
Grants and Accounts Payable	3,970	(135,796)
Accrued Expenses	3,155	746
Agency Endowment Funds	452,238	111,671
Net Cash Provided by Operating Activities	557,954	3,339,741
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Equipment	-	(950)
Proceeds from Sale of Investments	5,108,584	4,171,353
Purchase of Investments	(7,771,353)	(6,123,758)
Net Cash Used by Investing Activities	(2,662,769)	(1,953,355)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions to Permanently Restricted Funds	18,881	28,980
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(2,085,934)	1,415,366
Cash and Cash Equivalents - Beginning of Year	3,904,614	2,489,248
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,818,680	\$ 3,904,614

See accompanying Notes to Consolidated Financial Statements.



**EAU CLAIRE COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Eau Claire Community Foundation, (Foundation) is a nonprofit community foundation that is supported by public contributions, which are used to enhance and support the quality of life in the Eau Claire area.

**Basis of Consolidation**

The accompanying consolidated financial statements of the Foundation are prepared including the financial activity of the Eau Claire Public Schools Foundation, Inc. (ECPSF) and ECCF Realty LLC. The Foundation has an economic relationship with these entities. The Foundation established an agreement to manage the finances of ECPSF in exchange for an administration fee effective December 1, 2011. If the ECPSF dissolves, the Foundation would maintain those funds. ECCF Realty, LLC is wholly owned by the Foundation and was set up to accept real estate gifts and sell those gifts with the funds being given to the Foundation.

ECPSF is a public foundation under Internal Revenue Code (IRC) Section 501(c)(3). The ECPSF's mission is to serve as a catalyst in creating long-term impact in promoting education.

**Net Asset Classifications**

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, its accounts are separated into three classes of net assets 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 may or will be met, either by actions of the Foundation or the passage of time.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donor of these assets permits the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

**Contributions**

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 temporarily or permanently restricted net assets depending on the nature of the restrictions. If the restrictions expire in the fiscal year in which the contributions are recognized, the contributions are reported as increases in unrestricted net assets. When a restriction does not expire in the current fiscal year the contributions are recorded as temporarily restricted and then reclassified to unrestricted net assets when a restriction is satisfied or the proper time period has expired.

**EAU CLAIRE COMMUNITY FOUNDATION  
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DECEMBER 31, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

For purposes of reporting cash flows, the Foundation considers all highly liquid investments with an initial maturity of less than three months to be cash equivalents. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in bank may exceed FDIC insurable limits.

**Furnishings and Equipment**

Purchased equipment is valued at cost and donated equipment is valued at its estimated fair value at the date of the gift. Equipment costing \$500 or more with a useful life greater than one year is capitalized. Maintenance and repair costs are charged to expense as incurred.

**Donated Services**

Donated services meeting the requirements for recognition have been reflected in the financial statements. The value of such services was determined using market value for similar services. In addition, a substantial number of volunteers have donated significant amounts of their time in the Foundation's support services and fundraising effort. The value of that time has not been reflected in the consolidated financial statements.

**Advertising Costs**

The Foundation expenses the costs of advertising as they are incurred. Advertising expenses incurred for the years ended December 31, 2017 and 2016 were \$5,201 and \$5,356 respectively.

**Allocation of Functional Expenses**

The costs of various activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among program services, management and general, and fundraising.

**Estimates**

The preparation of the consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Uniform Prudent Management of Institutional Funds Act**

During fiscal 2009, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) became effective in the state of Wisconsin. UPMIFA provides guidance on the classification of endowment fund net assets for states that have enacted versions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and enhances disclosures for endowment funds. Under UPMIFA all unappropriated endowment fund assets are considered restricted. The consolidated financial statements impact for implementation is detailed in Note 8.

**EAU CLAIRE COMMUNITY FOUNDATION  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements**

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Foundation emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value.

**Fair Value Hierarchy**

The Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the balance sheets are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that The Foundation has the ability to access (examples include active exchange-traded equity securities, listed derivatives, and most U.S. government and agency securities).

*Level 2* – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets (for example, restricted stock);
- Quoted prices for identical or similar assets or liabilities in nonactive markets (examples include corporate and municipal bonds, which trade infrequently);
- Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including interest rate and currency swaps); and pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability (examples include certain residential and commercial mortgage related assets, including loans, securities, and derivatives).

**EAU CLAIRE COMMUNITY FOUNDATION  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

Fair Value Hierarchy (Continued)

*Level 3* – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s own assumptions about the assumptions a market participant would use in pricing the asset or liability (examples include certain private equity investments, and split-interest agreements).

**Investments**

Investments are recorded at fair value on a recurring basis on the consolidated statements of financial position. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security’s credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Securities valued using Level 2 inputs include brokered certificates of deposit and corporate debt securities that are valued based quoted prices for securities with similar risk, interest rate, and maturities. The Foundation does not have any securities that are valued using level 3 inputs.

Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities.

**Income Tax Status**

The Foundation and ECPSF has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Wisconsin Statute. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible.

The Foundation and ECPSF has evaluated its tax positions and determined it has no uncertain tax positions as of December 31, 2017.

**EAU CLAIRE COMMUNITY FOUNDATION  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

In preparing these consolidated financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through April 24, 2018, the date the consolidated financial statements were available to be issued.

**NOTE 2 UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, using 3-year treasury rate which was 1.58% and 1.00% as of December 31, 2017 and 2016, respectively. These promises are due as follows:

	<u>2017</u>	<u>2016</u>
Receivable Within One Year	\$ 926,736	\$ 984,364
Receivable Within One to Five Years	1,793,344	2,107,481
Receivable Within Five to Ten Years	100,000	150,000
Adjustments to Net Realizable Value	(214,876)	(198,210)
Promises to Give	<u>\$ 2,605,204</u>	<u>\$ 3,043,635</u>

**EAU CLAIRE COMMUNITY FOUNDATION  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 3 INVESTMENTS**

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities.

The Foundation's investments at December 31, 2017 and 2016 are summarized below:

	2017		
	Fair Value	Original Value	Unrealized Gain
Mutual Funds - Equities	\$ 13,014,202	\$ 10,384,404	\$ 2,629,798
Mutual Funds - Fixed Income	4,427,242	4,407,848	19,394
Total	<u>\$ 17,441,444</u>	<u>\$ 14,792,252</u>	<u>\$ 2,649,192</u>
	2016		
	Fair Value	Original Value	Unrealized Gain (Loss)
Mutual Funds - Equities	\$ 9,627,663	\$ 8,229,511	\$ 1,398,152
Mutual Funds - Fixed Income	3,754,854	3,769,248	(14,394)
Total	<u>\$ 13,382,517</u>	<u>\$ 11,998,759</u>	<u>\$ 1,383,758</u>

Investment return for the years ended December 31, 2017 and 2016 is summarized as follows:

	2017	2016
Dividend and Interest Income	\$ 222,478	\$ 204,475
Capital Gains	432,395	201,357
Investment Expenses	(56,281)	(43,071)
Net Realized and Unrealized Gains	1,396,158	454,273
Total	<u>\$ 1,994,750</u>	<u>\$ 817,034</u>

**EAU CLAIRE COMMUNITY FOUNDATION  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 3 INVESTMENTS (CONTINUED)**

**Fair Value Measurements**

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation measures fair value refer to Note 1 – Summary of Significant Accounting Policies.

Assets Measured at Fair Value on a Recurring Basis

	2017			Total
	Level 1	Level 2	Level 3	
Investments:				
Mutual Funds - Equities	\$ 13,014,202	\$ -	\$ -	\$ 13,014,202
Mutual Funds - Fixed Income	-	4,427,242	-	4,427,242
Total	<u>\$ 13,014,202</u>	<u>\$ 4,427,242</u>	<u>\$ -</u>	<u>\$ 17,441,444</u>

	2016			Total
	Level 1	Level 2	Level 3	
Investments:				
Mutual Funds - Equities	\$ 9,627,663	\$ -	\$ -	\$ 9,627,663
Mutual Funds - Fixed Income	-	3,754,854	-	3,754,854
Total	<u>\$ 9,627,663</u>	<u>\$ 3,754,854</u>	<u>\$ -</u>	<u>\$ 13,382,517</u>

**NOTE 4 FURNISHINGS AND EQUIPMENT**

Furnishings and equipment at December 31, 2017 and 2016 consist of the following:

	2017	2016
Furnishings and Equipment	\$ 47,717	\$ 47,717
Leasehold Improvements	4,147	4,147
Less: Accumulated Depreciation	(48,684)	(43,293)
Total	<u>\$ 3,180</u>	<u>\$ 8,571</u>

**EAU CLAIRE COMMUNITY FOUNDATION  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 5 AGENCY ENDOWMENT AND FLOW THROUGH FUNDS**

The Foundation, when accepting cash or other financial assets from a nonprofit organization, recognizes the fair value of those assets as a liability to the specified beneficiary (generally the same nonprofit organization) concurrent with recognition of the assets received from the nonprofit organization if the Foundation agrees to any of the following (1) use those assets on behalf of the nonprofit organization, (2) transfer those assets to the nonprofit organization, (3) use the return on those assets to benefit the nonprofit organization, (4) apply any of the above to an unaffiliated specified beneficiary determined by the nonprofit organization.

When a third-party donor explicitly grants the Foundation variance power over contributions to an agency or flow through funds, the Foundation will continue to recognize the fair value of any assets it receives as a contribution on the consolidated statements of activities.

Agency endowment funds are valued at carrying value, which approximates fair value, based on the percentage of the agencies' contributions compared to the total pool of investments held at the Foundation. The Foundation withholds management fees of 1.5% annually. Contributions held for other as of December 31, 2017 and 2016 are summarized as follows:

	<u>2017</u>	<u>2016</u>
Young Mens' Christian Association of Eau Claire	\$ 962,285	\$ 853,237
Boy Scouts of America - Chippewa Valley Council	270,196	248,082
Friends of United Cerebral Palsy of West Central Wisconsin, Inc.	143,413	147,939
Feed My People, Inc.	122,248	106,944
Family Promise of the Chippewa Valley, Inc.	115,011	104,176
Friends of Paul Bunyan Logging Camp	102,819	87,201
Higbee Family Fund	102,283	-
Play Forever Fund	82,026	-
Flying Eagles Ski Club	81,112	54,800
Friends of Beaver Creek Reserve, Inc.	77,143	66,502
Literacy Chippewa Valley	76,220	66,678
Chippewa Valley Health Clinic, Inc.	58,495	51,172
Endowment for the American Birkebeiner	48,979	-
Bolton Refuge House, Inc.	44,386	38,829
L.E. Phillips Memorial Public Library	33,560	15,454
L.E. Phillips Senior Center, Inc.	22,242	19,457
Lac Courte Oreilles Legacy Fund	21,802	-
Goodwill Industries of North Central Wisconsin, Inc.	19,688	17,223
Sculpture Tour Eau Claire	17,976	62,014
Jim Schwiebert Butterfly House Fund	15,713	-
Mega Charities	12,426	11,215
Eau Claire Childrens Theatre	11,964	10,466
Hope Gospel Mission, Inc.	11,619	10,164
Clear Vision Eau Claire	-	27,302
Other Agency Funds	3,018	5,531
Total	<u>\$ 2,456,624</u>	<u>\$ 2,004,386</u>



**EAU CLAIRE COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016**

**NOTE 6 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

Temporarily restricted net assets at December 31, 2017 and 2016 are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Confluence Project	\$ 3,509,013	\$ 5,562,327
Eau Claire Public Schools Foundation	1,459,662	1,195,657
Draper Hills Literacy Endowment	1,157,875	-
Scholarships	606,414	518,769
Women's and Children's Programs	441,879	367,165
Kiwanis Projects	204,670	179,438
Children's Programs	159,649	131,556
L.E. Phillips Memorial Public Library	178,001	130,957
Literacy and Music Programs	122,864	109,499
Carson Park Baseball Stadium Renovation Fund	95,381	-
Technology	87,049	76,789
First Lutheran Church Eau Claire - Dale Rasmussen Fund for Children, L.E. Phillips Senior Center, and Wisconsin Chippewa Valley Museum	70,333	64,049
Arts, Culture, and Recreation	65,045	55,673
Red Cross - Disaster Relief	48,593	43,992
Mental Health Programs	49,469	43,426
Children and Grieving Parent Programs	50,312	43,146
Children's Health Programs	39,383	35,773
Community Parks, Gardens, and Playgrounds	78,497	67,567
Cancer Patients	41,102	-
Katherine's Wish	40,163	39,222
Beaver Creek Reserve, Dartmouth Alumni Fund, and Mt. Holyoke College	33,036	30,086
Educational Fund	46,569	32,066
Community Medical Services	26,019	23,689
Health Programs	25,890	23,576
Access Eau Claire	30,377	26,551
Elderly Programs	34,016	29,847
Augusta Area Foundation and YMCA	14,440	13,141
Eau Claire Police Department	24,433	17,572
Special Olympics and Special Needs Programs	29,641	26,341
Animal Programs	13,304	10,744
Nordic Programs and Culture	10,452	9,512
Public Spirit Fund	1,308	10,874
Designated Pass Thru Funds	28,615	80,290
Other Restrictions	76,853	40,038
Total	<u>\$ 8,900,307</u>	<u>\$ 9,039,332</u>

**EAU CLAIRE COMMUNITY FOUNDATION  
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**NOTE 6 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)**

Permanently restricted net assets at December 31, 2017 and 2016 are available for the following purposes:

	2017	2016
L.E. Phillips Memorial Public Library	\$ 327,568	\$ 315,470
Eau Claire Public School Foundation Endowment	116,766	109,983
Total	\$ 444,334	\$ 425,453

**NOTE 7 DONOR ADVISED FUNDS**

The Foundation accepts funds from donors wishing to reserve the right to make recommendations about the charitable use of the funds. In agreement with the donors, such recommendations are advisory only and will not be binding on the Foundation, which will retain final responsibility for all distributions made from the Foundation. These funds are classified as unrestricted net assets since the Foundation retains the final decision about the charitable use of the funds.

**NOTE 8 ENDOWMENT**

The Foundation has a donor restricted endowment funds established for the purposes of providing income to support the L.E. Phillips Memorial Public Library (Library) and the ECPSF Endowment. As required by accounting principles generally accepted in the United States of America (GAAP), net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. The board of trustees of the Foundation 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 gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The Foundation considers all earning on endowment funds to be restricted for operations of the Library or ECPSF programs.

The Foundation's endowment is invested in accordance with the investment policy of the Foundation, which includes investments in marketable debt and equity securities.

**EAU CLAIRE COMMUNITY FOUNDATION  
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**NOTE 8 ENDOWMENT (CONTINUED)**

The following is a summary of endowment funds subject to Uniform Prudent Management of Institutional Funds Act of (UPMIFA) for the years ended December 31, 2017 and 2016.

	Net Assets			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Fund Balance - December 31, 2015	\$ -	\$ 119,101	\$ 396,473	\$ 515,574
Contributions	-	-	28,980	28,980
Distributions	-	(11,400)	-	(11,400)
Return on Investments	-	34,513	-	34,513
Endowment Fund Balance - December 31, 2016	-	142,214	425,453	567,667
Contributions	-	-	18,881	18,881
Disbursements	-	(14,860)	-	(14,860)
Return on Investments	-	79,000	-	79,000
Endowment Fund Balance - December 31, 2017	<u>\$ -</u>	<u>\$ 206,354</u>	<u>\$ 444,334</u>	<u>\$ 650,688</u>

**Fund with Deficiencies**

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. No deficiencies occurred for the years ended December 31, 2017 and 2016.

**Investment Objectives and Strategies**

The Foundation has adopted an investment policy to provide guidelines for investing endowment assets. Under this policy, as approved by the Investment Committee of the board of trustees, the endowment assets are invested in a manner that is intended to maintain the purchasing power of the current assets and all future contributions, maximize return within reasonable and prudent levels of risk, and maintain an appropriate asset allocation based on a total return policy that is compatible with a flexible spending policy.

To achieve these objectives, the Foundation follows an asset diversification plan, sets performance benchmarks for investments managers, and has established various asset quality and limitations thresholds.

**EAU CLAIRE COMMUNITY FOUNDATION  
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**NOTE 8 ENDOWMENT (CONTINUED)**

**Spending Policy**

The Foundation has a policy of appropriating endowment earnings for distribution each year. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Approved distributions that are not used for a calendar year will accumulate and be available for distribution in subsequent years. At no time will the distributions reduce the value of the endowment below donor contributions, unless approved by the donor.

**NOTE 9 OPERATING LEASE**

The Foundation has a noncancelable operating lease for office space that expires on December 31, 2019. Rental expense for the years ended December 31, 2017 and 2016 was \$12,829 and \$12,455, respectively.

The future minimum lease payments under the operating lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 13,214
2019	13,610
Total	<u>\$ 26,824</u>

**NOTE 10 CONCENTRATIONS OF CREDIT RISK**

Financial instruments that potentially subject the Foundation to credit risk consist principally of unconditional promises to give, cash deposits in excess of insured limits, and investments of marketable equity and debt securities.