

**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019



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**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENTS OF ACTIVITIES	4
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	5
CONSOLIDATED STATEMENTS OF CASH FLOWS	6
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	7



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, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated 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, 2020 and 2019, and the changes in their net assets and their 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 29, 2021

**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019**

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 4,279,973	\$ 2,156,271
Unconditional Promises to Give	400,447	679,612
Investments	27,908,108	25,816,609
Cash Surrender Value of Life Insurance	21,569	22,410
Prepaid Expenses	4,168	2,713
Furnishings and Equipment	2,018	1,382
Total Assets	\$ 32,616,283	\$ 28,678,997
LIABILITIES AND NET ASSETS		
Grants Payable	\$ 19,163	\$ 4,250
Accounts Payable	4,501	6,042
Accrued Expenses	22,781	18,004
Agency Endowment and Flow-Through Funds	5,116,108	4,163,331
Total Liabilities	5,162,553	4,191,627
Net Assets Without Donor Restrictions	14,947,654	13,505,553
Net Assets With Donor Restrictions	12,506,076	10,981,817
Total Net Assets	27,453,730	24,487,370
Total Liabilities and Net Assets	\$ 32,616,283	\$ 28,678,997

See accompanying Notes to Consolidated Financial Statements.

**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT						
Contributions	\$ 951,775	\$ 1,745,752	\$ 2,697,527	\$ 2,868,517	\$ 2,332,026	\$ 5,200,543
Return on Investments	1,441,844	1,221,513	2,663,357	1,787,817	1,336,564	3,124,381
In-Kind Services	14,108	-	14,108	6,903	-	6,903
Administrative Fee Income	48,806	-	48,806	39,109	-	39,109
Change in Cash Value of Life Insurance	(841)	-	(841)	(657)	-	(657)
Transfers of Funds To (From) Restrictions	(136,894)	136,894	-	(79,277)	79,277	-
Net Assets Released from Restrictions	1,579,900	(1,579,900)	-	1,964,660	(1,964,660)	-
Total Revenues, Gains, and Other Support	3,898,698	1,524,259	5,422,957	6,587,072	1,783,207	8,370,279
EXPENSES						
Program and Grants	2,230,979	-	2,230,979	2,585,719	-	2,585,719
Management and General	94,092	-	94,092	103,248	-	103,248
Fundraising	131,526	-	131,526	109,201	-	109,201
Total Expenses and Grants	2,456,597	-	2,456,597	2,798,168	-	2,798,168
CHANGE IN NET ASSETS	1,442,101	1,524,259	2,966,360	3,788,904	1,783,207	5,572,111
Net Assets - Beginning of Year	13,505,553	10,981,817	24,487,370	9,716,649	9,198,610	18,915,259
NET ASSETS - END OF YEAR	<u>\$ 14,947,654</u>	<u>\$ 12,506,076</u>	<u>\$ 27,453,730</u>	<u>\$ 13,505,553</u>	<u>\$ 10,981,817</u>	<u>\$ 24,487,370</u>

See accompanying Notes to Consolidated Financial Statements.

**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020				2019			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Grants	\$ 2,044,497	\$ -	\$ -	\$ 2,044,497	\$ 2,433,502	\$ -	\$ -	\$ 2,433,502
Payroll	119,499	64,282	93,391	277,172	97,905	74,399	52,205	224,509
Professional Fees	5,949	3,200	4,651	13,800	5,811	4,416	3,098	13,325
Rent	5,867	3,156	4,587	13,610	5,918	4,497	3,155	13,570
Equipment	15,938	8,574	12,459	36,971	10,650	8,093	5,678	24,421
Insurance	3,055	1,643	2,389	7,087	1,507	1,145	803	3,455
Conferences	-	6,544	-	6,544	-	2,648	-	2,648
Supplies	2,416	1,300	1,888	5,604	2,545	1,934	1,356	5,835
Printing and Publications	10,125	-	-	10,125	12,449	-	-	12,449
Awareness	8,400	-	-	8,400	3,225	-	-	3,225
Telephone	1,448	779	1,133	3,360	1,144	869	610	2,623
Community Events	2,216	-	2,740	4,956	3,171	-	7,422	10,593
Fund Event Expense	-	-	7,277	7,277	-	-	34,251	34,251
Postage	956	514	747	2,217	529	402	282	1,213
Dues to Other Organizations	-	3,918	-	3,918	-	4,358	-	4,358
Other Expenses	10,275	-	-	10,275	6,722	-	-	6,722
Total Before Depreciation	<u>2,230,641</u>	<u>93,910</u>	<u>131,262</u>	<u>2,455,813</u>	<u>2,585,078</u>	<u>102,761</u>	<u>108,860</u>	<u>2,796,699</u>
Depreciation Expense	<u>338</u>	<u>182</u>	<u>264</u>	<u>784</u>	<u>641</u>	<u>487</u>	<u>341</u>	<u>1,469</u>
Total Expenses and Grants	<u><u>\$ 2,230,979</u></u>	<u><u>\$ 94,092</u></u>	<u><u>\$ 131,526</u></u>	<u><u>\$ 2,456,597</u></u>	<u><u>\$ 2,585,719</u></u>	<u><u>\$ 103,248</u></u>	<u><u>\$ 109,201</u></u>	<u><u>\$ 2,798,168</u></u>

See accompanying Notes to Consolidated Financial Statements.

**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,966,360	\$ 5,572,111
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Net Realized and Unrealized (Gains) Losses on Investments	(2,776,993)	(3,003,220)
Contributions for Funds Held in Perpetuity	(47,488)	(98,028)
Depreciation	784	1,469
Change in Cash Value of Life Insurance	841	657
(Increase) Decrease in Operating Assets:		
Prepaid Expenses	(1,455)	737
Interest Receivable	-	454
Unconditional Promises to Give	279,165	929,269
Increase (Decrease) in Operating Liabilities:		
Grants and Accounts Payable	13,372	643
Accrued Expenses	4,777	(1,833)
Agency Endowment Funds	952,777	992,997
Net Cash Provided by Operating Activities	1,392,139	4,395,256
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment	(1,420)	(1,206)
Proceeds from Sale of Investments	31,617,884	8,291,910
Purchase of Investments	(30,932,390)	(12,988,034)
Net Cash Provided (Used) by Investing Activities	684,074	(4,697,330)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for Funds Held in Perpetuity	47,488	98,028
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,123,702	(204,046)
Cash and Cash Equivalents - Beginning of Year	2,156,271	2,360,317
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,279,973	\$ 2,156,271

See accompanying Notes to Consolidated Financial Statements.

**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Eau Claire Community Foundation (the 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. The ECPSF is a supporting organization of the Foundation. If the ECPSF dissolves, the Foundation would maintain those funds. ECCF Realty, LLC is a single member LLC, 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.

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 classes of net assets as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

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 net assets with donor restrictions depending on the nature of the restrictions. For contributions with donor imposed conditions, those with measurable performance obligations or other barriers and a right or return or release, revenues are recognized at the time the contributions are substantially met, regardless of the timing of the cash receipt.

**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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 consolidated 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, 2020 and 2019 were \$8,400 and \$3,225 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 based on a time study completed for Foundation employees for all non-direct costs.

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 9.

**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Net investment return/(loss) is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

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, 2020.

Subsequent Events

In preparing these consolidated financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through April 29, 2021, the date the consolidated financial statements were available to be issued.

**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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 three-year treasury rate which was .42% and 1.94% as of December 31, 2020 and 2019, respectively. These promises are due as follows:

	2020	2019
Receivable Within One Year	\$ 142,200	\$ 282,450
Receivable Within One to Five Years	360,819	596,510
Receivable Within Five to Ten Years	2,200	9,000
Adjustments to Net Realizable Value		
Allowance for Doubtful Accounts	(100,000)	(165,000)
Unamortized Discount	(4,772)	(43,348)
Total Promises to Give	<u>\$ 400,447</u>	<u>\$ 679,612</u>

**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019 are summarized below:

	2020		
	Fair Value	Original Value	Unrealized Gain
Mutual Funds - Equities	\$ 5,975,571	\$ 5,408,199	\$ 567,372
Mutual Funds - Fixed Income	5,709,386	5,615,060	94,326
Corporate Bonds	1,870,825	1,801,814	69,011
Government Bonds	1,441,047	1,445,299	
Stocks	12,838,305	11,128,682	1,709,623
Other Assets	72,974	65,220	7,754
Total	<u>\$ 27,908,108</u>	<u>\$ 25,464,273</u>	<u>\$ 2,448,086</u>
	2019		
	Fair Value	Original Value	Unrealized Gain (Loss)
Mutual Funds - Equities	\$ 13,709,956	\$ 11,487,825	\$ 2,222,131
Mutual Funds - Fixed Income	8,240,507	8,168,336	72,171
Corporate Bonds	932,598	901,396	31,202
Stocks	2,860,862	2,451,351	409,511
Other Assets	72,686	66,210	6,476
Total	<u>\$ 25,816,609</u>	<u>\$ 23,075,118</u>	<u>\$ 2,741,491</u>

**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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

	2020			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual Funds - Equities	\$ 5,975,571	\$ -	\$ -	\$ 5,975,571
Mutual Funds - Fixed Income	5,709,386	-	-	5,709,386
Corporate Bonds	-	1,870,825	-	1,870,825
Government Bonds	1,441,047	-	-	1,441,047
Stocks	12,838,305	-	-	12,838,305
Other Assets	72,974	-	-	72,974
Total	<u>\$ 26,037,283</u>	<u>\$ 1,870,825</u>	<u>\$ -</u>	<u>\$ 27,908,108</u>
	2019			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual Funds - Equities	\$ 13,709,956	\$ -	\$ -	\$ 13,709,956
Mutual Funds - Fixed Income	8,240,507	-	-	8,240,507
Corporate Bonds	-	932,598	-	932,598
Stocks	2,860,862	-	-	2,860,862
Other Assets	72,686	-	-	72,686
Total	<u>\$ 24,884,011</u>	<u>\$ 932,598</u>	<u>\$ -</u>	<u>\$ 25,816,609</u>

NOTE 4 LIQUIDITY AND AVAILABILITY

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Foundation receives support without donor restrictions; which along with investment income without donor restrictions and appropriated earnings from gifts with donor restrictions, funds annual program needs.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated (quasi) endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses, and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 4 LIQUIDITY AND AVAILABILITY (CONTINUED)

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The Foundation's Grant Committee (the Committee) and Women's Giving Circle Grant team meet annually to review and approve grant requests. Due to this timing, the Foundation strives to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenses for administrative, general, and fundraising expenses plus an amount that represents the next expected payment for semi-annual grant commitments approved by the Committee. The Foundation limits maximum distribution to 4% of the fund balance annually and administrative fees of approximately 1% to 2% of the annual fund balance and transferred to the Foundation's general operating funds.

The table below presents financial assets available for general expenditures within one year at December 31, 2020:

<u>Description of Financial Asset</u>	<u>Gross Amount</u>	<u>Less Amounts Unavailable for General Expenditures</u>	<u>Available to Meet Cash Needs Within One Year</u>
Cash and Cash Equivalents	\$ 4,279,973	\$ 3,869,918	\$ 410,055
Operating Investments	27,908,108	26,603,894	1,304,214
Promises to Give	400,447	400,447	-
			<u>\$ 1,714,269</u>

**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 4 LIQUIDITY AND AVAILABILITY (CONTINUED)

The table below presents financial assets available for general expenditures within one year at December 31, 2019:

<u>Description of Financial Asset</u>	<u>Gross Amount</u>	<u>Less Amounts Unavailable for General Expenditures</u>	<u>Available to Meet Cash Needs Within One Year</u>
Cash and Cash Equivalents	\$ 2,156,271	\$ 1,820,234	\$ 336,037
Operating Investments	25,816,609	24,670,824	1,145,785
Promises to Give	679,612	679,612	-
			<u>\$ 1,481,822</u>

NOTE 5 FURNISHINGS AND EQUIPMENT

Furnishings and equipment at December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Furnishings and Equipment	\$ 50,343	\$ 48,923
Leasehold Improvements	4,147	4,147
Less: Accumulated Depreciation	<u>(52,472)</u>	<u>(51,688)</u>
Total	<u>\$ 2,018</u>	<u>\$ 1,382</u>

NOTE 6 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.

**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 6 AGENCY ENDOWMENT AND FLOW-THROUGH FUNDS (CONTINUED)

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, 2020 and 2019 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Young Men's Christian Association of Eau Claire	\$ 1,182,643	\$ 1,087,417
L.E. Phillips Memorial Public Library - Story Builder	852,388	148,439
Endowment for the American Birkebeiner	821,976	702,485
Landmark Conservancy Fund	659,491	567,600
Boy Scouts of America - Chippewa Valley Council	289,292	264,878
Hayward Library Foundation Fund	149,592	138,810
Friends of Paul Bunyan Logging Camp	132,955	118,810
Family Promise of the Chippewa Valley, Inc.	124,992	114,444
Friends of United Cerebral Palsy of West Central Wisconsin, Inc.	124,354	113,859
Flying Eagles Ski Club	108,161	99,033
Friends of Beaver Creek Reserve, Inc.	99,372	90,986
Literacy Chippewa Valley	90,129	82,523
Richard Pierce & Sandy Lampman Trail Support Legacy	80,023	28,060
Bidwell Engebretson Tusen Takk Volunteer Support Fund	64,137	47,578
Feed My People, Inc.	60,783	55,649
Bolton Refuge House, Inc.	53,039	48,057
L.E. Phillips Memorial Public Library	32,871	10,596
Hayward Library Foundation Fund Long Term Fund	27,787	10,304
L.E. Phillips Senior Center, Inc.	26,302	24,082
Goodwill Industries of North Central Wisconsin, Inc.	23,281	21,316
Jim Schwiebert Butterfly House Fund	22,368	20,480
Eau Claire Children's Theatre	14,433	12,953
Hope Gospel Mission, Inc.	13,739	12,580
Mega Charities	13,343	12,381
Play Forever Fund	333	142,721
Higbee Family Fund	-	107,200
Lac Courte Oreilles Legacy Fund	-	29,694
L.E. Phillips Senior Center - Fit for Future Campaign	-	8,730
Other Agency Funds	48,324	41,666
Total	<u>\$ 5,116,108</u>	<u>\$ 4,163,331</u>

**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2020 and 2019 consist of the following:

	2020	2019
Subject to Expenditure for Specified Purpose:		
Arts Programs and Initiatives	\$ 480,615	\$ 803,505
Schools, Education, and Literacy	5,999,594	5,346,350
Eau Claire Public Schools Foundation	2,898,737	2,276,435
Women's and Children's Programs	707,993	658,678
Basic Needs	655,970	549,864
Health and Wellness	316,544	291,884
Environmental and Disaster Assistance	163,270	-
Designated Pass Through Funds	360,404	179,640
Total	11,583,127	10,106,356
Subject to Endowment Spending Policy and Appropriation:		
L.E. Phillips Memorial Public Library	354,943	350,193
Women's Giving Circle Endowment	388,269	347,831
Eau Claire Public School Foundation Endowment	179,737	177,437
Total	922,949	875,461
Total Net Assets with Donor Restrictions	\$ 12,506,076	\$ 10,981,817

NOTE 8 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 net assets without donor restrictions since the Foundation retains the final decision about the charitable use of the funds.

**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 9 ENDOWMENT

The Foundation has several donor restricted endowment funds established for the purposes of providing income to support various programs. 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 net assets restricted for perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 earnings on endowment funds to be restricted for operations of the specified 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.

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, 2020 and 2019.

	Net Assets With Donor Restrictions		
	Earnings	Endowment Restricted	Total
Endowment Fund Balance - December 31, 2018	\$ 205,994	\$ 777,433	\$ 983,427
Contributions	-	98,028	98,028
Distributions	(66,142)	-	(66,142)
Return on Investments	189,300	-	189,300
Endowment Fund Balance - December 31, 2019	329,152	875,461	1,204,613
Contributions	-	47,488	47,488
Disbursements	(52,985)	-	(52,985)
Return on Investments	127,770	-	127,770
Endowment Fund Balance - December 31, 2020	<u>\$ 403,937</u>	<u>\$ 922,949</u>	<u>\$ 1,326,887</u>

**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 9 ENDOWMENT (CONTINUED)

Investment Objectives and Strategies

The Foundation has adopted an investment policy to provide guidelines for investing endowment assets. The primary objective of the investment policy is to preserve purchasing power of the investment portfolio through asset growth at least equal to the Distribution Policy plus the rate of inflation. 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.

The Board defines risk as the inability to achieve distribution goals due to below average investment returns over longer periods of time (defined as rolling 5 year periods) due to under performance of investment of investment returns vs. the benchmark. To measure risk for the management of the investment portfolio, a variety of risk measurements will be considered and evaluated.

Distribution Policy

The Foundation has a policy of appropriating endowment earnings for distribution each year. The goals of the distribution policy are to protect the endowed funds to last in perpetuity, to grow the endowed funds over time, and to give the Foundation's grantees the benefit of a reasonably stable, consistent, and predictable flow of funds. The Foundation bases annual grant distributions on the average market value of a fully funded fund over the prior twenty quarters' trailing average. For fully funded funds less than five years old, the market value will be the average of all quarterly market values-to-date. A fund may begin granting in the calendar year after the required minimum funding level is reached. The amount available for annual distribution is calculated based on the distribution rate and the quarter-end balances as of December 31 of the prior year. The distribution rate will be established by the Board of Trustees in the last quarter of the prior year. The distribution rate may be changed from year to year, adjusted to reflect special funding needs and financial market conditions.

To meet the annual distribution, the Foundation may utilize interest, dividends, and capital appreciation. This distribution strategy reflects the total return approach to investing and disbursing funds to reach our goals listed above. Where prudent and consistent with the Foundation's bylaws, trust documents, and fund agreements, the Foundation may use a portion of the principal (historic value) of certain funds as part of the annual distribution or to fund special projects as determined by the Board or as designated by the donor of such funds.

**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 9 ENDOWMENT (CONTINUED)

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, 2020 and 2019.

NOTE 10 PAYROLL PROTECTION PROGRAM LOAN

On April 4, 2020, the Foundation received a loan from Frandsen Bank & Trust totaling \$36,600 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted by the SBA to the lender or, if the Foundation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance with program requirements and approval by the SBA. The covered period from 04/04/2020-09/19/2020, is the time that the Foundation had to spend their PPP Loan funds.

The Foundation is following ASC 470, Debt, to account for the initial receipts related to the PPP Loan. On December 21, 2020, the SBA processed the Foundation's PPP Loan forgiveness application and notified Frandsen Bank & Trust the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date. Therefore, the Foundation was legally released from the debt and the loan forgiveness has been recorded as a contribution, which is included in income during the year ended December 31, 2020.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Foundation's financial position.

**EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 11 OPERATING LEASE

The Foundation has a noncancelable operating lease for office space that expires on December 31, 2021. Rental expense for the years ended December 31, 2020 and 2019 was \$13,610 and \$13,570, respectively.

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	<u>\$ 13,608</u>
Total	<u><u>\$ 13,608</u></u>

NOTE 12 RETIREMENT PLAN

The Foundation established a SIMPLE IRA plan for all employees who are at least 21 years of age and have completed two months of service. Eligible employees who elect to participate in the Foundation's SIMPLE IRA plan can contribute up to the maximum allowed by the Internal Revenue Code. The Foundation matches contributions up to 3% of salary. Retirement plan expense for the years ended December 31, 2020 and 2019 was \$5,634 and \$4,747, respectively.

NOTE 13 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.

NOTE 14 COMMITMENTS AND CONTINGENCIES

During 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may impact various parts of its operations and financial results including but not limited to additional costs for emergency preparedness. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.