

Eau Claire Community Foundation

Financial Statements

Years ended December 31, 2025 and 2024



Eau Claire Community Foundation

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Eau Claire Community Foundation
Eau Claire, Wisconsin

Opinion

We have audited the accompanying consolidated financial statements of Eau Claire Community Foundation (the "Foundation") (a nonprofit foundation), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2025 and 2024, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Bauman Associates, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS

Eau Claire, Wisconsin
August 06, 2026

EAU CLAIRE COMMUNITY FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 6,377,348	\$ 4,367,912
Pledges receivable - Net	1,749,951	512,873
Investments	75,584,323	55,368,516
Cash surrender value of life insurance	17,681	17,681
Prepays	2,244	-
Operating lease-right-of-use asset - Net	248,033	28,755
Furniture and equipment - Net	<u>74,750</u>	<u>-</u>
TOTAL ASSETS	\$ <u>84,054,330</u>	\$ <u>60,295,737</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Grants payable	\$ -	\$ 1,750
Accrued expenses	12,962	20,499
Operating lease obligation	248,273	29,235
Agency endowment and agency pass-through funds	<u>7,246,144</u>	<u>6,087,899</u>
Total liabilities	<u>7,507,379</u>	<u>6,139,383</u>
Net assets:		
Net assets without donor restrictions	27,189,802	23,865,697
Net assets with donor restrictions	<u>49,357,149</u>	<u>30,290,657</u>
Total net assets	<u>76,546,951</u>	<u>54,156,354</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>84,054,330</u>	\$ <u>60,295,737</u>

The accompanying notes are an integral part of these consolidated financial statements.

EAU CLAIRE COMMUNITY FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
For Years Ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Support:						
Contributions	\$ 1,194,231	\$ 18,752,451	\$ 19,946,682	\$ 518,954	\$ 12,264,792	\$ 12,783,746
Administrative fee revenue	66,062	-	66,062	60,529	-	60,529
Sponsorship revenue	48,015	-	48,015	-	-	-
Donated services	-	-	-	8,454	-	8,454
Total support	1,308,308	18,752,451	20,060,759	587,937	12,264,792	12,852,729
Net assets released from restrictions	4,810,680	(4,810,680)	-	1,955,670	(1,955,670)	-
Total support and revenue	6,118,988	13,941,771	20,060,759	2,543,607	10,309,122	12,852,729
EXPENSES:						
Programs and Grants	5,236,223	-	5,236,223	2,511,325	-	2,511,325
Management and General	366,831	-	366,831	272,171	-	272,171
Fundraising	229,158	-	229,158	161,073	-	161,073
Total Expenses	5,832,212	-	5,832,212	2,944,569	-	2,944,569
OPERATING GAIN (LOSS)	286,776	13,941,771	14,228,547	(400,962)	10,309,122	9,908,160
NON-OPERATING ITEMS:						
Investment income (loss)	3,037,330	5,124,721	8,162,051	1,322,963	2,585,133	3,908,096
Total non-operating items	3,037,330	5,124,721	8,162,051	1,322,963	2,585,133	3,908,096
CHANGE IN NET ASSETS	3,324,106	19,066,492	22,390,598	922,001	12,894,255	13,816,256
NET ASSETS - BEGINNING OF YEAR	23,865,697	30,290,657	54,156,354	22,943,696	17,396,402	40,340,098
NET ASSETS - END OF YEAR	\$ 27,189,802	\$ 49,357,149	\$ 76,546,951	\$ 23,865,697	\$ 30,290,657	\$ 54,156,354

The accompanying notes are an integral part of these consolidated financial statements.

EAU CLAIRE COMMUNITY FOUNDATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For Years Ended December 31, 2025 and 2024

	2025				2024			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Grants and scholarships	\$ 4,881,850	\$ -	\$ -	\$ 4,881,850	\$ 2,227,507	\$ -	\$ -	\$ 2,227,507
Payroll & benefits	233,509	251,943	129,044	614,496	186,900	201,655	103,287	491,842
Equipment	27,846	30,045	15,389	73,280	16,273	17,558	8,993	42,824
Professional fees	19,369	20,898	10,704	50,971	16,377	17,670	9,050	43,097
Printing and publications	11,732	-	-	11,732	11,539	-	-	11,539
Fund event expense	-	-	22,578	22,578	0	-	827	827
Lease expense	18,530	19,992	10,240	48,762	5,810	6,269	3,211	15,290
Supplies	1,821	1,964	1,006	4,791	5,651	6,098	3,123	14,872
Community events	17,946	-	29,281	47,227	15,152	-	24,721	39,873
Insurance	2,813	3,034	1,554	7,401	3,064	3,306	1,693	8,062
Dues to other organization	-	5,722	-	5,722	0	3,720	-	3,720
Telephone	1,561	1,683	862	4,106	1,194	1,289	660	3,143
Postage	2,170	2,342	1,199	5,711	958	1,034	530	2,522
Awareness	3,900	-	-	3,900	11,909	-	-	11,909
Conferences	-	15,011	-	15,011	0	3,881	-	3,881
Depreciation	239	239	150	628	108	108	68	284
Other expenses	12,937	13,958	7,151	34,046	8,883	9,584	4,910	23,377
Total	\$ <u>5,236,223</u>	\$ <u>366,831</u>	\$ <u>229,158</u>	\$ <u>5,832,212</u>	\$ <u>2,511,325</u>	\$ <u>272,171</u>	\$ <u>161,073</u>	\$ <u>2,944,569</u>

The accompanying notes are an integral part of these consolidated financial statements.

EAU CLAIRE COMMUNITY FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 22,390,597	\$ 13,816,256
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized (gains) losses on investments	(7,482,200)	(2,860,794)
Contributions for funds held in perpetuity	(120,953)	(110,772)
Depreciation	628	284
Changes in operating assets and liabilities:		
Decrease (increase) in pledges receivable	(1,237,078)	(468,114)
Decrease (increase) in prepaid expenses	(2,244)	-
Increase (decrease) in operating lease liabilities	(240)	480
Increase (decrease) in grants payable	(1,750)	(8,750)
Increase (decrease) in accrued expenses	(7,537)	(69,760)
Increase (decrease) in agency endowment funds	<u>1,158,245</u>	<u>23,151</u>
Net cash provided by (used in) operating activities	<u>14,697,468</u>	<u>10,321,981</u>
Cash flows from investing activities:		
Proceeds from sale of investments	15,891,441	13,710,282
Purchase of equipment	(75,378)	-
Purchase of investments	<u>(28,625,048)</u>	<u>(25,125,468)</u>
Net cash provided by (used in) investing activities	<u>(12,808,985)</u>	<u>(11,415,186)</u>
Cash flows from financing activities:		
Contributions for funds held in perpetuity	<u>120,953</u>	<u>110,772</u>
Net cash provided by (used in) financing activities	<u>120,953</u>	<u>110,772</u>
Net increase (decrease) in cash and cash equivalents	2,009,436	(982,433)
Cash and cash equivalents, beginning of year	<u>4,367,912</u>	<u>5,350,345</u>
Cash and cash equivalents, end of year	\$ <u><u>6,377,348</u></u>	\$ <u><u>4,367,912</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

EAU CLAIRE COMMUNITY FOUNDATION
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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 Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues, expenses, gains and losses, and net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and related changes are classified and reported as follows:

Net Assets without Donor Restrictions - Resources over which the Board of Directors has discretionary control.

Net Assets with Donor Restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Foundation must continue to use the resources in perpetuity in accordance with the donor's instructions.

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.

Accounting Estimates

The presentation 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.

EAU CLAIRE COMMUNITY FOUNDATION
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

In preparing these financial statements, the Foundation has evaluated for recognition or disclosure the events or transactions that occurred through August 06, 2026, the date the financial statements were available to be issued.

Cash Equivalents

The Foundation considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents are stated at cost, which approximates market value.

Pledges Receivable and Allowance for Pledge Receivable Losses

Pledges receivable consist of unconditional promises to give and are recognized as revenue in the period made. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted using present value of future cash flows. Amortization of discounts is recorded as additional contribution revenue.

Pledges receivable are assessed individually for collectability based on the surrounding facts and circumstances and past history.

The Foundation monitors the credit quality of its pledges receivable balance. Pledges are reviewed periodically, and collectability of pledge balances is assessed. Losses in prior years have been insignificant. The Foundation has recorded an allowance for uncollectible pledges of \$13,000 at December 31, 2025 and 2024.

Investments

Investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the statement of activities. Realized gains and losses are determined using the specific identification method. Interest and dividend income are reported as income when earned.

Property and Equipment

Property and equipment are recorded at original cost. Additions, improvements or major renewals are capitalized. If items of property are sold, retired or otherwise disposed of, they are removed from the asset and accumulated depreciation accounts and any gains or losses thereon are reflected in the statement of activities. Property and equipment over \$5,000 are capitalized. Repair and maintenance costs are charged to expense as incurred.

Depreciation is computed using the straight-line method at lives between three to ten years.

EAU CLAIRE COMMUNITY FOUNDATION
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Conditional promises to give are not recognized until they become unconditional. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor 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 statement of activities as net assets released from restrictions. Donor-imposed contributions are reported as net assets with donor restrictions, even if it is anticipated such restrictions will be met in the current reporting period.

Donated Services

Donated services are recognized for services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would ordinarily be purchased if not provided by donation. Contributed services, including promises to give, that do not meet these criteria are not recognized. Donated services valued at fair market value, were \$0 and \$8,454 for 2025 and 2024, respectively.

Functional Allocation of Expense

The cost of providing the Foundation's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- 1) Salaries and wages, benefits, and payroll taxes are allocated based on the amounts of time spent by employees performing those functions.
- 2) Occupancy, telephone and internet services, insurance, supplies and miscellaneous expenses that cannot be directly identified are allocated on the basis of salaries and wages.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Foundation. Fundraising costs are expensed as incurred, even though they may result in support received in future years.

EAU CLAIRE COMMUNITY FOUNDATION
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Foundation and ECPSF are exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code therefore, the financial statements do not include a provision for income taxes however, the Organizations are subject to income tax on net unrelated business income.

The Foundation and ECPSF reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is exempt from income taxes or not subject to income taxes on unrelated business income. The Foundation and ECPSF recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Foundation has identified no income tax uncertainties. The Foundation and ECPSF files information returns as a tax-exempt Organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

Credit Risk

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of cash. The Foundation places its cash with high credit quality financial institutions and, by policy, generally limits the amount of credit exposure to any one financial institution. The Foundation maintained cash balances in certain financial institutions in excess of the federally insured limits. While the amounts exceeded the FDIC insurance limits, management does not believe these balances represent a significant credit risk.

Fair Value Measurements

Under generally accepted accounting principles, 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. The accounting standards establish a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1 - Observable inputs such as quoted prices in active markets;

Level 2 - Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and,

Level 3 - Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

The Foundation uses observable market data, when available, in making fair value measurements. Fair value measurements are classified according to the lowest level input that is significant to the valuation.

EAU CLAIRE COMMUNITY FOUNDATION
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The Foundation holds certain assets that are required to be measured at fair value on a recurring basis. The fair value of the Foundation's investment securities were determined based on inputs as presented in Note 3.

Endowments

The Foundation follows the provisions of the Wisconsin Uniform Prudent Management of Institutional Funds Act (UPMIFA). This provides guidance on the classification of endowment net assets and enhances disclosure for endowment funds. Under UPMIFA all unappropriated endowment funds are considered donor restricted net assets.

NOTE 2 PLEDGES RECEIVABLE

Pledges receivable consisted of the following at December 31, 2025 and 2024.

	2025	2024
Pledge Receivable - Short-Term	\$ 736,321	\$ 20,683
Pledge Receivable - Long-Term	1,132,860	550,025
Less Uncollectible Allowance	(13,000)	(13,000)
Less 4.55% Discount to Present Value	<u>(106,230)</u>	<u>(44,835)</u>
Net Pledges Receivable	<u>\$ 1,749,951</u>	<u>\$ 512,873</u>

Pledges receivable are due as follows for the years ended December 31:

2026	\$ 736,321
2027	630,533
2028	334,660
2029	<u>167,667</u>
	<u>\$ 1,869,181</u>

EAU CLAIRE COMMUNITY FOUNDATION
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 3 INVESTMENTS

Investments consist of the following at December 31:

	2025		
	Fair Value	Original Value	Unrealized Gain (loss)
Mutual Funds - Equities	\$ 19,954,532	\$ 16,269,537	\$ 3,684,995
Mutual Funds - Fixed Income	2,059,904	2,029,828	30,076
Corporate Bonds	6,694,661	6,509,024	185,637
Government Bonds	9,543,786	9,504,061	39,725
Stocks	37,331,440	27,990,428	9,341,012
Total	<u>\$ 75,584,323</u>	<u>\$ 62,302,878</u>	<u>\$ 13,281,445</u>

	2024		
	Fair Value	Original Value	Unrealized Gain (loss)
Mutual Funds - Equities	\$ 23,701,231	\$ 22,204,904	\$ 1,496,327
Mutual Funds - Fixed Income	2,755,576	2,818,879	(63,303)
Corporate Bonds	2,024,596	2,091,204	(66,608)
Government Bonds	2,961,983	3,138,408	(176,425)
Stocks	23,925,130	18,669,743	5,255,387
Total	<u>\$ 55,368,516</u>	<u>\$ 48,923,138</u>	<u>\$ 6,445,378</u>

EAU CLAIRE COMMUNITY FOUNDATION
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 3 INVESTMENTS (Continued)

Investment income consists of the following:

	2025	2024
Interest and Dividend Income	\$ 1,673,364	\$ 1,300,768
Unrealized Gains (Losses)	4,848,251	2,962,929
Realized Gains (Losses)	1,962,337	(102,135)
Investment Fees	<u>(321,901)</u>	<u>(253,466)</u>
Investment Income (Loss)	<u>\$ 8,162,051</u>	<u>\$ 3,908,096</u>

The following tables, as of December 31, 2025 and 2024, provide information by level for assets that are measured at fair value, on a recurring basis:

2025				
	Level 1	Level 2	Level 3	Total
Mutual Funds - Equities	\$ 19,954,532	\$ -	\$ -	\$ 19,954,532
Mutual Funds - Fixed Income	2,059,904	-	-	2,059,904
Corporate Bonds	-	6,694,661	-	6,694,661
Government Bonds	9,543,786	-	-	9,543,786
Stocks	<u>37,331,440</u>	<u>-</u>	<u>-</u>	<u>37,331,440</u>
Total	<u>\$ 68,889,662</u>	<u>\$ 6,694,661</u>	<u>\$ -</u>	<u>\$ 75,584,323</u>

2024				
	Level 1	Level 2	Level 3	Total
Mutual Funds - Equities	\$ 23,701,231	\$ -	\$ -	\$ 23,701,231
Mutual Funds - Fixed Income	2,755,576	-	-	2,755,576
Corporate Bonds	-	2,024,596	-	2,024,596
Government Bonds	2,961,983	-	-	2,961,983
Stocks	<u>23,925,130</u>	<u>-</u>	<u>-</u>	<u>23,925,130</u>
Total	<u>\$ 53,343,920</u>	<u>\$ 2,024,596</u>	<u>\$ -</u>	<u>\$ 55,368,516</u>

EAU CLAIRE COMMUNITY FOUNDATION
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 3 INVESTMENTS (Continued)

The fair value of the Foundation's mutual funds, stocks and government bonds are determined by reference to quoted market prices and other relevant information generated by market transactions. These investments are classified within Level 1 of the valuation hierarchy.

The fair value of the Foundation's corporate bonds were determined based on Level 2 inputs and are estimated as the present value of expected future cash inflows, taking into account (1) the type of security, its term, and any underlying collateral, (2) the seniority level of the debt security, and (3) quotes received from brokers and pricing services. In applying the valuation model, significant inputs including probability of default for debt securities, the estimated prepayment rate, and the projected yield based on estimated future market rates for similar securities.

The Foundation holds investments in a variety of investment funds. In general, its investments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could be material to the amounts reported in the statement of financial position.

NOTE 4 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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.

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

- 1) Operating within a prudent range of financial soundness and stability,
- 2) Maintaining adequate liquid assets, and

EAU CLAIRE COMMUNITY FOUNDATION
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 4 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

- 3) 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 grant commitments approved by the Committee. The Foundation limits maximum distributions to approximately 4% of the fund balance calculated on a rolling basis and makes distributions to the general operating fund of approximately 1-2% to support operations.

The table below presents liquid financial assets available for general expenditure, excluding grants, within one year at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 6,377,348	\$ 4,367,912
Pledges Receivable	1,749,951	512,873
Investments	75,584,323	55,368,516
Cash Value of Life Insurance	<u>17,681</u>	<u>17,681</u>
 Total Financial Assets	 <u>83,729,303</u>	 <u>60,266,982</u>
 Less Financial Assets Unavailable for General Expenditure		
Within One Year, Due to Donor-Imposed		
Purpose Restrictions and Board Designations	<u>(71,724,317)</u>	<u>(49,524,738)</u>
 Financial Assets Available to Meet Cash Needs for		
General Expenditures Within One Year	<u>\$ 12,004,986</u>	<u>\$ 10,742,244</u>

The restricted net assets shown in the table also include donor advised funds. Donor advised funds are reported as part of unrestricted net assets in accordance with U.S. GAAP. However, these funds are not available for general expenditure.

EAU CLAIRE COMMUNITY FOUNDATION
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2025 and 2024, consists of the following:

	<u>2025</u>	<u>2024</u>
Furnishings and Equipment	\$ 50,343	\$ 50,343
Leasehold Improvements	<u>79,525</u>	<u>4,147</u>
Total Property and Equipment	129,868	54,490
Less Accumulated Depreciation	<u>(55,118)</u>	<u>(54,490)</u>
Net Property and Equipment	\$ <u>74,750</u>	\$ <u>-</u>

NOTE 6 AGENCY ENDOWMENT AND PASS-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 others totaled \$7,246,144 and \$6,087,899 as of December 31, 2025 and 2024, respectively.

EAU CLAIRE COMMUNITY FOUNDATION
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 7 NET ASSETS

Net assets with donor restrictions at December 31, 2025 and 2024, consist of the following:

	<u>2025</u>	<u>2024</u>
Subject to Expenditure for Specific Purpose:		
Field of Interest	\$ 26,200,119	\$ 10,114,330
Eau Claire Public Schools Foundation	4,213,751	3,958,293
Scholarship Named	7,513,001	3,413,313
Donor Designated (Local Charities, Churches, Schools)	5,649,797	9,279,075
Donor Advised Community Support	981,264	883,266
Designated Pass Through Funds	663,075	928,008
Other (Acorn and Fiscal Sponsorship)	<u>2,737,664</u>	<u>436,848</u>
Total Purpose and Time Donor Restrictions	<u>47,958,671</u>	<u>29,013,133</u>
Subject to Endowment Spending Policy and Appropriation:		
Women's Giving Circle Endowment	782,072	680,546
L.E. Phillips Memorial Public Library	421,942	402,739
Eau Claire Public School Foundation Endowment	<u>194,464</u>	<u>194,239</u>
Total Restricted Perpetual Endowments	<u>1,398,478</u>	<u>1,277,524</u>
Total Donor Restricted Net Assets	<u>\$ 49,357,149</u>	<u>\$ 30,290,657</u>

Net assets with donor restrictions of \$4,810,680 and \$1,955,670 were released from restriction in 2025 and 2024 due to satisfaction of program restrictions.

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
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 9 ENDOWMENTS

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 Foundation considers an endowment fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. There are no funds currently underwater.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purpose of the Foundation and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Foundation.
- (7) The investment policies of the Foundation.

EAU CLAIRE COMMUNITY FOUNDATION
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 9 ENDOWMENTS (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 quarter's 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 is 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 the 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
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December 31, 2025 and 2024

NOTE 9 ENDOWMENTS (Continued)

Changes in endowment net assets for the years ended December 31, 2025 and 2024 are as follows:

	With Donor Restrictions (Earnings)	With Donor Restrictions (Perpetual)	Total
Endowment Net Assets December 31, 2023	\$ 320,503	\$ 1,166,753	\$ 1,487,256
Contributions	-	110,771	110,771
Distributions	(86,612)	-	(86,612)
Return on Investments	<u>153,805</u>	<u>-</u>	<u>153,805</u>
Endowment Net Assets December 31, 2024	387,696	1,277,524	1,665,220
Contributions	-	120,954	120,954
Distributions	(50,311)	-	(50,311)
Return on Investments	<u>240,010</u>	<u>-</u>	<u>240,010</u>
Endowment Net Assets December 31, 2025	\$ <u><u>577,395</u></u>	\$ <u><u>1,398,478</u></u>	\$ <u><u>1,975,873</u></u>

NOTE 10 LEASE COMMITMENTS

The Foundation leases two offices in Eau Claire, Wisconsin. The lease agreement for the old office will expire on December 31, 2026 and the lease agreement for the new office will expire on July 1, 2030. The lease agreements do not include any material residual value guarantees or restrictive covenants.

The components of lease expense that are included in rent expense in the Statement of Activities for the years ended December 31, 2025 and 2024 were \$48,762 and \$15,290.

EAU CLAIRE COMMUNITY FOUNDATION
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10 LEASE COMMITMENTS (Continued)

The maturities of operating lease liability as of December 31, 2025 are as follows:

	<u>Total</u>
Commitments:	
2026	\$ 72,824
2027	58,014
2028	58,014
2029	58,014
2030	<u>24,173</u>
Total Lease Payments	271,039
Less Interest	<u>(22,766)</u>
Present Value of Lease Obligation	<u><u>\$ 248,273</u></u>

The weighted average remaining lease term related to the Foundation's operating lease liabilities as of December 31, 2025 is 4.3 years.

The average discount rate related to the Foundation's operating lease liabilities as of December 31, 2025 and 2024 was 2.86%. The discount rates are generally based on estimates of the Foundation's incremental borrowing rate, as the discount rates implicit in the Foundation's lease cannot be readily determined.

NOTE 11 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, 2025 and 2024 was \$11,760 and \$6,878, respectively.

NOTE 12 TRANSFER OF NET ASSETS

During 2025, the AnnMarie Foundation transferred endowment and pass-through funds of \$11,045,271 to the Foundation. This was recorded as a contribution on the statement of activities for December 31, 2025. Assets were transferred with the requirement that the Foundation follow the donor intent and investment strategy of the donor agreements.