

**EAU CLAIRE COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATION**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**EAU CLAIRE COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATION  
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CliftonLarsonAllen LLP  
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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 non-profit organization), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, 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, 2016 and 2015, and the results of their operations 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 27, 2017

**EAU CLAIRE COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATION  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b>ASSETS</b>	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents	\$ 3,904,614	\$ 2,489,248
Unconditional Promises to Give	3,043,635	3,756,408
Investments	13,382,517	10,863,481
Cash Surrender Value of Life Insurance	23,986	24,290
Prepaid Expenses	650	-
Furnishings and Equipment	<u>8,571</u>	<u>14,242</u>
 Total Assets	 <u>\$ 20,363,973</u>	 <u>\$ 17,147,669</u>
<b>LIABILITIES AND NET ASSETS</b>		
Grants Payable	\$ -	\$ 40,455
Accounts Payable	6,073	101,414
Accrued Expenses	10,523	9,777
Agency Endowment and Flow-Through Funds	<u>2,004,386</u>	<u>1,780,356</u>
 Total Liabilities	 2,020,982	 1,932,002
Unrestricted Net Assets	8,878,206	7,400,747
Temporarily Restricted Net Assets	9,039,332	7,418,447
Permanently Restricted Net Assets	<u>425,453</u>	<u>396,473</u>
 Total Net Assets	 <u>18,342,991</u>	 <u>15,215,667</u>
 Total Liabilities and Net Assets	 <u>\$ 20,363,973</u>	 <u>\$ 17,147,669</u>

*See accompanying Notes to Consolidated Financial Statements.*

**EAU CLAIRE COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATION  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>								
Contributions	\$ 1,174,439	\$ 2,740,920	\$ 28,980	\$ 3,944,339	\$ 523,062	\$ 5,553,942	\$ 23,960	\$ 6,100,964
Return on Investments	605,975	211,059	-	817,034	(205,588)	(77,970)	-	(283,558)
In-Kind Services	56,666	-	-	56,666	5,408	-	-	5,408
Administrative Fee Income	28,722	-	-	28,722	21,226	-	-	21,226
Change in Cash Value of Life Insurance	(305)	-	-	(305)	(219)	-	-	(219)
Transfers of Funds To Restrictions	(3,673)	3,673	-	-	-	-	-	-
Net Assets Released from Restrictions	1,334,767	(1,334,767)	-	-	631,156	(631,156)	-	-
<b>Total Revenues, Gains, and Other Support</b>	<b>3,196,591</b>	<b>1,620,885</b>	<b>28,980</b>	<b>4,846,456</b>	<b>975,045</b>	<b>4,844,816</b>	<b>23,960</b>	<b>5,843,821</b>
<b>EXPENSES</b>								
Program and Grants	1,545,791	-	-	1,545,791	1,018,652	-	-	1,018,652
Management and General	70,148	-	-	70,148	62,602	-	-	62,602
Fund Raising	103,193	-	-	103,193	101,639	-	-	101,639
<b>Total Expenses and Grants</b>	<b>1,719,132</b>	<b>-</b>	<b>-</b>	<b>1,719,132</b>	<b>1,182,893</b>	<b>-</b>	<b>-</b>	<b>1,182,893</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,477,459</b>	<b>1,620,885</b>	<b>28,980</b>	<b>3,127,324</b>	<b>(207,848)</b>	<b>4,844,816</b>	<b>23,960</b>	<b>4,660,928</b>
Net Assets - Beginning of Year	7,400,747	7,418,447	396,473	15,215,667	7,608,595	2,573,631	372,513	10,554,739
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 8,878,206</b>	<b>\$ 9,039,332</b>	<b>\$ 425,453</b>	<b>\$ 18,342,991</b>	<b>\$ 7,400,747</b>	<b>\$ 7,418,447</b>	<b>\$ 396,473</b>	<b>\$ 15,215,667</b>

See accompanying Notes to Consolidated Financial Statements.

**EAU CLAIRE COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATION  
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016			2015				
	Program	Management and General	Fund Raising	Total	Program	Management and General	Fund Raising	Total
Grants	\$ 1,319,067	\$ -	\$ -	\$ 1,319,067	\$ 576,194	\$ -	\$ -	\$ 576,194
Payroll	99,274	50,924	35,733	185,931	87,581	40,753	51,643	179,977
Project Expense	80,299	-	-	80,299	295,720	-	-	295,720
Professional Fees	4,048	3,036	2,116	9,200	6,156	2,964	2,280	11,400
Rent	5,480	4,110	2,865	12,455	6,726	3,238	2,491	12,455
Equipment	5,190	3,893	2,713	11,796	6,913	3,329	2,561	12,803
Insurance	1,158	869	605	2,632	1,486	716	550	2,752
Conferences	-	1,909	-	1,909	-	1,604	-	1,604
Supplies	2,316	1,737	1,211	5,264	4,181	2,013	1,548	7,742
Printing and Publications	5,469	-	-	5,469	6,837	-	-	6,837
Awareness	5,356	-	-	5,356	4,079	-	-	4,079
Telephone	1,030	772	538	2,340	1,362	656	505	2,523
Community Events	4,345	-	4,385	8,730	3,358	-	13,431	16,789
Fund Event Expense	-	-	51,007	51,007	-	-	20,993	20,993
Postage	950	713	497	2,160	1,363	657	505	2,525
Dues to Other Organizations	4,509	-	-	4,509	2,840	-	-	2,840
Other Expenses	4,387	-	-	4,387	10,285	4,952	3,809	19,046
<b>Total Before Depreciation</b>	<b>1,542,878</b>	<b>67,963</b>	<b>101,670</b>	<b>1,712,511</b>	<b>1,015,081</b>	<b>60,882</b>	<b>100,316</b>	<b>1,176,279</b>
Depreciation Expense	2,913	2,185	1,523	6,621	3,571	1,720	1,323	6,614
<b>Total Expenses and Grants</b>	<b>\$ 1,545,791</b>	<b>\$ 70,148</b>	<b>\$ 103,193</b>	<b>\$ 1,719,132</b>	<b>\$ 1,018,652</b>	<b>\$ 62,602</b>	<b>\$ 101,639</b>	<b>\$ 1,182,893</b>

See accompanying Notes to Consolidated Financial Statements.

**EAU CLAIRE COMMUNITY FOUNDATION  
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CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 3,127,324	\$ 4,660,928
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Net Realized and Unrealized (Gains) Losses on Investments	(454,273)	747,253
Permanently Restricted Contributions	(28,980)	(23,960)
Depreciation	6,621	6,614
Change in Cash Value of Life Insurance	305	219
(Increase) Decrease in Operating Assets:		
Prepaid Expenses	(650)	-
Unconditional Promises to Give	712,773	(3,695,508)
Increase (Decrease) in Operating Liabilities:		
Grants and Accounts Payable	(135,796)	72,732
Accrued Expenses	746	3,371
Agency Endowment Funds	111,671	144,151
Net Cash Provided by Operating Activities	3,339,741	1,915,800
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Equipment	(950)	(4,147)
Proceeds from Sale of Investments	4,171,353	3,411,248
Purchase of Investments	(6,123,758)	(4,317,945)
Net Cash Used by Investing Activities	(1,953,355)	(910,844)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions to Permanently Restricted Funds	28,980	23,960
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,415,366	1,028,916
Cash and Cash Equivalents - Beginning of Year	2,489,248	1,460,332
<b>CASH AND CASH EQUIVALENTS- END OF YEAR</b>	\$ 3,904,614	\$ 2,489,248

See accompanying Notes to Consolidated Financial Statements.



**EAU CLAIRE COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Eau Claire Community Foundation, (Foundation) is a non-profit 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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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**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 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 fund raising 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, 2016 and 2015 were \$5,356 and \$4,079 respectively.

**Allocation of Functional Expenses**

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

**Estimates**

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles 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, 2016 AND 2015**

**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 non-active 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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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (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, 2016.

**EAU CLAIRE COMMUNITY FOUNDATION  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**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 27, 2017, the date the consolidated financial statements were available to be issued.

**Reclassifications**

Certain amounts in the prior year consolidated financial statements have been reclassified to conform to the current year presentation. The reclassification had no effect on previously reported change in net assets or net asset amounts.

**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 1.00% and 1.02% as of December 31, 2016 and 2015, respectively. These promises are due as follows:

	2016	2015
Receivable Within One Year	\$ 984,364	\$ 1,017,592
Receivable Within One to Five Years	2,107,481	2,797,144
Receivable Within Five to Ten Years	150,000	200,000
Adjustments to Net Realizable Value	(198,210)	(258,328)
Promises to Give	\$ 3,043,635	\$ 3,756,408

**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 statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statement of activities.

The Foundation's investments at December 31, 2016 and 2015 are summarized below:

	<u>2016</u>		
	<u>Fair Value</u>	<u>Original Value</u>	<u>Unrealized Gain (Loss)</u>
Mutual Funds - Equities	\$ 9,627,663	\$ 8,229,511	\$ 1,398,152
Mutual Funds - Fixed Income	<u>3,754,854</u>	<u>3,769,248</u>	<u>(14,394)</u>
	<u>\$13,382,517</u>	<u>\$11,998,759</u>	<u>\$ 1,383,758</u>
	<u>2015</u>		
	<u>Fair Value</u>	<u>Original Value</u>	<u>Unrealized Gain (Loss)</u>
Mutual Funds - Equities	\$ 8,241,148	\$ 7,354,853	\$ 886,295
Mutual Funds - Fixed Income	<u>2,622,333</u>	<u>2,667,807</u>	<u>(45,474)</u>
	<u>\$10,863,481</u>	<u>\$10,022,660</u>	<u>\$ 840,821</u>

Investment return for the years ended December 31, 2016 and 2015 is summarized as follows:

	<u>2016</u>	<u>2015</u>
Dividend and Interest Income	\$ 204,475	\$ 169,651
Capital Gains	201,357	336,499
Investment Expenses	(43,071)	(42,455)
Net Realized and Unrealized Gains (Losses)	<u>454,273</u>	<u>(747,253)</u>
	<u>\$ 817,034</u>	<u>\$ (283,558)</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**

	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>

  

	2015			Total
	Level 1	Level 2	Level 3	
Investments				
Mutual Funds - Equities	\$ 8,241,148	\$ -	\$ -	\$ 8,241,148
Mutual Funds - Fixed Income	-	2,622,333	-	2,622,333
Total	<u>\$ 8,241,148</u>	<u>\$ 2,622,333</u>	<u>\$ -</u>	<u>\$ 10,863,481</u>

**NOTE 4 FURNISHINGS AND EQUIPMENT**

Furnishings and equipment at December 31, 2016 and 2015 consist of the following:

	2016	2015
Furnishings and Equipment	\$ 47,717	\$ 46,767
Leasehold Improvements	4,147	4,147
Less: Accumulated Depreciation	<u>(43,293)</u>	<u>(36,672)</u>
	<u>\$ 8,571</u>	<u>\$ 14,242</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 not-for-profit organization, recognizes the fair value of those assets as a liability to the specified beneficiary (generally the same not-for-profit organization) concurrent with recognition of the assets received from the not-for-profit organization if the Foundation agrees to any of the following (1) use those assets on behalf of the not-for-profit organization, (2) transfer those assets to the not-for-profit organization, (3) use the return on those assets to benefit the not-for-profit organization, (4) apply any of the above to an unaffiliated specified beneficiary determined by the not-for-profit 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 statement 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, 2016 and 2015 are summarized as follows:

	2016	2015
Young Mens' Christian Association of Eau Claire	\$ 853,237	\$ 795,395
Boy Scouts of America - Chippewa Valley Council	248,082	247,591
Friends of United Cerebral Palsy of West Central Wisconsin, Inc.	147,939	138,349
Feed My People, Inc.	106,944	100,012
Eau Claire Interfaith Hospitality Network, Inc.	104,176	100,365
Friends of Paul Bunyan Logging Camp	87,201	75,641
Literacy Chippewa Valley	66,678	62,356
Friends of Beaver Creek Reserve, Inc.	66,502	29,323
Sculpture Tour Eau Claire	62,014	58,749
Flying Eagles Ski Club	54,800	3,760
Chippewa Valley Health Clinic, Inc.	51,172	47,855
Bolton Refuge House, Inc.	38,829	36,312
Clear Vision Eau Claire	27,302	247
L.E. Phillips Senior Center, Inc.	19,457	18,196
Goodwill Industries of North Central Wisconsin, Inc.	17,223	16,107
L.E. Phillips Memorial Public Library	15,454	14,452
Mega Charities	11,215	10,590
Eau Claire Childrens Theatre	10,466	9,581
Hope Gospel Mission, Inc.	10,164	9,505
Other Agency Funds	5,531	5,970
	\$ 2,004,386	\$ 1,780,356



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

Temporarily restricted net assets at December 31, 2016 and 2015 are available for the following purposes:

	2016	2015
Confluence Project	\$ 5,562,327	\$ 5,051,728
Eau Claire Public Schools	1,195,657	516,566
Scholarships	518,769	383,742
Women's and Children's Programs	367,165	326,503
Kiwanis Projects	179,438	168,220
Children's Programs	131,556	115,375
L.E. Phillips Memorial Public Library	130,957	115,214
Literacy and Music Programs	109,499	105,593
Technology	76,789	73,674
First Lutheran Church Eau Claire - Dale Rasmussen Fund for Children, L.E. Phillips Senior Center, and Wisconsin Chippewa Valley Museum	64,049	61,943
Arts, Culture and Recreation	55,673	56,429
Red Cross - Disaster Relief	43,992	42,346
Mental Health Programs	43,426	41,089
Children and Grieving Parent Programs	43,146	40,986
Children's Health Programs	35,773	34,329
Community Parks, Gardens and Playgrounds	67,567	57,221
Katherine's Wish	39,222	33,731
Beaver Creek Reserve, Dartmouth Alumni Fund, and Mt. Holyoke College	30,086	29,097
Educational Fund	32,066	25,461
Community Medical Services	23,689	22,811
Health Programs	23,576	22,799
Access Eau Claire	26,551	15,017
Elderly Programs	29,847	-
Augusta Area Foundation and YMCA	13,141	12,564
Eau Claire Police Department	17,572	12,391
Special Olympics and Special Needs Programs	26,341	11,560
Animal Programs	10,744	10,363
Nordic Programs and Culture	9,512	9,237
Public Spirit Fund	10,874	-
Designated Pass Thru Funds	80,290	(714)
Other Restrictions	40,038	23,172
	\$ 9,039,332	\$ 7,418,447

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**NOTE 6      TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)**

Permanently restricted net assets at December 31, 2016 and 2015 are available for the following purposes:

	2016	2015
L.E. Phillips Memorial Public Library	\$     315,470	\$     290,470
Eau Claire Public School Foundation Endowment	109,983	106,003
	\$     425,453	\$     396,473

**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 generally accepted accounting principles (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.

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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, 2016 and 2015.

	Net Assets			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment Fund Balance as of December 31, 2014	\$ -	\$ 144,089	\$ 372,513	\$ 516,602
Transfer to Permanently Restricted	-	-	-	-
Contributions	-	-	23,960	23,960
Return on Investments	-	(24,988)	-	(24,988)
Endowment Fund Balance as of December 31, 2015	-	119,101	396,473	515,574
Contributions	-	-	28,980	28,980
Disbursements	-	(11,400)	-	(11,400)
Return on Investments	-	34,513	-	34,513
Endowment Fund Balance as of December 31, 2016	<u>\$ -</u>	<u>\$ 142,214</u>	<u>\$ 425,453</u>	<u>\$ 567,667</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 ending December 31, 2016 and 2015.

**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.

**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.

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**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, 2016 and 2015 was \$12,455.

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

<u>Year Ended December 31,</u>	
2017	\$ 12,828
2018	13,212
2019	13,608
Total	<u>\$ 39,648</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.