EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

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AND SUPPORTING ORGANIATION
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CliftonLarsonAllen

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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, 2012 and 2011, 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 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 financial position of Eau Claire Community Foundation and Supporting Organization as of December 31, 2012 and 2011, 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 25, 2013

EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2012 AND 2011

ASSETS	2012	2011
Cash and Cash Equivalents	$ 303,122	$ 483,646
Unconditional Promises to Give	85,601	6,650
Investments	7,816,112	5,791,310
Cash Surrender Value of Life Insurance	24,724	35,030
Prepaid Expenses	1,163	352
Furnishings and Equipment	-	275
Total Assets	$ 8,230,722	$ 6,317,263

LIABILITIES AND NET ASSETS		
Accounts Payable	$ 4,026	$ 172
Agency Endowment and Flow-Through Funds	899,957	522,144
Other Liabilities	-	3,882
Total Liabilities	903,983	526,198
Unrestricted Net Assets	5,979,971	4,891,928
Temporarily Restricted Net Assets	1,095,568	657,592
Permanently Restricted Net Assets	251,200	241,545
Total Net Assets	7,326,739	5,791,065
Total Liabilities and Net Assets	$ 8,230,722	$ 6,317,263

See accompanying Notes to Consolidated Financial Statements.

EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012				2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, GAINS, AND OTHER SUPPORT								
Contributions	$ 748,487	$ 429,651	$ 9,655	$ 1,187,793	$ 322,203	$ 264,425	$ 9,346	$ 595,974
Return on Investments	658,255	117,855	-	776,110	(40,757)	(14,864)	-	(55,621)
In-Kind Services	13,487	-	-	13,487	4,455	-	-	4,455
Administrative Fee Income	15,215	-	-	15,215	8,935	-	-	8,935
Change in Cash Value of Life Insurance	(10,306)	-	-	(10,306)	2,577	-	-	2,577
Transfers of Funds To Restrictions	(44,990)	44,990	-	-	(21,255)	21,255	-	-
Net Assets Released from Restrictions	154,520	(154,520)	-	-	225,482	(225,482)	-	-
Total Revenues, Gains, and Other Support	1,534,668	437,976	9,655	1,982,299	501,640	45,334	9,346	556,320
EXPENSES								
Program and Grants	303,782	-	-	303,782	393,377	-	-	393,377
Management and General	67,694	-	-	67,694	38,656	-	-	38,656
Fund Raising	75,149	-	-	75,149	48,322	-	-	48,322
Total Expenses and Grants	446,625	-	-	446,625	480,355	-	-	480,355
CHANGE IN NET ASSETS	1,088,043	437,976	9,655	1,535,674	21,285	45,334	9,346	75,965
Net Assets - Beginning of Year	4,891,928	657,592	241,545	5,791,065	4,870,643	612,258	232,199	5,715,100
NET ASSETS AT END OF YEAR	$ 5,979,971	$ 1,095,568	$ 251,200	$ 7,326,739	$ 4,891,928	$ 657,592	$ 241,545	$ 5,791,065

See accompanying Notes to Consolidated Financial Statements.

EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012				2011			
	Program	Management and General	Fund Raising	Total	Program	Management and General	Fund Raising	Total
Grants	$ 201,212	$ -	$ -	$ 201,212	$ 287,553	$ -	$ -	$ 287,553
Payroll	48,083	40,173	38,816	127,072	43,488	26,666	25,424	95,578
Professional Fees	3,879	3,689	1,892	9,460	7,013	1,403	935	9,351
Rent	4,813	4,579	2,348	11,740	8,549	1,710	1,140	11,399
Equipment	3,898	3,708	1,901	9,507	8,313	1,663	1,108	11,084
Investment Related Expense	11,781	11,206	5,747	28,734	17,341	3,468	2,312	23,121
Insurance	986	938	481	2,405	1,975	395	263	2,633
Conferences	-	-	1,024	1,024	935	187	125	1,247
Supplies	967	920	472	2,359	1,244	249	166	1,659
Printing and Publications	7,916	-	-	7,916	3,978	686	2,195	6,859
Awareness	8,349	-	-	8,349	3,367	-	1,734	5,101
Telephone	947	901	462	2,310	1,478	296	197	1,971
Community Leadership	5,829	-	5,981	11,810	6,001	-	-	6,001
Fund Event Expense	-	-	15,215	15,215	-	-	11,273	11,273
Postage	741	705	361	1,807	99	1,090	102	1,291
Dues to Other Organizations	3,460	-	-	3,460	1,744	349	232	2,325
Bad Debts Expense	-	-	-	-	-	-	680	680
Other Expenses	808	768	394	1,970	-	434	396	830
Total Before Depreciation	303,669	67,587	75,094	446,350	393,078	38,596	48,282	479,956
Depreciation Expense	113	107	55	275	299	60	40	399
Total Expenses and Grants	$ 303,782	$ 67,694	$ 75,149	$ 446,625	$ 393,377	$ 38,656	$ 48,322	$ 480,355

See accompanying Notes to Consolidated Financial Statements.

EAU CLAIRE COMMUNITY FOUNDATION
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 1,535,674	$ 75,965
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Net Realized and Unrealized (Gains) Losses on Investments	(658,712)	201,934
Permanently Restricted Contributions	(9,655)	(9,346)
Noncash Stock Donations	(51,362)	-
Depreciation	275	399
Change in Cash Value of Life Insurance	10,306	(2,577)
(Increase) Decrease in Operating Assets:		
Prepaid Expenses	(811)	768
Unconditional Promises to Give	(78,951)	(4,057)
Increase (Decrease) in Operating Liabilities:		
Grants and Accounts Payable	3,854	(1,562)
Other Liabilities	(3,882)	(27,323)
Agency Endowment Funds	377,813	31,667
Net Cash Provided by Operating Activities	1,124,549	265,868
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	1,464,395	2,536,034
Purchase of Investments	(2,779,123)	(2,570,526)
Net Cash Used by Investing Activities	(1,314,728)	(34,492)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions to Permanently Restricted Funds	9,655	9,346
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(180,524)	240,722
Cash and Cash Equivalents - Beginning of Year	483,646	242,924
CASH AND CASH EQUIVALENTS- END OF YEAR	$ 303,122	$ 483,646

See accompanying Notes to Consolidated Financial Statements.

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). The Foundation has an economic relationship with this entity. 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.

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.

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 three years 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 financial statements.

Advertising Costs

The Foundation expenses the costs of advertising as they are incurred. Advertising expenses incurred for the years ended December 31, 2012 and 2011 were $8,349 and $5,101 respectively.

Allocation of Functional Expenses

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

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 financial statements impact for implementation is detailed in Note 9.

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.

The Foundation has not elected to measure any existing financial instruments at fair value at December 31, 2012, as permitted. However, the Foundation may elect to measure newly acquired financial instruments at fair value in the future.

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).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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).

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 balance sheet. 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 statements of activities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Foundation 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 has evaluated its tax positions and determined it has no uncertain tax positions as of December 31, 2012.

The Foundation's 2009, 2010, and 2011 tax years are open for examination by the IRS. Should the Foundation’s tax exempt status be challenged in the future, all years since inception could be subject to review by the IRS.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through April 25, 2013, the date the financial statements were available to be issued.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

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. These promises are due as follows:

	2012	2011
Receivable Within One Year	$ 40,202	$ 3,650
Receivable Within One to Five Years	45,399	3,000
	$ 85,601	$ 6,650

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

The Foundation's investments at December 31, 2012 and 2011 are summarized below:

	2012		
	Fair Value	Original Value	Unrealized Gain
Mutual Funds - Equities	$ 4,905,829	$ 4,217,863	$ 687,966
Mutual Funds - Fixed Income	2,910,283	2,837,604	72,679
	$ 7,816,112	$ 7,055,467	$ 760,645

	2011		
	Fair Value	Original Value	Unrealized Gain
Mutual Funds - Equities	$ 4,148,486	$ 3,728,174	$ 420,312
Mutual Funds - Fixed Income	1,442,203	1,447,874	(5,671)
Certificates of Deposit	200,621	189,335	11,286
	$ 5,791,310	$ 5,365,383	$ 425,927

Investment return for the years ended December 31, 2012 and 2011 is summarized as follows:

	2012	2011
Dividend and Interest Income	$ 174,737	$ 98,450
Net Realized and Unrealized Gains (Losses)	601,373	(154,071)
	$ 776,110	$ (55,621)

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.

NOTE 3 INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis

	2012			
Investments	Level 1	Level 2	Level 3	Total
Mutual Funds - Equities	$ 4,905,829	$ -	$ -	$ 4,905,829
Mutual Funds - Fixed Income	-	2,910,283	-	2,910,283
Total	$ 4,905,829	$ 2,910,283	$ -	$ 7,816,112

	2011			
Investments	Level 1	Level 2	Level 3	Total
Mutual Funds - Equities	$ 4,148,486	$ -	$ -	$ 4,148,486
Mutual Funds - Fixed Income	-	1,442,203	-	1,442,203
Certificates of Deposit	-	200,621	-	200,621
Total	$ 4,148,486	$ 1,642,824	$ -	$ 5,791,310

NOTE 4 FURNISHINGS AND EQUIPMENT

Furnishings and equipment at December 31, 2012 and 2011 consist of the following:

	2012	2011
Furnishings and Equipment	$ 31,773	$ 31,773
Less: Accumulated Depreciation	(31,773)	(31,498)
	$ -	$ 275

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.

NOTE 5 AGENCY ENDOWMENT AND FLOW THROUGH FUNDS (CONTINUED)

When a third party donor explicitly grants the Foundation variance power, the Foundation will continue to recognize the fair value of any assets it receives as a contribution received when the designated beneficiary is a not-for-profit organization.

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, 2012 and 2011 are summarized as follows:

	2012	2011
Boy Scouts of America - Chippewa Valley Council	$ 249,300	$ -
Friends of United Cerebral Palsy of West Central Wisconsin, Inc.	121,514	109,260
Sculpture Tour Eau Claire	102,341	43,625
Eau Claire Interfaith Hospitality Network, Inc.	94,603	86,880
Feed My People, Inc.	87,843	78,938
Literacy Volunteers of America – Chippewa Valley	54,768	49,245
Chippewa Valley Health Clinic, Inc.	42,033	37,794
Friends of Paul Bunyan Logging Camp	34,485	18,297
Bolton Refuge House, Inc.	31,893	28,677
Friends of Beaver Creek Reserve, Inc.	23,272	20,925
L.E. Phillips Senior Center, Inc.	15,982	14,370
Goodwill Industries of North Central Wisconsin, Inc.	14,147	12,720
L.E. Phillips Memorial Public Library	12,694	11,414
Young Mens' Christian Association of Eau Claire	11,120	9,999
Alliance for Substance Abuse Prevention	1,407	-
Clear Vision Eau Claire	1,003	-
Flying Eagles Ski Club	1,552	-
	$ 899,957	$ 522,144

NOTE 6 OTHER LIABILITIES

Other liabilities consisted of funds collected for the L.E. Phillips Memorial Public Library's capital campaign. The Foundation was acting as administrator for the capital campaign and was collecting the contributions. Final contributions have been disbursed to the library for improvements.

NOTE 7 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2012 and 2011 are available for the following purposes:

	2012	2011
Women's and Children's Programs	$ 218,956	$ 130,666
Eau Claire Public Schools	199,398	38,332
Children's Programs	81,863	63,844
L.E. Phillips Memorial Public Library	71,925	40,268
Technology	63,642	50,457
Promises to Give	61,801	6,500
First Lutheran Church Eau Claire - Dale Rasmussen Fund for Children, L.E. Phillips Senior Center, and Wisconsin Chippewa Valley Museum	60,680	55,811
Scholarships	50,392	41,334
Red Cross - Disaster Relief	40,855	37,462
Children and Grieving Parent Programs	31,747	28,059
Beaver Creek Reserve, Dartmouth Alumni Fund, and Mt. Holyoke College	28,505	26,221
Designated Pass Thru Funds	28,173	50
Community Medical Services	22,344	20,546
Health Programs	22,333	20,536
Recreation	20,751	14,482
Children's Health Programs	17,919	16,481
Public Gardens Fund	13,383	11,239
Educational Fund	12,118	11,022
Mental Health Programs	11,789	10,600
Special Olympics	11,311	10,171
Children's Literacy Programs	6,847	6,302
Eau Claire Police Department	6,825	6,273
Eau Claire Transit	6,503	5,983
Interfaith Hospitality Network	2,754	2,477
Feed My People	2,754	2,476
	$ 1,095,568	$ 657,592

Permanently restricted net assets at December 31, 2012 and 2011 are available for the following purposes:

	2012	2011
L.E. Phillips Memorial Public Library	$ 251,200	$ 241,545

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 unrestricted net assets since the Foundation retains the final decision about the charitable use of the funds.

NOTE 9 ENDOWMENT

The Foundation has a donor restricted endowment fund established for the purposes of providing income to support the L.E. Phillips Memorial Public Library (Library). 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.

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, 2012 and 2011.

NOTE 9 ENDOWMENT (CONTINUED)

	Net Assets			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund Balance as of December 31, 2010	$ -	$ 48,909	$ 232,199	$ 281,108
Contributions	-	-	9,346	9,346
Return on Investments	-	(8,641)	-	(8,641)
Endowment Fund Balance as of December 31, 2011	-	40,268	241,545	281,813
Contributions	-	-	9,655	9,655
Return on Investments	-	31,657	-	31,657
Endowment Fund Balance as of December 31, 2012	$ -	$ 71,925	$ 251,200	$ 323,125

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, 2012 and 2011.

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.

NOTE 10 OPERATING LEASE

The Foundation has a noncancelable operating lease for office space that expires on December 31, 2014. Rental expense for the years ended December 31, 2012 and 2011 was $11,740 and $11,398, respectively.

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

Year Ended December 31,	
2013	$ 12,093
2014	12,455
	$ 24,548

NOTE 11 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.