

**Marquette Community Foundation  
D/b/a Marquette County Community Foundation  
Audited Financial Statements**

**December 31, 2013 and 2012**

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## Independent Auditor's Report

Board of Trustees of the  
Marquette Community Foundation  
D/b/a Marquette County Community Foundation  
Marquette, MI 49855

We have audited the accompanying financial statements of The Marquette Community Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 of the  
Marquette Community Foundation  
D/b/a Marquette County Community Foundation

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Marquette Community Foundation as of December 31, 2013 and 2012, 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.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

August 14, 2014

MARQUETTE COMMUNITY FOUNDATION  
D/b/a MARQUETTE COUNTY COMMUNITY FOUNDATION  
Statements of Financial Position  
December 31, 2013 and 2012

		December 31	
		2013	2012
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$	179,024	\$ 315,820
Investments		12,687,447	11,430,212
Cash surrender value of life insurance		380,700	359,996
Pledges receivable-current portion		865	10,450
<b>TOTAL CURRENT ASSETS</b>		13,248,036	12,116,478
		<b>TOTAL ASSETS</b>	<b>\$ 12,116,478</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$	6,509	\$ 3,109
Grants payable		-	6,000
<b>TOTAL CURRENT LIABILITIES</b>		6,509	9,109
<b>NET ASSETS:</b>			
Unrestricted		13,153,128	11,958,916
Temporarily restricted net assets		88,399	148,453
<b>TOTAL NET ASSETS</b>		13,241,527	12,107,369
		<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 12,116,478</b>

The accompanying notes to financial statements are an integral part of this statement.

MARQUETTE COMMUNITY FOUNDATION  
D/b/a MARQUETTE COUNTY COMMUNITY FOUNDATION  
Statements of Activities

For the years ended December 31, 2013 and 2012

	2013		2012			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>CHANGES IN NET ASSETS:</b>						
Revenues and support:						
Contributions	\$ 261,018	\$ 383,402	\$ 644,420	\$ 143,694	\$ 446,832	\$ 590,526
Income on investments	620,141	696	620,837	484,980	128	485,108
Investment return	948,031	(271)	947,760	1,130,409	(100)	1,130,309
Other revenue	6,320	-	6,320	18,636	-	18,636
Net assets released from restrictions	443,881	(443,881)	-	419,534	(419,534)	-
<b>TOTAL REVENUES AND SUPPORT</b>	<u>2,279,391</u>	<u>(60,054)</u>	<u>2,219,337</u>	<u>2,197,253</u>	<u>27,326</u>	<u>2,224,579</u>
<b>EXPENSES:</b>						
Program services	971,551	-	971,551	780,729	-	780,729
Administration	87,814	-	87,814	71,294	-	71,294
Fundraising	25,814	-	25,814	14,992	-	14,992
<b>TOTAL EXPENSES</b>	<u>1,085,179</u>	<u>-</u>	<u>1,085,179</u>	<u>867,015</u>	<u>-</u>	<u>867,015</u>
<b>CHANGES IN NET ASSETS</b>	<u>1,194,212</u>	<u>(60,054)</u>	<u>1,134,158</u>	<u>1,330,238</u>	<u>27,326</u>	<u>1,357,564</u>
Net assets beginning of year	<u>11,958,916</u>	<u>148,453</u>	<u>12,107,369</u>	<u>10,628,678</u>	<u>121,127</u>	<u>10,749,805</u>
<b>NET ASSETS END OF YEAR</b>	<u>\$ 13,153,128</u>	<u>\$ 88,399</u>	<u>\$ 13,241,527</u>	<u>\$ 11,958,916</u>	<u>\$ 148,453</u>	<u>\$ 12,107,369</u>

The accompanying notes to financial statements are an integral part of this statement.

MARQUETTE COMMUNITY FOUNDATION  
D/b/a MARQUETTE COUNTY COMMUNITY FOUNDATION  
Statements of Cash Flows  
For the years ended December 31, 2013 and 2012

	December 31	
	2013	2012
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,134,158	\$ 1,357,564
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in contributions receivable	9,585	100
Change in cash surrender value of life insurance	(20,704)	(18,636)
Investment return (gain) loss	(947,760)	(1,130,309)
Change in accounts payable	3,400	2,688
Change in grants payable	(6,000)	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	172,679	211,407
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	1,418,916	7,078,671
Purchase of investments	(1,728,391)	(7,340,040)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	(309,475)	(261,369)
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	(136,796)	(49,962)
Cash and cash equivalents at beginning of year	315,820	365,782
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 179,024	\$ 315,820
<b>NON CASH ACTIVITIES:</b>		
Donation of investments	\$ -	\$ -
<b>NET NON CASH ACTIVITIES</b>	\$ -	\$ -

The accompanying notes to financial statements are an integral part of this statement.

MARQUETTE COMMUNITY FOUNDATION  
D/b/a MARQUETTE COUNTY COMMUNITY FOUNDATION  
Statements of Functional Expenses  
For the years ended December 31, 2013 and 2012

	2013			2012				
	Program	Administrative	Fundraising	Total	Program	Administrative	Fundraising	Total
Operating Expenses								
Salaries	\$ 52,356	\$ 17,452	\$ 17,452	\$ 87,260	\$ 51,738	\$ 18,845	\$ 7,734	\$ 78,317
Payroll taxes	7,764	2,588	2,588	12,940	2,853	1,039	426	4,318
Employee benefits	601	200	200	1,002	4,649	1,694	695	7,038
Accounting services	-	11,637	-	11,637	-	5,249	-	5,249
Legal services	-	-	-	-	-	-	-	-
Office supplies	-	7,658	-	7,658	-	3,791	-	3,791
Telephone	-	2,917	-	2,917	-	2,347	-	2,347
Postage and shipping	-	1,729	-	1,729	-	2,094	-	2,094
Occupancy	-	7,000	-	7,000	-	6,000	-	6,000
Equipment rental and maintenance	-	607	-	607	-	-	-	-
Annual report	-	-	-	-	-	-	-	-
Donor newsletter	-	-	5,574	5,574	-	-	6,137	6,137
Travel	-	1,718	-	1,718	-	4,407	-	4,407
Meetings and special events	-	13,023	-	13,023	-	6,228	-	6,228
Dues, fees, and registration	-	30,928	-	30,928	-	11,546	-	11,546
Training and classes	-	704	-	704	-	500	-	500
Insurance	-	2,153	-	2,153	-	2,544	-	2,544
Consulting services	-	-	-	-	-	4,125	-	4,125
Utilities	-	1,100	-	1,100	-	885	-	885
Miscellaneous expense	-	(13,600)	-	(13,600)	286	-	-	286
Total Operating Expenses	60,721	87,814	25,814	174,350	59,526	71,294	14,992	145,812
Grant Expenses								
Grants voted	844,895	-	-	844,895	677,926	-	-	677,926
Investment Expenses								
Investment custodial fees	65,935	-	-	65,935	43,277	-	-	43,277
<b>TOTAL EXPENSES</b>	<b>\$ 971,551</b>	<b>\$ 87,814</b>	<b>\$ 25,814</b>	<b>\$ 1,085,180</b>	<b>\$ 780,729</b>	<b>\$ 71,294</b>	<b>\$ 14,992</b>	<b>\$ 867,015</b>

The accompanying notes to financial statements are an integral part of this statement.



MARQUETTE COMMUNITY FOUNDATION  
D/b/a MARQUETTE COUNTY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:**

The Marquette Community Foundation (MCF) is a non-profit organization, which seeks to provide a means by which individuals can join together to create an endowment. Through sound management the Foundation will provide sufficient income to support charitable activities within the Marquette area. The Foundation seeks to enhance the quality of life in the greater Marquette area by improving the educational, cultural, recreational, environmental and social welfare resources of the area and developing youth for community leadership.

**Basis of Presentation**

Financial statement presentation follows the provisions of Accounting Standards Codification FASB (ASC) 958-205-45-2. In accordance with FASB ASC 958-205-45-2, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

All fund agreements held with the Foundation contain a “variance statement”. This statement is in place to authorize the Foundation’s Board of Trustees ultimate authority over the distribution of funds to insure the intent of the funds can be honored over time. Because the Foundation holds variance power, from an accounting perspective, all funds are classified as unrestricted, except those with time or purpose restrictions.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting. The financial statements are prepared in accordance with the specialized requirements of FASB ASC 958-605-45-3 Contributions Received; FASB ASC 958-205-45-2 Presentation of Financial Statements; and FASB ASC 958-320-45-2 Reporting Investment Gains, Losses, and Income.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of checking accounts and money market funds, which are carried at cost which approximated fair value. The Foundation maintains demand deposits in banks, and in the normal course of business, amounts may exceed federal insured limits. Management believes the Foundation is not exposed to any significant interest rate or other financial risk on these deposits.

**Investments**

Investments are carried at fair value, using quoted market prices. Net realized gains and losses and unrealized increases or decreases resulting from changes in the market value of investments are included in the statement of activities. The realized gain or loss on the sale of investments is the difference between the proceeds received and the cost of specific investments sold.

**Donated Assets**

Donated investments and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

## **NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued):**

### **Grants Payable**

Grants are recognized as an expense when approved by the governing board of the Foundation and its supporting organizations if unconditional, or when the related conditions are met by the recipient, if conditional. Grants payable recorded in the accompanying statements of financial position are generally expected to be paid within one year.

### **Net Asset Classifications**

The net asset groups used for reporting purposes in the accompanying financial statements are as follows:

*Unrestricted Net Assets* – Consist of contributed assets that have not been restricted as to use by donors. Certain of these assets may be designated by the governing board of the Foundation and its supporting organizations to be used for a specific purpose.

*Temporarily Restricted Net Assets* – Consist of contributed assets for which the use by the MCF and its supporting organizations has been limited by donors for a specific time period or purpose.

*Permanently Restricted Net Assets* – Consist of contributions with donor-imposed restrictions that do not expire and that allow, in certain cases, only the income earned thereon to be expended.

### **Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

### **Subsequent Events**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through August 14, 2014 which is the date the financial statements were available to be issued.

## **NOTE B – INCOME TAXES:**

The Foundation is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code. It has been classified as an organization other than a private foundation under Section 509 (a) (2). Accordingly, no provision has been made for income taxes in the accompanying financial statements. The tax periods open for examination by the Internal Revenue Service are calendar years ending December 31, 2011, 2012 and 2013.

## NOTE C – INVESTMENTS:

The cost, fair value and unrealized appreciation (depreciation) of investment securities as of December 31, 2013 and 2012 are as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
<b>December 31, 2013</b>			
Cash and cash equivalents	\$ 61,459	\$ 61,459	\$ -
Mutual funds	10,298,360	11,302,544	1,004,184
Index funds and other assets	1,104,446	1,323,444	218,998
Total Investments	<u>\$ 11,464,265</u>	<u>\$ 12,687,447</u>	<u>\$ 1,223,182</u>
<b>December 31, 2012</b>			
Cash and cash equivalents	\$ 65,541	\$ 65,541	\$ -
Mutual funds	9,342,140	9,839,295	497,155
Index funds and other assets	1,392,646	1,525,376	132,730
Total Investments	<u>\$ 10,800,327</u>	<u>\$ 11,430,212</u>	<u>\$ 629,885</u>

The schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2013 and 2012:

	Unrestricted	Temporarily Restricted	Total
<b>December 31, 2013</b>			
Income on investments:			
Dividends and interest	<u>\$ 620,141</u>	<u>\$ 696</u>	<u>\$ 620,837</u>
Investment Return			
Unrealized gain (loss) on investments	<u>\$ 948,031</u>	<u>\$ (271)</u>	<u>\$ 947,760</u>
<b>December 31, 2012</b>			
Income on investments:			
Dividends and interest	<u>\$ 484,980</u>	<u>\$ 128</u>	<u>\$ 485,108</u>
Investment Return			
Unrealized gain (loss) on investments	<u>\$ 1,130,409</u>	<u>\$ (100)</u>	<u>\$ 1,130,309</u>

## NOTE D – FAIR VALUE:

The Foundation utilizes fair value measurements to record fair value adjustments to its investments and to determine fair value disclosures. These assets are recorded at fair value on a recurring basis.

The Foundation groups its investments at fair value into three levels (termed the *fair value hierarchy*), based on the markets in which the investments are traded and the reliability of the assumptions used to determine fair value. These levels are:

**Level 1:** Valuation is based upon quoted prices for identical instruments traded in active markets. Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange, U.S. Treasury securities that are traded by dealers or brokers in active over-the-counter markets, and money market funds. All the Foundations investments are securities classified as Level 1.

**Level 2:** Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market. The Foundation holds no investments classified as Level 2.

**NOTE D – FAIR VALUE (Continued):**

**Level 3:** Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. The Foundation holds no investments classified as Level 3.

**NOTE E – PLEDGES RECEIVABLE:**

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. No provision has been made for uncollectible unconditional promises receivable because in management's judgment, all material amounts will be collected. Unconditional promises to give consist of unrestricted promises due in:

2014	865
2015 and future years	-
	<u>\$ 865</u>

**NOTE F – CASH SURRENDER VALUE LIFE INSURANCE:**

The Foundation is the beneficiary for a number of life insurance policies that have been donated to them. The total cash surrender value recorded as an asset as of December 31, 2013 and 2012 is \$380,700 and \$359,996 respectively.

One of these policies was donated during 1998 to establish a scholarship fund and has a face value of \$1,000,000. When the premium payments plus the investment value in the contract cause the cash value of the policy to exceed \$1,050,000, the Foundation may consider the Fund mature and initiate the distribution of scholarships. Otherwise, the fund will be considered matured within twenty months of the donor's death.

**NOTE G – ENDOWMENT FUNDS:**

The Foundation's endowment includes eighteen (18) and seventeen (17) individual funds that are temporarily restricted for the years ended December 31, 2013 and 2012 respectively. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed purpose or time restrictions.

The changes in Endowment Net Assets for the year ended December 31, 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$11,958,916	\$148,453	\$ -	\$12,107,369
Interest and dividends, net of investment expense	620,141	696	-	620,837
Net appreciation	948,031	(271)	-	947,760
Contributions	261,018	383,402	-	644,420
Amounts appropriated for expenditure	(641,298)	(443,881)	-	(1,085,179)
Other changes	6,320	-	-	6,320
Change in Endowment Net Assets	<u>1,194,212</u>	<u>(60,054)</u>	<u>-</u>	<u>1,134,158</u>
Endowment Net Assets, End of Year	<u>\$13,153,128</u>	<u>\$88,399</u>	<u>\$ -</u>	<u>\$13,241,527</u>

**NOTE G – ENDOWMENT FUNDS (Continued):**

The changes in Endowment Net Asset Composition by Type of Fund for the year ended December 31, 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor designated Endowment Funds	\$ -	\$88,399	\$ -	\$88,399
Other Endowment Funds:				
Undesignated	13,153,128	-	-	13,153,128
Total Endowment Funds	<u>\$13,153,128</u>	<u>\$88,399</u>	<u>\$ -</u>	<u>\$13,241,527</u>

The changes in Endowment Net Assets for the year ended December 31, 2012 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$10,628,678	\$121,127	\$ -	\$10,749,805
Interest and dividends, net of investment expense	484,980	128	-	485,108
Net appreciation	1,130,409	(100)	-	1,130,309
Contributions	143,694	446,832	-	590,526
Amounts appropriated for expenditure	(447,481)	(419,534)	-	(867,015)
Other changes	18,636	-	-	18,636
Change in Endowment Net Assets	<u>1,330,238</u>	<u>27,326</u>	<u>-</u>	<u>1,357,564</u>
Endowment Net Assets, End of Year	<u>\$11,958,916</u>	<u>\$148,453</u>	<u>\$ -</u>	<u>\$12,107,369</u>

The changes in Endowment Net Asset Composition by Type of Fund for the year ended December 31, 2012 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor designated Endowment Funds	\$ -	\$148,453	\$ -	\$148,453
Other Endowment Funds:				
Undesignated	11,958,916	-	-	11,958,916
Total Endowment Funds	<u>\$11,958,916</u>	<u>\$148,453</u>	<u>\$ -</u>	<u>\$12,107,369</u>

*Return Objectives and Risk Parameters*

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that meet or exceed a bench mark that includes the S&P 500, 400, and 600, EAFE and Barclays Aggregate Bond Index.

*Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (investment and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**NOTE G – ENDOWMENT FUNDS (Continued):***Spending Policy and How the Investment Objectives Relate to Spending Policy*

The Foundation has a policy of appropriating for distribution each year up to 5 percent of its endowment fund's fair value over the prior 12 and 20 quarters through September 30 of the preceding fiscal year in which the distribution is planned for the years 2013 and 2012 respectively. In establishing this policy, the MCF considered the long-term expected return on its endowment.

**NOTE H – UNRESTRICTED NET ASSETS:**

The unrestricted Marquette Community Foundation net assets consisted of the following:

Year 2013	Operating Fund	Endowment Fund	Total
Marquette	\$50,535	\$546,861	\$597,396
Ishpeming	2,966	49,711	52,677
Negaunee	3,582	42,740	46,322
Gwinn	338	1,931	2,269
Subtotal	57,421	641,243	698,664
Other unrestricted net assets	-	12,454,464	12,454,464
Total	\$57,421	\$13,095,707	\$13,153,128

Year 2012	Operating Fund	Endowment Fund	Total
Marquette	\$31,003	\$486,991	\$517,994
Ishpeming	2,900	41,285	44,185
Negaunee	2,931	36,878	39,809
Gwinn	326	-	326
Subtotal	37,160	565,154	602,314
Other unrestricted net assets	-	11,356,602	11,356,602
Total	\$37,160	\$11,921,756	\$11,958,916

**NOTE I – TEMPORARILY RESTRICTED NET ASSETS:**

Temporarily restricted net assets as of December 31, 2013 and 2012 consist of the following:

Purpose Restrictions:	2013	2012
Sister Cities Artist Exchange Fund	\$ 3,889	\$ 2,084
City Gift Program Fund	5,918	4,848
Friends of Marquette Arts and Culture	71	48
Park Cemetery Enhancement Fund	887	309
Presque Isle Park Improvements	2,453	1,260
Sister City Japan Fund	3,876	3,493
Friends of Presque Isle Park Playground	680	7,750
Community Environmental Monitoring Program	6,028	81,695
City Skateboard Park Fund	486	6,526
Sister City Japanese Gardens	93	96
Sister City Finland Fund	5,987	6,349
Festivals and Events	1,271	1,310
Youth Arts and Theater Fund	586	603
Huron Mountain Club Pass Through Fund	51,136	27,468
Heritage Tree Program	2,591	2,758
Fire Belltower Paver Bricks	1,669	1,721
Playground Donations Fund	132	135
The Fred Rydholm Copper Campaign Fund	646	-
TEMPORARILY RESTRICTED NET ASSETS	\$ 88,399	\$ 148,453

**NOTE J – LEASE:**

The Foundation was committed under certain operating leases for office space during the year. The current office lease calls for payments of \$500 on a month-to-month basis plus additional miscellaneous items. Total lease rentals amounted to \$7,000 and \$6,000 in 2013 and 2012 respectively.

**NOTE K – FUNCTIONAL ALLOCATION OF EXPENSES:**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and supporting services benefited.

**NOTE L – DONATED EQUIPMENT AND SERVICES:**

A number of unpaid volunteers have made significant contributions of their time to develop the Foundation’s programs. The value of this contributed time is not reflected in these statements, since it is not susceptible to objective measurement of valuation. Also, such services would not have been procured if not provided by donation.

Various donors have donated a significant amount of office furniture and equipment to the Foundation. The values of these donations have not been reflected in these statements, since they are not susceptible to objective measure of valuation as of the date of donation.

**NOTE M – CONCENTRATION OF RISK:**

At year end, the carrying amount of cash was \$179,024 and the bank balance was \$328,016. Of the bank balance, \$16,557 was not covered by the Federal Deposit Insurance Company (FDIC).

**NOTE N – COMMUNITY ENVIRONMENTAL MONITORING PROGRAM:**

The Foundation has entered into an agreement with the Eagle Mine and the Superior Watershed Partnership to administer an oversight committee for community monitoring. For administering the committee the Foundation will receive five percent of the funds donated by the Eagle Mine. This agreement is for three years, however either party can end the agreement with thirty days’ notice. Current and future contributions, grant expenses, and administrative revenue are as follows:

<u>Year</u>	<u>Contributions</u>	<u>Grant Expense</u>	<u>Administrative Revenue</u>
2013	\$ 300,000	\$ 285,000	\$ 15,000
2014	300,000	285,000	15,000
2015	300,000	285,000	15,000
	<u>\$ 900,000</u>	<u>\$ 855,000</u>	<u>\$ 45,000</u>