

COMMUNITY FOUNDATION of MARQUETTE COUNTY

AUDITED FINANCIAL STATEMENTS

For the Years Ended December 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Community Foundation of Marquette County
250 N. McClellan Avenue, Suite B
Marquette, Michigan 49855

We have audited the accompanying financial statements of the Community Foundation of Marquette County (a non-profit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, cash flows, and functional expenses 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
Community Foundation of Marquette County

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Foundation of Marquette County as of December 31, 2016 and 2015, 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

July 18, 2017

Community Foundation of Marquette County

STATEMENTS OF FINANCIAL POSITION

December 31, 2016 and 2015

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 541,426	\$ 358,937
Investments	14,553,749	13,960,178
Cash surrender value of life insurance	264,073	262,377
Pledges receivable-current portion	-	-
TOTAL CURRENT ASSETS	<u>15,359,248</u>	<u>14,581,492</u>
NON-CURRENT ASSETS:		
Pledges receivable-non-current portion	-	20,000
TOTAL NON-CURRENT ASSETS	<u>-</u>	<u>20,000</u>
TOTAL ASSETS	<u>\$ 15,359,248</u>	<u>\$ 14,601,492</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 5,316	\$ 4,538
TOTAL CURRENT LIABILITIES	<u>5,316</u>	<u>4,538</u>
NET ASSETS:		
Unrestricted	15,125,355	14,433,470
Temporarily restricted net assets	228,577	163,484
TOTAL NET ASSETS	<u>15,353,932</u>	<u>14,596,954</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,359,248</u>	<u>\$ 14,601,492</u>

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

Community Foundation of Marquette County

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2016 and 2015

	December 31		
	2016		2015
	Unrestricted	Temporarily Restricted	Total
CHANGES IN NET ASSETS:			
Revenues and support:			
Contributions	\$ 517,307	\$ 390,597	\$ 907,904
Income on investments	648,773	(7)	648,766
Investment return	180,595	363	180,958
Income on life insurance	1,697	-	1,697
Other revenue	64,232	-	64,232
Net assets released from restrictions	325,860	(325,860)	-
	<u>1,738,464</u>	<u>65,093</u>	<u>1,803,557</u>
TOTAL REVENUES AND SUPPORT			2,131,572
			<u>2,131,572</u>
EXPENSES:			
Program services	881,831	-	881,831
Administration	103,867	-	103,867
Fundraising	60,881	-	60,881
	<u>1,046,579</u>	<u>-</u>	<u>1,046,579</u>
TOTAL EXPENSES			967,176
			<u>967,176</u>
CHANGES IN NET ASSETS	691,885	65,093	756,978
Net assets beginning of year	14,433,470	163,484	14,596,954
	<u>15,125,355</u>	<u>228,577</u>	<u>15,353,932</u>
NET ASSETS END OF YEAR			14,433,470
			<u>14,433,470</u>
			<u>13,269,074</u>
			<u>137,983</u>
			<u>25,501</u>
			<u>1,189,897</u>
			<u>13,407,057</u>
			<u>163,484</u>
			<u>\$ 14,596,954</u>

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

Community Foundation of Marquette County

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2016 and 2015

	December 31	
	2016	2015
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in net assets	\$ 756,978	\$ 1,189,897
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in contributions receivable	20,000	3,000
Change in cash surrender value of life insurance	(1,696)	96,252
Investment return (gain) loss	(180,958)	800,412
Change in accounts payable	778	1,312
Change in grants payable	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	595,102	2,090,873
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	9,218,112	3,640,880
Purchase of investments	(9,630,725)	(5,537,737)
NET CASH USED BY INVESTING ACTIVITIES	(412,613)	(1,896,857)
 CHANGE IN CASH AND CASH EQUIVALENTS	182,489	194,016
 Cash and cash equivalents at beginning of year	358,937	164,921
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 541,426	\$ 358,937
 NON CASH ACTIVITIES:		
Donation of investments	\$ -	\$ -
NET NON CASH ACTIVITIES	\$ -	\$ -

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

Community Foundation of Marquette County

STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended December 31, 2016 and 2015

	2016			2015				
	Program	Administrative	Fundraising	Total	Program	Administrative	Fundraising	Total
Operating Expenses:								
Salaries	\$ 59,605	\$ 23,842	\$ 35,763	\$ 119,210	\$ 63,914	\$ 21,305	\$ 21,305	\$ 106,524
Payroll taxes	4,560	1,824	2,736	9,120	4,869	1,630	1,630	8,149
Employee benefits	-	-	-	-	-	-	-	-
Accounting services	17,788	17,790	-	35,579	-	-	-	34,829
Legal services	-	166	-	166	-	-	-	-
Office supplies	-	3,328	-	3,326	-	3,800	-	3,800
Telephone	-	4,009	-	4,009	-	3,210	-	3,210
Postage and shipping	-	1,070	1,069	2,139	-	2,550	-	2,550
Occupancy	-	18,900	-	18,900	-	15,000	-	15,000
Equipment rental and maintenance	-	2,927	-	2,927	-	2,759	-	2,759
Annual report	-	2,843	-	2,843	-	2,593	-	2,593
Donor newsletter	-	-	10,187	10,187	-	-	8,107	8,107
Travel	-	1,719	-	1,719	-	1,957	-	1,957
Meetings and special events	-	11,127	11,126	22,253	-	15,130	-	15,130
Dues, fees, and registration	-	5,977	-	5,977	-	5,356	-	5,356
Training and classes	-	2,940	-	2,940	-	2,225	-	2,225
Insurance	-	2,905	-	2,905	-	2,764	-	2,764
Consulting services	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	225	-	225
Miscellaneous expense	-	2,502	-	2,502	-	2,447	-	2,447
Total Operating Expenses	81,954	103,867	60,881	246,702	68,803	117,780	31,042	217,625
Grant Expenses								
Grants voted	737,067	-	-	737,067	693,688	-	-	693,688
Investment Expenses								
Investment custodial fees	62,810	-	-	62,810	55,863	-	-	55,863
TOTAL EXPENSES	\$ 881,831	\$ 103,867	\$ 60,881	\$ 1,046,579	\$ 818,354	\$ 117,780	\$ 31,042	\$ 967,176

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

COMMUNITY FOUNDATION OF MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

The Community Foundation of Marquette County (the Foundation) 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 ensure 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 Foundation 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 July 18, 2017 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, 2014, 2015 and 2016.

NOTE C – INVESTMENTS:

The cost, fair value and unrealized appreciation (depreciation) of investment securities as of December 31, 2016 and 2015 are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
December 31, 2016			
Cash and cash equivalents	\$94,864	\$94,864	\$-
Mutual funds	9,538,774	9,637,929	99,155
Index funds and other assets	4,836,539	4,820,956	(15,583)
Total Investments	<u>\$14,470,177</u>	<u>\$14,553,749</u>	<u>\$83,572</u>
December 31, 2015			
Cash and cash equivalents	\$119,200	\$119,200	\$-
Mutual funds	11,362,812	11,272,577	(90,235)
Index funds and other assets	2,568,398	2,568,401	3
Total Investments	<u>\$14,050,410</u>	<u>\$13,960,178</u>	<u>(\$90,232)</u>

The schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2016 and 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
December 31, 2016			
Income on investments:			
Dividends, interest, and realized gains	<u>\$648,773</u>	<u>(\$7)</u>	<u>\$648,766</u>
Investment return			
Unrealized gain (loss) on investments	<u>\$180,595</u>	<u>\$363</u>	<u>\$180,958</u>
December 31, 2015			
Income on investments:			
Dividends, interest, and realized gains	<u>\$256,368</u>	<u>(\$213)</u>	<u>\$256,155</u>
Investment return			
Unrealized gain (loss) on investments	<u>(\$799,812)</u>	<u>(\$600)</u>	<u>(\$800,412)</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 Foundation's investments are securities classified as Level 1.

NOTE D – FAIR VALUE (Continued):

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.

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:

As of December 31,	2016	2015
2016	\$-	\$-
2017	-	20,000
Total	\$-	\$20,000

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, 2016 and 2015 is \$264,073 and \$262,377, 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.

During 2015, one life insurance policy was collected for \$350,000 resulting in a gain of \$262,904.

NOTE G – ENDOWMENT FUNDS:

The Foundation's endowment includes four (4) and fourteen (14) individual funds that are temporarily restricted for the years ended December 31, 2016 and 2015, respectively. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed purpose or time restrictions.

NOTE G – ENDOWMENT FUNDS (Continued):

The changes in Endowment Net Assets for the year ended December 31, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$14,433,470	\$163,484	\$-	\$14,596,954
Interest and dividends, net of investment expense	648,773	(7)	-	648,766
Net appreciation	182,292	363	-	182,655
Contributions	517,307	390,597	-	907,904
Amounts appropriated for expenditure	(720,719)	(325,860)	-	(1,046,579)
Other changes	64,232	-	-	64,232
Change in Endowment Net Assets	<u>691,885</u>	<u>65,093</u>	<u>-</u>	<u>756,978</u>
Endowment Net Assets, End of Year	<u>\$15,125,355</u>	<u>\$228,577</u>	<u>\$-</u>	<u>\$15,353,932</u>

The changes in Endowment Net Asset Composition by Type of Fund for the year ended December 31, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor designated Endowment Funds	\$-	\$228,577	\$-	\$228,577
Other Endowment Funds:				
Undesignated	<u>15,125,355</u>	<u>-</u>	<u>-</u>	<u>15,125,355</u>
Total Endowment Funds	<u>\$15,125,355</u>	<u>\$228,577</u>	<u>\$-</u>	<u>\$15,353,932</u>

The changes in Endowment Net Assets for the year ended December 31, 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$13,269,074	\$137,983	\$-	\$13,407,057
Interest and dividends, net of investment expense	256,368	(213)	-	256,155
Net appreciation	(544,613)	(600)	-	(545,213)
Contributions	2,064,669	348,390	-	2,413,059
Amounts appropriated for expenditure	(645,100)	(322,076)	-	(967,176)
Other changes	33,072	-	-	33,072
Change in Endowment Net Assets	<u>1,164,396</u>	<u>25,501</u>	<u>-</u>	<u>1,189,897</u>
Endowment Net Assets, End of Year	<u>\$14,433,470</u>	<u>\$163,484</u>	<u>\$-</u>	<u>\$14,596,954</u>

The changes in Endowment Net Asset Composition by Type of Fund for the year ended December 31, 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor designated Endowment Funds	\$-	\$163,484	\$-	\$163,484
Other Endowment Funds:				
Undesignated	<u>14,433,470</u>	<u>-</u>	<u>-</u>	<u>14,433,470</u>
Total Endowment Funds	<u>\$14,433,470</u>	<u>\$163,484</u>	<u>\$-</u>	<u>\$14,596,954</u>

NOTE G – ENDOWMENT FUNDS (Continued):*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.

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 twelve and twelve quarters through September 30 of the preceding fiscal year in which the distribution is planned for the years 2016 and 2015, respectively. In establishing this policy, the Foundation considered the long-term expected return on its endowment.

NOTE H – UNRESTRICTED NET ASSETS:

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

Year 2016	Operating Fund	Endowment Fund	Total
Marquette	\$52,641	\$793,782	\$846,423
Ishpeming	5,429	51,512	56,941
Negaunee	3,282	39,727	43,009
Gwinn	474	1,939	2,413
Subtotal	61,826	886,960	948,786
Other unrestricted net assets	-	14,176,569	14,176,569
Total	\$61,826	\$15,063,529	\$15,125,355

Year 2015	Operating Fund	Endowment Fund	Total
Marquette	\$44,170	\$776,980	\$821,150
Ishpeming	3,134	48,945	52,079
Negaunee	2,856	38,990	41,846
Gwinn	399	1,918	2,317
Subtotal	50,559	866,833	917,392
Other unrestricted net assets	-	13,516,078	13,516,078
Total	\$50,559	\$14,382,911	\$14,433,470

NOTE I – TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets as of December 31, 2016 and 2015 consist of the following:

Purpose Restrictions:	2016	2015
City Gift Program Fund	\$-	\$13,943
Friends of Marquette Arts and Culture	-	43
Park Cemetery Enhancement Fund	-	1,133
Presque Isle Park Improvements	-	1,463
Friends of Presque Isle Park Playground	54,143	44,580
Community Environmental Monitoring Program	113,832	45,727
City Skateboard Park Fund	21,844	22,618
Festivals and Events	-	1,206
Youth Arts and Theater Fund	-	556
Huron Mountain Club Pass Through Fund	38,758	21,885
Heritage Tree Program	-	1,439
Fire Belltower Paver Bricks	-	1,276
Playground Donations Fund	-	125
The Fred Rydholm Copper Campaign Fund	-	7,490
TEMPORARILY RESTRICTED NET ASSETS	<u>\$228,577</u>	<u>\$163,484</u>

NOTE J – LEASE:

The Foundation was committed under certain operating leases for office space during the year. The ten year office lease calls for monthly payments of \$1,500 during year one, \$1,600 during year two, and \$1,800 during the remainder of the lease. After the initial three years either party may terminate the lease with twelve months' notice. Total lease rentals amounted to \$18,900 and \$15,000 in 2016 and 2015, respectively. Expected future minimum lease payments are as follows:

2017	\$21,000
2018	\$21,600
2019	\$21,600
2020	\$21,600
2021	\$21,600
Thereafter	\$21,600 per year

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 amongst the program, administrative, and fundraising.

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 – CONCENTRATIONS OF RISK:

At year end, the carrying amount of cash was \$541,426 and \$358,937 and the bank balance was \$590,630 and \$383,980 for the years 2016 and 2015, respectively. \$96,841 and \$119,367 of the bank balance was not covered by the Federal Deposit Insurance Company (FDIC) as of December 31, 2016 and 2015 respectively.

In the years ending December 31, 2016 and 2015, a significant amount of contributions were provided by a few major contributors. It is always considered reasonably possible that benefactors, grantors, or contributors might be lost in the near term. The Foundation's contributors are concentrated in the Marquette County, Michigan, geographical area.

NOTE N – COMMUNITY ENVIRONMENTAL MONITORING PROGRAM:

The Foundation had entered into an agreement with the Eagle Mine and the Superior Watershed Partnership to administer an oversight committee for community monitoring. During 2016 and 2015 for administering the committee, the Foundation will receive five percent of the funds donated by the Eagle Mine. The agreement was for three years. Current grant expenses, and administrative revenue are as follows:

<u>Year</u>	<u>Contributions</u>	<u>Grant Expense</u>	<u>Administrative Revenue</u>
2015	\$300,000	\$285,000	\$15,000
2016	300,000	285,000	15,000
Total	<u>\$600,000</u>	<u>\$570,000</u>	<u>\$30,000</u>

During 2016, the Foundation entered into a new agreement with the Eagle Mine and the Superior Watershed Partnership. The new agreement allows for up to \$300,000 in contributions and up to \$285,000 in grant expenses. The Foundation will receive five percent of contributions or \$15,000, whichever is greater, of the funds donated by the Eagle Mine. The agreement is in effect until modified by mutual agreement of the Eagle Mine and the Superior Watershed Partnership.