

COMMUNITY FOUNDATION of MARQUETTE COUNTY

AUDITED FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Community Foundation of Marquette County
228 W. Washington St., Suite 6
Marquette, Michigan 49855

Opinion

We have audited the accompanying financial statements of the Community Foundation of Marquette County (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Foundation of Marquette County (the Foundation) as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Anderson, Jackman & Company, PLLC
Certified Public Accountants

Marquette, MI
July 27, 2022

Community Foundation of Marquette County

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

		December 31	
ASSETS		2021	2020
CURRENT ASSETS:			
Cash and cash equivalents		\$ 607,342	\$ 204,986
Investments		24,125,953	21,295,033
Cash surrender value of life insurance		230,816	248,351
Pledges receivable-current portion		19,865	673
	TOTAL CURRENT ASSETS	<u>24,983,976</u>	<u>21,749,043</u>
	TOTAL ASSETS	<u>\$ 24,983,976</u>	<u>\$ 21,749,043</u>
 LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable		\$ 7,436	\$ 10,683
	TOTAL CURRENT LIABILITIES	<u>7,436</u>	<u>10,683</u>
NON-CURRENT LIABILITIES:			
Paycheck Protection Program Loan		-	33,800
	TOTAL NON-CURRENT LIABILITIES	<u>-</u>	<u>33,800</u>
NET ASSETS:			
Net assets without donor restrictions		24,679,664	21,436,178
Net assets with donor restrictions		296,876	268,382
	TOTAL NET ASSETS	<u>24,976,540</u>	<u>21,704,560</u>
	TOTAL LIABILITIES AND NET ASSETS	<u>\$ 24,983,976</u>	<u>\$ 21,749,043</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, 2021 and 2020

	December 31					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
CHANGES IN NET ASSETS:						
Revenues and support:						
Contributions	\$ 1,005,889	\$ 512,665	\$ 1,518,554	\$ 662,400	\$ 396,751	\$ 1,059,151
Income on investments	1,714,516	-	1,714,516	740,065	-	740,065
Investment return	1,284,707	-	1,284,707	1,809,115	-	1,809,115
Income on life insurance	(17,535)	-	(17,535)	1,910	-	1,910
Other revenue	88,620	-	88,620	80,640	-	80,640
Net assets released from restrictions	484,171	(484,171)	-	424,211	(424,211)	-
TOTAL REVENUES AND SUPPORT	4,560,368	28,494	4,588,862	3,718,341	(27,460)	3,690,881
EXPENSES:						
Program services	1,115,246	-	1,115,246	1,057,314	-	1,057,314
Administration	129,923	-	129,923	117,911	-	117,911
Fundraising	71,713	-	71,713	82,694	-	82,694
TOTAL EXPENSES	1,316,882	-	1,316,882	1,257,919	-	1,257,919
CHANGES IN NET ASSETS	3,243,486	28,494	3,271,980	2,460,422	(27,460)	2,432,962
Net assets beginning of year	21,436,178	268,382	21,704,560	18,975,756	295,842	19,271,598
NET ASSETS END OF YEAR	\$ 24,679,664	\$ 296,876	\$ 24,976,540	\$ 21,436,178	\$ 268,382	\$ 21,704,560

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, 2021 and 2020

	December 31	
	2021	2020
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in net assets	\$ 3,271,980	\$ 2,432,963
Paycheck Protection Program Loan Forgiveness	\$ (33,800)	
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in contributions receivable	(19,192)	(273)
Change in cash surrender value of life insurance	17,535	(1,911)
Investment return (gain) loss	(1,284,707)	(1,809,115)
Change in accounts payable	(3,247)	4,526
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,948,569	626,190
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	6,063,172	4,959,193
Purchase of investments	(7,609,385)	(18,374,983)
NET CASH USED BY INVESTING ACTIVITIES	(1,546,213)	(13,415,790)
CASH FLOWS FROM FINANCING ACTIVITIES		
Paycheck Protection Program Loan	-	33,800
NET CASH USED BY FINANCING ACTIVITIES	-	33,800
CHANGE IN CASH AND CASH EQUIVALENTS	402,356	(12,755,800)
Cash and cash equivalents at beginning of year	204,986	12,960,786
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 607,342	\$ 204,986

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, 2021 and 2020

	2021				2020			
	Program	Administrative	Fundraising	Total	Program	Administrative	Fundraising	Total
Operating Expenses:								
Salaries	\$ 80,349	\$ 32,140	\$ 48,209	\$ 160,698	\$ 98,207	\$ 39,283	\$ 58,924	\$ 196,414
Payroll taxes	5,951	2,381	3,571	11,903	7,845	3,138	4,707	15,690
Employee benefits	6,399	2,560	3,839	12,798	4,160	1,664	2,496	8,320
Accounting services	21,529	21,528	-	43,057	17,749	17,749	-	35,498
Legal services	-	-	-	-	-	1,324	-	1,324
Office supplies	-	4,331	-	4,331	-	2,367	3,500	5,867
Telephone	-	4,911	-	4,911	-	5,386	-	5,386
Postage and shipping	-	1,396	1,397	2,793	-	1,208	1,208	2,416
Occupancy	-	21,845	-	21,845	-	21,600	-	21,600
Equipment rental and maintenance	-	4,293	-	4,293	-	4,057	-	4,057
Annual report	-	3,475	-	3,475	-	3,332	-	3,332
Donor newsletter	-	-	5,205	5,205	-	-	7,515	7,515
Travel	-	651	-	651	-	-	-	-
Meetings and special events	-	9,492	9,492	18,984	-	4,175	4,175	8,350
Dues, fees, and registration	-	9,946	-	9,946	-	6,872	-	6,872
Training and classes	-	3,309	-	3,309	-	828	-	828
Insurance	-	7,125	-	7,125	-	4,756	-	4,756
Miscellaneous expense	-	540	-	540	-	172	169	341
Total Operating Expenses	114,228	129,923	71,713	315,864	127,961	117,911	82,694	328,566
Grant Expenses								
Grants voted	1,001,018	-	-	1,001,018	929,353	-	-	929,353
TOTAL EXPENSES	\$ 1,115,246	\$ 129,923	\$ 71,713	\$ 1,316,882	\$ 1,057,314	\$ 117,911	\$ 82,694	\$ 1,257,919

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

COMMUNITY FOUNDATION OF MARQUETTE COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

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 as amended by ASU 2016-14. In accordance with these provisions, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

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 net assets without donor restrictions, 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 as amended by ASU 2016-14; FASB ASC 958-205-45-2 Presentation of Financial Statements as amended by ASU 2016-14; and FASB ASU 2016-14 as it relates to 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 approximate 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.

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

Donated Investments

Donated investments are recorded as contributions at their estimated fair values at the date of donation.

Property, Plant and Equipment

All property, plant and equipment are recorded at historical cost as of the date acquired. Tangible assets costing below the threshold of \$3,000 or having a useful life of twelve months or less are not capitalized and are recorded as an expense on the financial statements.

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:

Net Assets Without Donor Restrictions – 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.

Net Assets With Donor Restrictions – 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.

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.

Revenue Recognition

The Company has adopted FASB Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Accounting Standards Codification (ASC) 606)* for the year ended December 31, 2020, as required by the standard. ASC 606 requires financial statement issuers to recognize revenue as satisfaction of the related performance obligations of the contract are completed. The following revenue-related items are outside the scope of ASC 606: interest income, premium and discount amortization, contributions, income on investments, investment return, income on life insurance. Adoption of the accounting standard has been applied retrospectively to prior periods presented, and had no impact on assets, liabilities, net assets, or activities.

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

The Company has the following revenue-related items subject to Topic 606:

Community environmental monitory program (CEMP), and items included in other revenue. Performance obligations for these are recognized over time, annually for the CEMP program and monthly for the others.

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 27, 2022 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, 2019, 2020 and 2021.

NOTE C – INVESTMENTS:

The cost, fair value, and unrealized appreciation (depreciation) of investment securities as of December 31, 2021 and 2020 are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
December 31, 2021			
Fixed Income	\$6,512,920	\$6,525,667	\$12,747
Mutual Funds and ETFs	12,870,781	16,199,107	3,328,326
ETFs and REITs	957,864	1,401,179	443,315
Total Investments	<u>\$20,341,565</u>	<u>\$24,125,953</u>	<u>\$3,784,388</u>
December 31, 2020			
Fixed Income	\$5,166,744	\$5,335,519	\$168,775
Mutual Funds and ETFs	12,141,600	14,308,328	2,166,728
ETFs and REITs	1,631,904	1,651,186	19,282
Total Investments	<u>\$18,940,248</u>	<u>\$21,295,033</u>	<u>\$2,354,785</u>

NOTE C – INVESTMENTS (Continued):

The schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2021 and 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
December 31, 2021			
Income on investments:			
Dividends, interest and realized gains	\$1,754,521	\$-	\$1,754,521
Less: Investment expenses	(40,005)	-	(40,005)
Total	<u>\$1,714,516</u>	<u>-</u>	<u>\$1,714,516</u>
Investment return			
Unrealized gain (loss) on investments	\$1,284,707	\$-	\$1,284,707
Less: Investment expenses	-	-	-
Total	<u>\$1,284,707</u>	<u>\$-</u>	<u>\$1,284,707</u>
December 31, 2020			
Income on investments:			
Dividends, interest and realized gains	\$779,544	\$-	\$779,544
Less: Investment expenses	(39,479)	-	(39,479)
Total	<u>\$740,065</u>	<u>-</u>	<u>\$740,065</u>
Investment return			
Unrealized gain (loss) on investments	\$1,809,115	\$-	\$1,809,115
Less: Investment expenses	-	-	-
Total	<u>\$1,809,115</u>	<u>\$-</u>	<u>\$1,809,115</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.

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.

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 D – FAIR VALUE (continued):

Fair values of assets measured on a recurring basis as of December 31, 2021 are as follows:

Assets:	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments	\$24,125,953	\$16,199,107	\$7,926,846	\$-

Fair values of assets measured on a recurring basis as of December 31, 2020 are as follows:

Assets:	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments	\$21,295,033	\$14,308,328	\$6,986,705	\$-

NOTE E – 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, 2021 and 2020 is \$230,816 and \$248,351, 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 F – ENDOWMENT FUNDS:

The Foundation's endowment includes five (5) and nine (9) individual funds that are restricted for the years ended December 31, 2021 and 2020, 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, 2021 are as follows:

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$21,436,178	\$268,382	\$21,704,560
Interest and dividends, net of investment expense	1,714,516	-	1,714,516
Net appreciation (depreciation)	1,284,707	-	1,284,707
Contributions	1,005,889	512,665	1,518,554
Amounts appropriated for expenditure	(832,711)	(484,171)	(1,316,882)
Other changes	71,085	-	71,085
Change in Endowment Net Assets	<u>3,243,486</u>	<u>28,494</u>	<u>3,271,980</u>
Endowment Net Assets, end of year	<u>\$24,679,664</u>	<u>\$296,876</u>	<u>\$24,976,540</u>

NOTE F – ENDOWMENT FUNDS (Continued):

The changes in Endowment Net Asset Composition by Type of Fund for the year ended December 31, 2021 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Donor designated Endowment Funds	\$-	\$296,876	\$296,876
Other Endowment Funds:			
Undesignated	<u>24,679,664</u>	<u>-</u>	<u>24,679,664</u>
Total Endowment Funds	<u>\$24,679,664</u>	<u>\$296,876</u>	<u>\$24,976,540</u>

The changes in Endowment Net Assets for the year ended December 31, 2020 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, beginning of year	\$18,975,756	\$295,842	\$19,271,598
Interest and dividends, net of investment expense	740,065	-	740,065
Net appreciation (depreciation)	1,809,115	-	1,809,115
Contributions	662,400	396,751	1,059,151
Amounts appropriated for expenditure	(833,708)	(424,211)	(1,257,919)
Other changes	82,550	-	82,550
Change in Endowment Net Assets	<u>2,460,422</u>	<u>(27,460)</u>	<u>2,432,962</u>
Endowment Net Assets, end of year	<u>\$21,436,178</u>	<u>\$268,382</u>	<u>\$21,704,560</u>

The changes in Endowment Net Asset Composition by Type of Fund for the year ended December 31, 2020 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Donor designated Endowment Funds	\$-	\$268,382	\$268,382
Other Endowment Funds:			
Undesignated	<u>21,436,178</u>	<u>-</u>	<u>21,436,178</u>
Total Endowment Funds	<u>\$21,436,178</u>	<u>\$268,382</u>	<u>\$21,704,560</u>

NOTE F – 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 of inflation as measured by the Consumer Price Index plus the 4.5 percent annual spending distribution percentage plus a growth of .25 percent.

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 20 quarters through September 30 of the preceding fiscal year in which the distribution is planned for the years 2021 and 2020, respectively. In establishing this policy, the Foundation considered the long-term expected return on its endowment.

NOTE G – NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restrictions consisted of the following:

Year 2021	Operating Fund	Other Endowment Fund	Total
Marquette	\$142,630	\$1,117,384	\$1,260,014
Ishpeming	3,644	240,095	243,739
Negaunee	3,536	53,841	57,377
Gwinn	1,225	2,832	4,057
Subtotal	<u>151,035</u>	<u>1,414,152</u>	<u>1,565,187</u>
Agency Funds	-	2,809,199	2,809,199
Designated Funds	-	5,829,309	5,829,309
Donor Advised	-	3,664,130	3,664,130
Field of Interest	-	4,559,374	4,559,374
Scholarship Funds	-	5,317,614	5,317,614
Other net assets without donor restrictions	-	934,851	934,851
Total	<u>\$151,035</u>	<u>\$24,528,629</u>	<u>\$24,679,664</u>

NOTE G –NET ASSETS WITHOUT DONOR RESTRICTIONS (continued):

Year 2020	Operating Fund	Other Endowment Fund	Total
Marquette	\$66,024	\$944,955	\$1,010,979
Ishpeming	3,169	213,453	216,622
Negaunee	3,384	49,134	52,518
Gwinn	1,371	2,489	3,860
Subtotal	<u>73,948</u>	<u>1,210,031</u>	<u>1,283,979</u>
Agency Funds	-	2,523,542	2,523,542
Designated Funds	-	4,933,633	4,933,633
Donor Advised	-	2,984,364	2,984,364
Field of Interest	-	4,111,477	4,111,477
Scholarship Funds	-	4,501,817	4,501,817
Other net assets without donor restrictions	-	1,097,366	1,097,366
Total	<u>\$73,948</u>	<u>\$21,362,230</u>	<u>\$21,436,178</u>

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions as of December 31, 2021 and 2020 consist of the following:

Purpose Restrictions:	2021	2020
Friends of Presque Isle Park Playground	\$130,266	\$71,934
Community Environmental Monitoring Program	110,268	155,616
Huron Mountain Club Pass Through Fund	56,396	40,832
COVID-19 Community Response Fund (2021 Fund)	(54)	-
NET ASSETS WITH DONOR RESTRICTIONS	<u>\$296,876</u>	<u>\$268,382</u>

NOTE I – AVAILABILITY OF FINANCIAL ASSETS:

The Foundation's financial assets available within one year of December 31, 2021 for general expenditure are as follows:

Asset	Amount
Operating and Endowment Operating Funds	\$1,565,187
Estimated 2022 administrative fees	250,000
Estimated 2022 CEMP fees	20,000
Estimated 2022 Annual Celebration proceeds	28,000
Estimated 2022 revenue from special projects	5,000
Total	<u>\$ 1,868,187</u>

NOTE I – AVAILABILITY OF FINANCIAL ASSETS (Continued):

Operating Funds and Operating Endowment Funds for Marquette, Ishpeming, Negaunee, and Gwinn listed in Note G are available to cover general Foundation expenditures.

The Foundation’s endowment funds consist of donor-restricted endowments and unrestricted endowments. Income from endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note F, the Operating Funds receive an administrative fee based on each fund’s fair market value quarterly during the year. The average rates across all Foundation Funds in 2021 and 2020 were 1.05% and 1.11%, respectively. The rate is expected to be similar in 2022 resulting in approximately \$250,000 of administrative fees that will be available for general expenditures.

NOTE J – LEASE:

The Foundation has an operating lease for office space, starting September 1, 2019. The five-year office lease, calls for monthly payments of \$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 \$21,600 and \$21,600 in 2021 and 2020, respectively. Expected future minimum lease payments are as follows:

2022	\$21,600
2023	\$21,600
2024	\$16,200

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 program, administrative, and fundraising. Where information is available to directly allocate costs amongst the categories it is used. All other expenses are allocated by management’s estimates based on historical operating data and the Foundation’s Work Plan.

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 \$607,342 and \$204,986 and the bank balance was \$644,103 and \$223,404 for the years 2021 and 2020, respectively. As of December 31, 2021, and 2020 respectively, \$394,103, and \$68,712 of the bank balance was not covered by the Federal Deposit Insurance Company (FDIC). As of December 31, 2021, \$337,092 of the amount not insured by the FDIC is a United States Treasury Fund.

In the years ending December 31, 2021 and 2020, 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:

During 2016, the Foundation entered into an agreement with the Eagle Mine and the Superior Watershed Partnership to administer an oversight committee for community monitoring. The agreement allows for up to \$300,000 in contributions. Effective January 1, 2019, the Foundation receives \$20,000 per year out of contributions as the administrative fee. The agreement is in effect until modified by mutual agreement of the Eagle Mine and the Superior Watershed Partnership. Current grant expenses, and administrative revenue are as follows:

<u>Year</u>	<u>Contributions</u>	<u>Grant Expense</u>	<u>Administrative Revenue</u>
2021	\$328,070	\$301,218	\$20,000
2020	\$300,000	\$144,450	\$20,000
Total	<u>\$628,070</u>	<u>\$445,668</u>	<u>\$40,000</u>

NOTE O – COVID-19:

The COVID-19 pandemic has developed rapidly during 2020 and resulting measures taken by various governments to contain the virus have affected economic activity. The Foundation has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for employees, vendors, and others. At this stage, the impact on business and results has not been significant and based on our experience to date we expect this to remain the case. The Company will continue to follow the various government policies and advice while continuing operations in the best and safest way possible.

NOTE P – PAYCHECK PROTECTION PROGRAM:

During 2020, the The Community Foundation of Marquette County (Foundation) participated in the Small Business Administrations (SBA) Paycheck Protection Program (PPP). The major terms of this program were that the SBA provided funds to the company due to the economic uncertainty created by the Covid-19 pandemic. If certain conditions were met, the company did not have to repay these funds. The company met the conditions and received notice from the SBA that the funds did not need to be repaid on February 19, 2021. The PPP forgiveness of \$33,800 is included in other revenue in 2021. Expenses paid by the PPP funds were recorded in their normal expense categories when the expense was paid and are not broken out in the financial statements.