

**CHARLEVOIX COUNTY COMMUNITY FOUNDATION**

**(a Michigan nonprofit corporation)**

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**FINANCIAL STATEMENTS**

**for the year ended December 31, 2023**

**KAMMERMANN & BASCOM, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
CHARLEVOIX, MICHIGAN**

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## INDEPENDENT AUDITOR'S REPORT

May 3, 2024

To the Board of Trustees of  
Charlevoix County Community Foundation:

### Opinion

We have audited the accompanying financial statements of Charlevoix County Community Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Charlevoix County Community Foundation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit 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 Charlevoix County Community Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Charlevoix County Community 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 the 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 judgement 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 Charlevoix County Community 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 Charlevoix County Community 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.

### **Report on Summarized Comparative Information**

We have previously audited Charlevoix County Community Foundation's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 5, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. Schedules listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Kammermann & Bascom, P.C.*

CHARLEVOIX COUNTY COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION

December 31, 2023

(with comparative totals as of December 31, 2022)

	<u>ASSETS</u>	
	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 3,603,585	\$ 3,177,141
Pledges receivable (Note F)	18,168	15,622
Prepaid expenses	-	3,005
Total current assets	3,621,753	3,195,768
<b>LONG-TERM ASSETS:</b>		
Investments in marketable securities (Notes D, E and N)	55,157,138	48,500,346
Pledges receivable (Note F)	5,000	15,000
Land, building, furniture and equipment, net of accumulated depreciation (Note G)	368,676	381,794
Total assets	<u>\$ 59,152,567</u>	<u>\$ 52,092,908</u>
	<u>LIABILITIES AND NET ASSETS</u>	
<b>CURRENT LIABILITIES:</b>		
Accounts payable and other accrued liabilities	\$ 16,704	\$ 17,674
Grants and scholarships payable (Note H)	293,550	299,362
Total current liabilities	310,254	317,036
<b>OTHER LIABILITIES:</b>		
Grants and scholarships payable, long-term	258,150	303,100
Funds held on behalf of other agencies	4,983,319	3,687,495
Total liabilities	5,551,723	4,307,631
<b>NET ASSETS:</b>		
Without donor restrictions	1,285,544	1,151,841
With donor restrictions (Note L)	52,315,300	46,633,436
Total net assets	53,600,844	47,785,277
Total liabilities and net assets	<u>\$ 59,152,567</u>	<u>\$ 52,092,908</u>

The accompanying notes are a part of the financial statements.

CHARLEVOIX COUNTY COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES

for the year ended December 31, 2023

(with comparative totals for the year ended December 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT:				
Contributions	\$ 2,500	\$ 2,341,786	\$ 2,344,286	\$ 2,832,526
Investment income	91,515	1,417,094	1,508,609	1,594,801
Other income	-	-	-	395
Net realized and unrealized gains (losses) on investments	-	6,514,349	6,514,349	(12,186,267)
Transfers (to) from funds held on behalf of other agencies	-	(1,295,824)	(1,295,824)	1,012,466
Net assets released from restrictions	<u>3,295,541</u>	<u>(3,295,541)</u>	<u>-</u>	<u>-</u>
Total revenues and support	3,389,556	5,681,864	9,071,420	(6,746,079)
EXPENSES:				
Program Services:				
Grants and scholarships	2,483,957	-	2,483,957	2,655,777
Other program costs	<u>397,073</u>	<u>-</u>	<u>397,073</u>	<u>334,626</u>
Total program services	2,881,030	-	2,881,030	2,990,403
Supporting Services:				
Management	229,408	-	229,408	196,342
Fundraising	<u>145,415</u>	<u>-</u>	<u>145,415</u>	<u>170,831</u>
Total supporting services	<u>374,823</u>	<u>-</u>	<u>374,823</u>	<u>367,173</u>
Total expenses	<u>3,255,853</u>	<u>-</u>	<u>3,255,853</u>	<u>3,357,576</u>
Change in net assets	133,703	5,681,864	5,815,567	(10,103,655)
NET ASSETS, beginning of year	<u>1,151,841</u>	<u>46,633,436</u>	<u>47,785,277</u>	<u>57,888,932</u>
NET ASSETS, end of year	<u>\$ 1,285,544</u>	<u>\$ 52,315,300</u>	<u>\$ 53,600,844</u>	<u>\$ 47,785,277</u>

The accompanying notes are a part of the financial statements.

CHARLEVOIX COUNTY COMMUNITY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

for the year ended December 31, 2023

(with comparative totals for the year ended December 31, 2022)

		Supporting Services			Total	
	Program Services	Management	Fundraising	Total	Expenses	2022
Salaries and wages	\$ 201,487	\$ 127,184	\$ 79,765	\$ 206,949	\$ 408,436	\$ 371,964
Payroll taxes	17,086	10,785	6,764	17,549	34,635	32,428
Employee benefits	32,681	20,630	12,938	33,568	66,249	56,160
Advertising and marketing	25,771	7,028	14,057	21,085	46,856	46,253
Professional services	13,859	7,559	3,780	11,339	25,198	25,498
Office expenses	12,033	6,563	3,282	9,845	21,878	21,670
Travel	3,870	2,111	1,056	3,167	7,037	11,986
Grants and scholarships	2,483,957	-	-	-	2,483,957	2,655,777
Supplies	24,729	13,489	6,744	20,233	44,962	23,558
Life insurance premiums	3,112	-	-	-	3,112	3,112
Occupancy	5,865	3,199	1,599	4,798	10,663	9,828
Software and support	35,638	19,439	9,719	29,158	64,796	58,356
Conferences	7,507	4,094	2,047	6,141	13,648	14,475
Memberships and dues	6,220	3,392	1,696	5,088	11,308	11,673
Depreciation	7,215	3,935	1,968	5,903	13,118	14,838
Totals	<u>\$ 2,881,030</u>	<u>\$ 229,408</u>	<u>\$ 145,415</u>	<u>\$ 374,823</u>	<u>\$ 3,255,853</u>	<u>\$ 3,357,576</u>

The accompanying notes are a part of the financial statements.



CHARLEVOIX COUNTY COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

for the year ended December 31, 2023

(with comparative totals for the year ended December 31, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 5,815,567	\$ (10,103,655)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Noncash donations	(466,730)	(521,654)
Cash donations for endowments	(251,797)	(776,115)
Depreciation	13,118	14,838
Realized gains on sales of investments	(1,306,605)	(4,294,059)
Net unrealized losses (gains) on investments	(5,207,744)	16,480,326
Transfers to (from) funds held on behalf of other agencies	1,295,824	(1,012,466)
Decrease in pledges and accounts receivable	7,454	12,138
Decrease in prepaid expenses	3,005	-
Increase (decrease) in accounts payable and other accrued liabilities	(970)	2,868
Increase (decrease) in grants and scholarships payable	(50,762)	131,637
Net cash flows used by operating activities	(149,640)	(66,142)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(3,684,484)	(60,334,714)
Proceeds from sales of investments	3,542,041	58,045,449
Net cash flows used by investing activities	(142,443)	(2,289,265)
CASH FLOWS FROM FINANCING ACTIVITIES,		
Donations for endowments	718,527	1,297,769
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	426,444	(1,057,638)
CASH AND CASH EQUIVALENTS, beginning of year	3,177,141	4,234,779
CASH AND CASH EQUIVALENTS, end of year	\$ 3,603,585	\$ 3,177,141

The accompanying notes are a part of the financial statements.

# CHARLEVOIX COUNTY COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2023

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

#### Reporting Entity

The Charlevoix County Community Foundation was incorporated as a Michigan nonprofit corporation on December 4, 1991. The Foundation's purpose is to manage various restricted and unrestricted endowment and grantmaking funds. Income from these funds is used to support charitable organizations and activities primarily in the County of Charlevoix, Michigan. The Foundation is governed by a Board of Trustees representing each of the five school districts in Charlevoix County. Support for the Foundation comes primarily from donor contributions and long-term investment income.

#### Basis of Accounting

The Foundation uses the accrual basis of accounting whereby revenues are recognized when earned or when the commitment of a future gift to the Foundation becomes unconditional and expensed when an obligation is incurred.

#### Net Assets

The financial statements report net assets and changes in net assets in two classes that are based on the existence or absence of restrictions on use that are established by its donors, as follows:

##### Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

##### Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for a particular purpose or in a future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The Foundation's unspent contributions are included in this class if the donor limited their use, including donor-restricted endowment funds.

# CHARLEVOIX COUNTY COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2023

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

#### Net Assets With Donor Restrictions (Continued)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without restrictions. Net assets restricted for acquisition of buildings or equipment (or the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the organization.

#### Basis of Presentation

The financial statements include certain prior-year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

#### Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents consist of bank accounts and investments with initial maturities of three months or less.

#### Fixed Assets

Property and equipment are recorded at cost for purchased items and estimated value on the date of donation for donated assets. Depreciation is recorded using the straight-line method based on the estimated useful life of the asset. The Foundation capitalizes property and equipment acquired in excess of \$5,000. Depreciation expense for the year totaled \$13,118.

#### Functional Expenses

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

#### Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses are reported as decreases in net assets without donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

# CHARLEVOIX COUNTY COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2023

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

#### Classification of Transactions (Continued)

The Foundation administers various types of funds in accordance with agreements establishing the fund between the original donors and the Foundation. Fund distributions are approved by the Board of Directors in accordance with the fund agreement. Administrative charges and interfund grants have been eliminated in the financial statements. It is the Foundation's intent to honor donor instructions and stipulations regarding the use of gifts made to the Foundation. However, the Board has retained authority to vary the condition of any gift otherwise subject to donor-imposed conditions, if adherence to any such conditions or stipulations would, in the judgment of the Board, be unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the communities served by the Foundation.

#### Income Tax Status

The Internal Revenue Service has determined that the Foundation qualifies as a public charity and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Also, the Foundation has received determination as "other than a private foundation" under Section 170(b)(1)(A)(vi) of the Internal Revenue Code. The Foundation believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Foundation's financial condition, results of operations, or cash flows. Therefore, the financial statements reflect no provision or liability for federal income tax. The Foundation's tax filings are no longer subject to examination for years prior to December 31, 2021.

#### Fund Administrative Fees

The Foundation charges a fee for management of each fund. Fees are charged quarterly and vary by type of fund ranging from 0 to 0.5625 percent of the average quarterly market value.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Contributed Services

The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with programs. No amounts have been recorded for volunteer services.

#### Advertising

Advertising costs are expensed as incurred. Advertising expense for the year totaled \$46,856.

CHARLEVOIX COUNTY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2023

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

Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. For the year ended December 31, 2023, the Organization did not have any conditional promises to give receivable. The Organization had unconditional promises to give receivable totaling \$23,168.

Funds Held on Behalf of Agencies

The Foundation has adopted Statement of Financial Accounting Standard No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others* (FAS 136). This statement establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets or both to another entity that is specified by the donor.

FAS 136 guidelines state that if an organization establishes a fund at a community foundation with its own monies and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency or designated funds.

The Foundation maintains variance power and legal ownership of agency endowment funds and as such continues to report the funds as assets of the Foundation. However, in accordance with FAS 136, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the organization.

NOTE B – LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023 are:

Financial assets:	
Cash and cash equivalents	\$ 3,603,585
Less financial assets held to meet obligations:	
Accounts payable and other accrued liabilities	(16,704)
Grants and scholarships payable	<u>(293,550)</u>
Amount available for general expenditures within one year	<u>\$ 3,293,331</u>

# CHARLEVOIX COUNTY COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2023

### NOTE C – DATE OF MANAGEMENT’S REVIEW:

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosures through May 3, 2024, the date the financial statements were available to be issued.

### NOTE D – INVESTMENTS:

Investments are carried at estimated fair market value, as determined by the agency holding the investments. Unrealized increases or decreases resulting from changes in market value of investments are included annually in the Statement of Activities. The Foundation’s investments are held primarily by brokerage companies and are summarized as follows:

	FAIR VALUE	COST
Certificate of deposit	\$ 262,129	\$ 262,129
Mutual funds – equity	46,470,698	42,921,164
Exchange traded funds	<u>8,424,311</u>	<u>4,518,114</u>
Totals	<u>\$ 55,157,138</u>	<u>\$ 47,701,407</u>

The Statement of Activities reports interest and dividend income earned on investments plus interest earned on interest-bearing bank accounts. Investment income is reported net of investment fees and is summarized as follows:

Interest and dividends	\$1,560,284
Management investment fees	<u>(51,675)</u>
Total investment income	<u>\$1,508,609</u>

The investment policies follow a target of 70 percent equities, 20 percent fixed income, 5 percent emerging markets, and 5 percent real estate funds. The total return shall exceed the Consumer Price Index plus the Foundation’s spending rate plus the Foundation’s administrative fees. The volatility is expected to be no greater than 1.2 times the weighted average of various benchmarked index funds, representing equities and fixed income funds.

### NOTE E – FAIR VALUE MEASUREMENTS:

Financial Accounting Standards Board Codification 820.10 (FASB ASC 820.10) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820.10 are described below:

# CHARLEVOIX COUNTY COMMUNITY FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2023

### NOTE E – FAIR VALUE MEASUREMENTS (CONTINUED):

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Fair values for mutual funds are determined by reference to quoted market prices and other relevant information by market transactions.

At December 31, 2023, the Foundation's investments, measured on a recurring basis, are as follows:

	Level 1	Level 2	Level 3	Total
Certificate of deposit	\$ 262,129	\$ -	\$ -	\$ 262,129
Mutual funds - equity	46,470,698	-	-	46,470,698
Exchange traded funds	<u>8,424,311</u>	<u>-</u>	<u>-</u>	<u>8,424,311</u>
Totals	<u>\$55,157,138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$55,157,138</u>

### NOTE F – PLEDGES RECEIVABLE:

As of December 31, 2023, the Foundation has received unconditional promises to give, consisting of pledges as follows:

2024	\$ 18,168
2025	<u>5,000</u>
Total	<u>\$ 23,168</u>

The pledges are recorded at face value and no allowance for uncollectible pledges is recorded.

CHARLEVOIX COUNTY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2023

NOTE G - LAND, BUILDING, FURNITURE AND EQUIPMENT:

Fixed assets consist of the following at December 31, 2023:

Building and improvements	\$ 460,967
Office furnishings and equipment	<u>77,550</u>
	538,517
Less accumulated depreciation	<u>(194,841)</u>
	343,676
Land	<u>25,000</u>
Total	<u>\$ 368,676</u>

Depreciation expense totaled \$13,118 for the year ended December 31, 2023.

NOTE H – GRANTS AND SCHOLARSHIPS PAYABLE:

Grants and scholarships payable consist of amounts approved for distribution under the Foundation's spending policy, but not yet paid, to local nonprofit organizations or educational institutions on behalf of scholarship recipients. At December 31, 2023, amounts payable are scheduled as follows:

2024	\$ 293,550
2025	144,925
2026	83,225
2027	25,000
2028	<u>5,000</u>
Total	<u>\$ 551,700</u>

NOTE I - EMPLOYEE RETIREMENT PLAN:

The Foundation has adopted a 401(k) retirement plan. The plan provides retirement benefits for all employees and is a defined contribution retirement plan. For 2023, the Foundation's contributions to the plan totaled 5.5 percent of qualified compensation and aggregated \$22,464 for the year. Employees are allowed to make contributions to the plan from their earnings as well.



CHARLEVOIX COUNTY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2023

NOTE J – ENDOWMENT FUNDS:

Endowment funds are summarized as follows:

	<u>With Donor Restrictions</u>
Balance, January 1, 2023	\$39,670,178
Contributions	718,527
Net investment income	1,102,657
Realized and unrealized losses	5,309,991
Grants and scholarships	(604,894)
Transfers to other funds	(305,018)
Expenses	<u>(678,062)</u>
Balance, December 31, 2023	<u>\$45,213,379</u>

The distributions for grants and scholarships are determined by averaging 12 quarters of each fund's market value multiplied by a spending rate. The Foundation uses 4.75 percent for all endowed fund sub-types, except scholarship funds, which uses 5 percent.

The Foundation has interpreted the Michigan Uniform Prudent Management of Institutional Funds Act (UPMIFA) (Act 87 of 2009) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. The original gift is defined by the Foundation as (a) the original value of gifts donated to all donor-restricted endowments, (b) the original value of subsequent gifts to donor-restricted endowments and (c) accumulations to the donor-restricted endowments made in accordance with the direction of the applicable donor gift instrument at the time of the accumulation. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purpose of the organization and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation (depreciation) of investments;
6. Other resources of the organization;
7. The investment policies of the organization.

CHARLEVOIX COUNTY COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

for the year ended December 31, 2023

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NOTE K – CONCENTRATION OF CREDIT RISK:

Financial instruments that potentially subject the Foundation to a significant concentration of credit risk consist of cash and investments. Cash is deposited in banks and brokerage accounts with satisfactory credit ratings. The Board assesses the financial health of each financial institution each year.

At December 31, 2023, amounts on deposit and invested exceed the FDIC and SIPC insurance limits by approximately \$3,103,585. The Foundation's cash balances are maintained at the level deemed appropriate by management for near-term grant making.

Investments are subject to market fluctuations but are spread among a number of different investments in order to minimize risk. At December 31, 2023, investments were in mutual and exchange-traded funds invested with corporate bonds and common stock issues.

NOTE L – NET ASSETS WITH DONOR RESTRICTIONS:

As of December 31, 2023, net assets with donor restrictions are available for the following purposes:

Purpose restrictions, available for grant spending:	
Field of interest	\$ 1,848,951
Donor advised	10,645,128
Donor designated	1,660,588
Agency endowments	3,427,976
Scholarships	3,197,260
Endowments, unrestricted	<u>1,450,616</u>
Total purpose-restricted net assets	22,230,519
Endowment funds	<u>30,084,781</u>
Total net assets with donor restrictions	<u>\$ 52,315,300</u>

CHARLEVOIX COUNTY COMMUNITY FOUNDATION  
SCHEDULE OF FINANCIAL POSITION BY FUND CLASSIFICATION  
December 31, 2023

	Field of Interest	Donor Advised	Designated	Agencies
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 448,467	\$ 727,647	\$ 107,310	\$ 300,509
Pledges and accounts receivable	-	-	-	-
Prepaid expenses	-	-	-	-
Total current assets	448,467	727,647	107,310	300,509
<b>LONG-TERM ASSETS:</b>				
Investments in marketable securities	7,396,749	15,235,309	6,589,304	9,341,018
Pledges receivable	-	-	-	-
Land, building, furniture and equipment, net of accumulated depreciation	-	-	-	-
Total assets	<u>\$ 7,845,216</u>	<u>\$ 15,962,956</u>	<u>\$ 6,696,614</u>	<u>\$ 9,641,527</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable and other accrued liabilities	\$ -	\$ -	\$ 11,000	\$ -
Grants and scholarships payable, current	30,000	26,750	-	-
Total current liabilities	30,000	26,750	11,000	-
<b>OTHER LIABILITIES:</b>				
Grants and scholarships payable, long-term	-	30,000	-	-
Funds held on behalf of other agencies	-	-	382,470	4,600,849
Total liabilities	30,000	56,750	393,470	4,600,849
<b>NET ASSETS:</b>				
Without donor restrictions	-	-	-	-
With donor restrictions	7,815,216	15,906,206	6,303,144	5,040,678
Total net assets	7,815,216	15,906,206	6,303,144	5,040,678
Total liabilities and net assets	<u>\$ 7,845,216</u>	<u>\$ 15,962,956</u>	<u>\$ 6,696,614</u>	<u>\$ 9,641,527</u>

The accompanying notes are a part of the financial statements.

<u>Scholarships</u>	<u>Unrestricted Endowment</u>	<u>Operations</u>	<u>Total</u>
\$ 921,694	\$ 175,511	\$ 922,447	\$ 3,603,585
18,168	-	-	18,168
-	-	-	-
939,862	175,511	922,447	3,621,753
13,010,892	3,583,741	125	55,157,138
5,000	-	-	5,000
-	-	368,676	368,676
<u>\$ 13,955,754</u>	<u>\$ 3,759,252</u>	<u>\$ 1,291,248</u>	<u>\$ 59,152,567</u>
\$ -	\$ -	\$ 5,704	\$ 16,704
231,800	5,000	-	293,550
231,800	5,000	5,704	310,254
223,150	5,000	-	258,150
-	-	-	4,983,319
454,950	10,000	5,704	5,551,723
-	-	1,285,544	1,285,544
13,500,804	3,749,252	-	52,315,300
13,500,804	3,749,252	1,285,544	53,600,844
<u>\$ 13,955,754</u>	<u>\$ 3,759,252</u>	<u>\$ 1,291,248</u>	<u>\$ 59,152,567</u>

CHARLEVOIX COUNTY COMMUNITY FOUNDATION  
SCHEDULE OF ACTIVITIES BY FUND CLASSIFICATION  
for the year ended December 31, 2023

	Field of Interest	Donor Advised	Designated	Agencies
REVENUES:				
Donations	\$ 94,049	\$ 908,514	\$ 94,879	\$ 859,244
Interest and dividends	179,234	394,940	167,435	238,253
Fees	(141,039)	(284,191)	(60,077)	(80,165)
Net realized and unrealized losses on investments	999,386	1,783,856	761,679	1,038,389
Transfers to funds held on behalf of other agencies	-	-	(13,261)	(1,282,563)
Total revenues	1,131,630	2,803,119	950,655	773,158
EXPENSES:				
Program services:				
Grants and scholarships	342,492	1,152,546	220,617	396,647
Other program costs	-	3,531	3,112	-
Total program expenses	342,492	1,156,077	223,729	396,647
Management	268	1,096	73	178
Fundraising	-	-	-	-
Total expenses	342,760	1,157,173	223,802	396,825
EXCESS OF REVENUES OVER EXPENSES	788,870	1,645,946	726,853	376,333
NET ASSETS, January 1, 2023	6,857,643	14,369,960	5,555,448	4,664,345
Interfund transfers	168,703	(109,700)	20,843	-
NET ASSETS, December 31, 2023	<u>\$ 7,815,216</u>	<u>\$ 15,906,206</u>	<u>\$ 6,303,144</u>	<u>\$ 5,040,678</u>

The accompanying notes are a part of the financial statements.

<u>Scholarships</u>	<u>Unrestricted Endowment</u>	<u>Operations</u>	<u>Total</u>
\$ 315,542	\$ 69,558	\$ 2,500	\$ 2,344,286
341,995	95,237	91,515	1,508,609
(252,316)	(23,362)	841,150	-
1,518,748	412,291	-	6,514,349
-	-	-	(1,295,824)
1,923,969	553,724	935,165	9,071,420
269,366	102,289	-	2,483,957
24,996	-	365,434	397,073
294,362	102,289	365,434	2,881,030
153	333	227,307	229,408
-	-	145,415	145,415
294,515	102,622	738,156	3,255,853
1,629,454	451,102	197,009	5,815,567
11,888,206	3,297,834	1,151,841	47,785,277
(16,856)	316	(63,306)	-
<u>\$ 13,500,804</u>	<u>\$ 3,749,252</u>	<u>\$ 1,285,544</u>	<u>\$ 53,600,844</u>