



community foundation

of St. Clair County

April 2011

To our Trustees, Volunteers, Donors and Partners:

We are pleased to present these financial statements for the year-ended December 31, 2010. In 2010, we continued to see promising improvements in our financial health and in the economy, despite our County and State being one of the hardest hit. These struggles and the resulting budget cuts continue to place more demand for community-wide, proactive leadership, collaborations and leveraging of assets, all of which the Community Foundation has demonstrated success with.

So many look to the Community Foundation to fill a proactive, neutral leadership role and through our Board, staff and hundreds of volunteers associated with the Foundation, we have experienced great success in bringing together the donors and doers from our communities to tackle our region's challenges and opportunities, and make things happen for the overall betterment of our communities.

The Community Foundation recognizes the ever-changing community needs within our County and strives to align our discretionary funds, time and available community resources to addressing those needs as identified periodically through our assessment and evaluation including the input from over 400 of our constituents. Our current top strategic priorities for the three year period of 2010 – 2012 are:

- **Education**
- **Community and Economic Development**
- **Arts and Culture**
- **Basic Needs and Human Services**

Through our Education Taskforce initiatives including the College Access Program and the Middle School Technology Grant Program, we are proud to say that we are readying our students to be competitive in the global market and we have put a college degree within reach for many students who otherwise were destined for a less fortunate life.

Community and economic development also continue to be one of our top priorities, and Foundation leadership is actively engaged with the county-wide Economic Development Strategic Plan. Downtown businesses throughout the Blue Water area continue to receive support through the Small Business Concierge we initiated and have now transitioned to the EDA. Collectively, the entire Blue Water area has benefited from successful programs such as the Discover the Blue Tourism Campaign, and their input into the round of downtown summits now underway will keep the forward momentum going.

The Community Foundation recognizes that businesses and people are attracted to our area in part by the arts and culture experiences offered within our community. The Community Foundation is proud to support arts and culture through our Blue Water Arts Committee.

Basic needs and human services and the charitable organizations that service those needs have remained an area of funding priority in these troubling economic times and federal and state budget cuts. To raise awareness to those needs and leverage community resources, the Community Foundation proactively sponsored a "Match Day" in June 2009 for the benefit of such organizations and followed it up with a similar event in 2010 as our County continues its economic recovery.

The Community Foundation's Board awarded new grants aggregating \$862,856 in 2010, which differs slightly from the amounts reported on the consolidated statements due to prior years' grant refunds, a FAS 136 adjustment, and a supporting organization elimination. Additionally, the Community Foundation awarded \$105,182 in pass-through distributions through programs such as Match Day. On a consolidated basis, an additional \$616,436 was allocated in 2010 to Foundation programs and initiatives which include those described in subsequent paragraphs below. Through the 10 years ended December 31, 2010, the Foundation has distributed \$13 million in grants to non-profit organizations throughout St. Clair County.

Our ability to improve the quality of life in our community through grant awards would not be possible without the continued generosity of our donors. On a consolidated basis, the Community Foundation received contributions aggregating approximately \$1.66 million in 2010 from more than 716 donors along with a number of new endowment funds.

The core purpose of a community foundation is to assist donors in fulfilling their charitable goals which is predominately done by building and maintaining endowments in perpetuity, unlike most non-profit organizations that raise funds for immediate use and distribution. As a community foundation, our charitable grant-making is generally limited to the earnings from our endowed assets, which is governed by a spending policy based upon the growth and earnings from its endowed funds. The economy and market performance obviously impact the availability of funds for granting, and thus, to preserve yet grow our investments, the Foundation takes a prudent long-term total return investment approach. Our portfolio is actively overseen by a knowledgeable and experienced Finance and Investment Committee and the services of an investment advisor. Our comprehensive investment policy outlines the Foundation's diversified investment portfolio, which by purposeful design, will not capture all of the market highs yet conversely will also not experience all of the market lows.

The Foundation's investments have provided historically good returns under this approach and in comparison with our peers of foundation, endowment and institutional investors, we have consistently performed well. In 2010, our investment return of 15.58% out-performed the average return for all foundations in a recent Council on Foundations survey, including the best performing class of community foundations with assets of \$250 - \$499 million with an average return of 13.3%, and our foundation class with assets of \$25 - \$49 million with an average return of 12.2%. A more notable observation from this survey in our view, however, is that we also out-performed the average return for all asset classes on the 3-year and 5-year time horizons as well. Additionally, in another survey recently released for the period ending June 2010, we significantly out-performed university endowments like Harvard, U of M & Stanford.

The Foundation continues to view accountability, transparency and credibility as critical to its current and future success. Our audited financial statements and IRS Form 990 are available on our website or upon request. The Foundation takes pride in these achievements:

- We have received an unqualified audit opinion annually since its inception in 1944;
- We were among the first 150 community foundations to receive national certification for compliance with the new National Standards from the Council on Foundations in 2005, and submitted our 5-year recertification documents in the fall of 2010 and are presently awaiting confirmation of our recertification;
- We have maintained our annual certification with the State of Michigan for the special community foundation tax credit since the credit's inception.

With regard to the following audited financial statements, Foundation management continues to acknowledge and stand behind their responsibility for the financial statements, sound accounting policies, system of internal controls, and for the prevention and detection of fraud. Throughout the independent audit, management has made available all financial records, minutes, fund agreements, policies and procedures, and other documentation, and has provided the required, signed management representations regarding our operations and financial records.

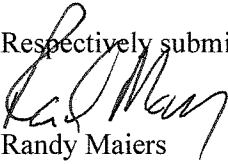
The Community Foundation of St. Clair County coupled with The Community Renaissance Fund, its Type I supporting organization, is a large and complex non-profit corporation, and our operations reflect the proactive strategies of our Board and our commitment to tackle large scale community issues in the pursuit of improving the people and place of St. Clair County.

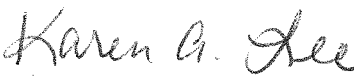
Through the leadership of its seven staff members, a very knowledgeable Board of Trustees, and a volunteer workforce of well over 100 people, the Foundation's impact goes well beyond just grant making. Through supporting organizations and collaborative projects and programs with multiple other partners, the Foundation is able to:

- Own the county's only long-term home for homeless teenagers which we rent to another nonprofit for \$1 per year.
- Provide management and accounting support for Studio 1219, the area's largest public art gallery and center, which was developed by our Community Renaissance Fund, the Port Huron Downtown Development Authority and The James C. Acheson Foundation.
- Operate the Acheson Community Resource Center which provides meeting space and workshops for local nonprofits, groups and organizations and also houses the Volunteer Action Center which connects willing volunteers with non-profits in need of assistance.
- Organize the free distribution of more than 3,000 backpacks filled with school supplies for low income children in four communities each August.
- Established and continue to facilitate a county-wide, broadly represented education taskforce with the primary goal of keeping our students on a path towards some type of post-secondary education.
- Fund a pilot College Access Office located in one of our Port Huron High Schools, which helps students understand their higher education options and guides them through the application and funding processes.
- Lead the facilitation efforts toward a regional vision plan for our waterfront downtowns.
- Partner with the various municipalities and organizations to explore and develop ways to promote the area and spur economic and community development.
- Explore and develop plans for a Blue Water River Walk and a shoreline and habitat restoration project that will permanently ensure public access and appreciation to 4000 feet of shoreline on the shores of the St. Clair River.

Since 1944 the Community Foundation of St. Clair County has been the leading voice for philanthropy in St. Clair County. With the continued support, trust and involvement of our donors, volunteers and partners, we will continue to improve the quality of life for all of our residents.

Respectively submitted,

  
Randy Maiers  
President & CEO

  
Karen A. Lee  
Director of Finance