



community foundation  
of St. Clair County

May 2012

To our Trustees, Volunteers, Donors and Partners:

We are pleased to present the enclosed financial statements for the year-ended December 31, 2011, and are very proud to report that our independent auditors have issued an unqualified opinion over our financial records and operations. Accountability, transparency and credibility are critical to continued success of an organization and we take seriously the confidence and trust that our donors have placed in us.

It is noteworthy to highlight that the Foundation has maintained an unqualified opinion on its audited financial statements since its inception in 1944. Furthermore, we were among the first 150 community foundations to receive national certification for compliance with National Standards from the Council on Foundations in 2005, and received 5-year recertification in 2011. Our audited financial statements and IRS Form 990 are available on our website or upon request.

Education continues to be a top priority in our strategic plan and the Community Foundation has been able to make significant contributions in bringing donors and doers together. Programs such as the College Access Coordinators and the Know How 2 Go initiatives continue to show tangible results. In 2011 the Community Foundation was able to reach out to its donors and successfully met a challenge grant that led to the creation of a \$100,000 College Access Endowment Fund.

In the area of Community & Economic Development, the Foundation continues to collaborate with partners and stakeholders throughout the county who share our vision and focus on “quality of place.” This focus has blended well with the continued collaboration on the Discover the Blue tourism program, increasing public amenities in our downtowns, and supporting the emergence of the Blue Water Young Professionals.

Basic needs remain a funding priority, especially in these troubling economic times. One of our efforts in this area, Friday Food for Kids, provides eligible students with backpacks full of food to take home over the weekend. Through programs like this, along with the Back to School Events & Food Giveaways, and grant awards from the many agency-designated endowment funds under our management, the Community Foundation will continue to support the basic needs of our residents.

Amidst continued economic challenges in our County, State and nation, the year-ended December 31, 2011 brought some very positive highlights and exciting news for the Community Foundation, which we would like to share in this letter.

The Community Foundation’s Board awarded \$844,155 in grants including financial support for back-to-school events in 2011 (net of prior year refunds). This amount, less the FAS 136 (agency-liability) adjustment, and supporting organizations’ elimination, agrees to the amounts reported on the consolidated statements. Also, an additional \$511,837 was allocated in 2011 on a consolidated basis to Foundation programs and initiatives which include those described in this letter.

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 \$2.37 million in 2011 from more than 824 donors, including eight new endowment funds and 18 new charitable checkbook funds.

One of the most exciting highlights of 2011 was the completion of an impressive gift of over 4,000 feet of St. Clair River shoreline from philanthropist and friend, Jim Acheson. After planning and preparing for this major gift since the summer of 2010, the Community Foundation received the land into its newly established supporting organization, Blue Water Land Fund, just before Christmas.

Through a series of focus group sessions, tours of the Detroit Riverfront, and a significant amount of collaboration with other local and state partners, the Community Foundation has developed a master plan for the complete restoration of the shoreline. Although the total project is a challenging, multi-year endeavor that will occur in phases as funding is secured, the result will be a legacy: public access in perpetuity to a naturalized shoreline and a multi-purpose pedestrian trail.

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. 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.

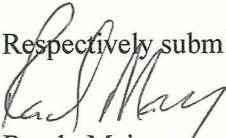
The Foundation's investments have provided historically good returns under this approach and in comparison with our peers of foundation, endowment and institutional investors, we have consistently performed well. Although our 2011 annual investment return of .41% isn't the level we'd like to boast about, it is important to note that our performance was still ranked in the 18 percentile among our peers, and our two-, three-, and five-year investment returns (7.72%, 12.41%, and 2.43% respectively) rank between the 5<sup>th</sup> and 22<sup>nd</sup> percentile among our peers.

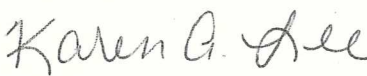
With regard to the following audited financial statements, Foundation management continues to acknowledge and stand behind their responsibility for the financial statements, sound accounting policies, system of internal controls, and for the prevention and detection of fraud. Throughout the independent 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 and Blue Water Land Fund, its two Type I supporting organizations, is a large and complex non-profit corporation. 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. Since 1944 the Community Foundation of St. Clair County has been the leading voice for philanthropy in St. Clair County, and with the continued support, trust and involvement of our donors, volunteers and partners, we will continue to improve our community and the quality of life for its residents.

Respectively submitted,

  
Randy Maiers  
President & CEO

  
Karen A. Lee  
Director of Finance