



community foundation
of St. Clair County

June 2013

To our Board of Trustees, Volunteers, Donors and Partners:

The year-ended December 31, 2012 marked another exciting and successful year in the Community Foundation of St. Clair County's history on many fronts. The most visible and noteworthy achievements involve our complex, multi-year, multi-project shoreline restoration endeavor we began last year and will result in a community legacy of public access in perpetuity to a naturalized shoreline and a multi-purpose pedestrian trail. Those achievements include:

- Thorough planning and close project management resulted in the restoration of more shoreline footage than budgeted under the pilot phase of our shoreline restoration project funded by a U.S. Fish & Wildlife Service grant;
- We raised \$200,000 through gifts and multi-year pledges for the Blue Water River Walk Trail which meets the necessary community match portion of the MDOT grant awarded to the St. Clair County Road Commission and will enable the completion of a multi-use pedestrian trail in 2013;
- We received award notification of a \$2 million grant from the National Oceanic and Atmospheric Administration (NOAA) that will enable completion of the remaining natural shoreline and habitat restoration; and
- Through additional gifts and partner resources, the historic railroad ferry dock will be restored and transformed into a beautiful gathering and viewing area.

The Foundation's consolidated assets for the year-end December 31, 2012 reached an all-time high at \$35.6 million, which we believe evidences the successes we've had and puts the Foundation in a healthy position to continue the great work of our Board, Committees, donors and partners. It should be noted that the \$1.24 million increase in cash at year-end is short-term in nature and primarily is attributable to the following time-related factors: \$617,000 in redeemed investment pool holdings awaiting reinvestment into another asset class, \$202,000 from a December CD maturity reinvested in early January, \$160,000 in 4th quarter endowed gifts allocated to the investment pool in early January, and a net increase of \$257,000 in cash holdings of our supporting organizations designated for the development initiatives underway, including gifts and deferred revenue for Blue Water Land Fund's shoreline restoration, ferry dock and trail projects.

Among other notable achievements is the continued financial support of our donors, whereby 2012 brought increases in the number of gifts from new and repeat donors. The Foundation believes these increases are a result of more people becoming aware of the Foundation and its involvement in charitable projects throughout the county, along with understanding the importance of giving back to their community. As you can see by these financial statements, the Foundation received a consolidated \$1.1 million in contributions and government grants excluding all agency-designated gifts.



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With a community foundation's charitable giving generally limited to the earnings from its endowed funds, structuring an investment portfolio to maintain the endowment corpus into perpetuity targeting long-term growth while minimizing risk through diversification of asset classes, funds and managers is just as important as continued growth through donor giving. Although our 2012 composite investment return of 12.07% was solid, by purposeful design, we will not capture all of the market highs yet conversely will also not experience all of the market lows. It is important to note that our performance ranked in the top quartile among our peers (foundations having \$20-\$100 million in assets) for the 2-year, 3-year, 5-year and 7-year time horizons. Our investments are actively overseen by a dedicated, knowledgeable and experienced Finance and Investment Committee and the services of an investment advisor.

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. The mission and operations of each of these entities 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. We recognize the ever-changing community needs within our county and strive to align our discretionary funds, time and available community resources to addressing those needs. For 2012, those strategic priorities were: Education; Community and Economic Development; Arts and Culture; and Basic Needs and Human Services.

Through the work of our College Access Office Coordinator, our involvement in KnowHow2Go initiatives, recent technology-based grants, and our many donor-designated scholarships, we are proud to say that the Foundation is helping prepare our county's students to be competitive in the global market and put a college degree within reach for many students.

Community and economic development continue to be integral part of who the Foundation is and what we do. Our Foundation leadership is actively engaged with the county-wide Economic Development Strategic Plan Committee and we are proud of our outreach efforts with community groups and leaders throughout our county's communities to understand their diverse community and economic development needs and to work together to find the resources to address those needs.

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 Foundation is proud to support arts and culture through our Blue Water Arts Committee as well as organization-designated funds with this focus.

Basic needs and human services and supporting the charitable organizations that service those needs throughout our county remain among our top priorities. Through past Match Day events and more recent 100 Women Who Care and 100 Men Events, we strive to raise awareness to those basic needs and related charitable organizations.

The consolidated financial statements report grants and back to school initiatives aggregating \$795,253 after the necessary supporting organization eliminations, FAS 136 (agency fund) reporting



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adjustments, and refunds. Prior to these adjustments, Foundation grant awards and initiatives aggregated approximately \$1.3 million.

The Foundation continues to view accountability, transparency and credibility as critical factors in its past, present and future success. We take pride in having maintained an unqualified audit opinion annually since its inception in 1944, and being one of the first 150 community foundations to receive (and maintain) certification for compliance with national standards for community foundations. Our audited financial statements and IRS Form 990s are available on our website or upon request.

With regard to these audited financial statements, Foundation management has acknowledged and stood 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.

Through the vision, experience, and efforts of our Board and Committee volunteers and staff, the Community Foundation continues to be an active community leader with the known ability to bring the donors and doers together to forge partnerships, collaboration and pooling of resources with the common goal to make our entire county a great place to live, work and play now and for years to come.

Respectively submitted,

Randy Maiers
President & CEO

Karen A. Lee
Director of Finance