

**THE COMMUNITY FOUNDATION
OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**CONSOLIDATED FINANCIAL STATEMENTS
with Supplementary Information**

**FOR THE YEAR ENDED
DECEMBER 31, 2018**



**THE COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

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DECEMBER 31, 2018**

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Community Foundation

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June 2019

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

As we mark the mid-way point of our 75th year, we proudly present these financial statements for the year-ended December 31, 2018, which reflect the consolidated operations of our Community Foundation and its two controlled supporting organizations ---The Community Renaissance Fund and the Blue Water Land Fund, Inc. In the following paragraphs, key highlights of 2018 will be recapped, and even with the market and particularly December's downturn, the year held many successful and notable accomplishments.

Speaking of 2018's market returns, the Foundation's final year-to-date net return of -3.68% shows we also felt the impact. Our investment philosophy has always been one in which we acknowledge we will not capture all of the market highs but conversely, we also will not experience all of the market lows. Our long-term, risk-diversified investment portfolio has consistently performed well in comparison with our peers of foundation, endowment and institutional investors through various market conditions and cycles, yet it is in down years like 2018 where our performance truly shines and we dramatically outperform peers. This was evident when comparing our 2018 returns to a 2018 Community Foundation Fiscal Administrative Officer Group (FAOG) Investment Survey, whereby we outperformed all participating community foundations by 3% and by 3.5% for those in our asset size category (\$50-\$99.9 million). Furthermore, we outperformed these peer returns for 3-year, 5-year, 7-year and 10-year time periods as well.

The market did have an impact on our financial statements, with a net investment decrease of \$1.94 million excluding the portion captured in our agency funds held by others. Consolidated assets as of December 31, 2018 were \$71.8 million in contrast to starting the year at \$75.7 million.

Among notable 2018 achievements is the continued financial support of our new and repeat donors through the creation of 21 new funds and an aggregate 3366 gifts, which in part was attributable to The Big Give held on June 12, 2018. Similar to past Match Day or Give Where You Live events, 2018's The Big Give raised approximately \$591,391 (including inter-fund gifts of \$46,686) for 83 non-profits. Of those participating non-profits, 40% hold agency endowments with our Foundation. As seen on the Statement of Activities, reported contributions aggregated \$2.16 million, excluding agency-related gifts (\$269,531 within our agency endowments and \$342,258 in The Big Give agency pass-through gifts).

The Foundation's spending policy maintains the same long-term prudent outlook to protect the health of funds in perpetuity, and also acknowledges and addresses community needs even in times of economic struggles and minimizes over-accumulation of investment earnings. It was that spending policy and specific earmarked gifts for granting that led the Foundation to reach a new all-time high with just under \$2.9 million in grants, before refunds, agency fund adjustment, and supporting organizations' elimination. Additionally, \$677,037 was allocated on a consolidated basis in 2018 to Foundation programs and initiatives, many of which are described in this letter. This record was achieved in part through sizeable grants from the Ralph C. Wilson Jr. Foundation for outdoor sports and recreation and an assessment of our regional trail systems. These particular grants are noteworthy because they demonstrate our collaborative partnerships with larger foundations who support our mission of improving our quality of life and increase our regional vibrancy and prosperity.

The Foundation with its two Type I controlled supporting organizations (Community Renaissance Fund and Blue Water Land Fund) comprise the largest foundation in the Michigan's Thumb Region, with a rich and proven 75-year history of identifying and addressing challenges and opportunities. Our partners and constituents look to the Community Foundation for its leadership, perspective, depth of knowledge and experience. In 2018, our Foundation assumed administration for SC4 Foundation's scholarships and

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endowment funds, and through this philanthropic partnership with St. Clair County Community College (SC4) and the SC4 Foundation, we collaboratively will be able to provide a greater impact on students and the community.

Every three years, we conduct a comprehensive assessment of the ever-changing community challenges and opportunities, and set forth updated strategic priorities that become the focus of our time discretionary resources. Outside of discretionary resources, the Foundation maintains hundreds of field of interest, donor-advised or designated endowments, gifted by thousands of our donors having a wide and diverse range of charitable interests. Thus, spending from these endowments will support other areas including arts and culture, parks and recreation, youth or the elderly, college awareness and preparation, scholarships or particular non-profits or geographic segments.

We strive to help our donors achieve their charitable goals and objectives, and to educate donors and the public on the community's ever-changing community needs. In 2018, we completed another update to our strategic priorities, which are now:

- **Community & Economic Growth and Prosperity**
 - Place-making
 - Downtown vitality and revitalization
 - Waterfront development and utilization
 - Connected trailways
 - Regional collaboration and planning
 - Entrepreneurism
 - Small business
 - Mission (aka 'impact') investing / True Profit-making investments within our region
 - Nonprofit capacity building
 - Re-engaging seniors and retirees into the workforce
 - Childcare and housing as it impacts the working class parents/families and employers
- **College, Career & Life Success**
 - Programs & projects to re-engage students who do not complete a college degree in a traditional timeframe or who leave college to explore other options
 - Exploration & preparation for career and lifetime success after K-12
 - Emphasis on skilled trades and apprenticeship programs
 - Robotics programs and related facilities, workshops, labs, competition space
 - Pathways to career options and exploration with an emphasis on non-traditional students and young adults
 - Hands-on learning and training programs for youth and adults alike, including under-educated or under-trained adults looking for new career options
 - Employer Resource Networks that address life needs of working class residents, including issues such as daycare, substance abuse, transportation short-term loans, and access to services.

While funding is the traditional way community foundations make an impact on addressing community needs through its strategic priorities, it is not the only way. With limited discretionary resources, our Foundation widens its impact through mission investing, acting in visionary and leadership roles, being a convener or catalyst, shedding light on issues and bringing the appropriate organizations to the table to invoke change. While our initial intention is to accomplish these things locally, they often expand on a far-more reaching scale.

Community Foundation

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One such example of such efforts continues to be our Come Home “Reverse” Scholarships Program. Our Foundation has remained one of the community foundations at the forefront nationally leading efforts to redefine scholarship programs. Not only has our Foundation had continued success with attracting and retaining talent to fulfill a county-wide shortage of STEAM (science, technology, engineering, arts and math) skill sets, the momentum for talent attraction and retention has spread regionally and the County is starting to see the return of young educated professionals who are doing so without the added incentive offered under our program. With these trends and related media attention, communities across the nation are trying to replicate our ‘formula’ for such success.

Another notable way our Foundation is being strategic and making impact beyond its funding is also with scholarship assets and specifically, our Complete Your Degree (CYD) Program. This initiative expands beyond the traditional up-front, single-award scholarship for tuition and books to a full circle, life and career success approach. The life-success program follows non-traditional and at-risk students through completion of a college degree, or certification / training in college or skilled trades. The focus is on helping them overcome life’s challenges and barriers that stand in their way. In 2018, our first two students under this CYD Program graduated. Our Foundation, along with these individual students, proudly celebrated the significance of that accomplishment, and we look forward to the numerous students to follow.

Accountability, transparency and credibility are critical factors in our Foundation’s past, present and future success, and it is noteworthy that the Foundation has maintained an unmodified audit opinion annually since our inception in 1944. We were one of the first 150 community foundations to receive and maintain accreditation for compliance with national standards for all community foundations, and since that time, we have completed the extensive reaccreditation process to retain accreditation with Council on Foundations’ national standards. The Foundation uses available technological resources in our endeavor to demonstrate these characteristics to all stakeholders including our Board and committees, donors, grantees and the general public. We make all our policies and governing documents available on our website --- www.stclairfoundation.org---along with audited financial statements and IRS Form 990s (also available upon request).

As this audit report and the respective auditor’s opinion evidence, Foundation management recognizes the importance of their role in the health of the organization and accepts full responsibility for its financial records and 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 above highlights capture only a handful of happenings that evidence our Foundation’s success for the year-end ended December 31, 2018. Similarly to previous years, what these things all have in common is that each individual highlight results from the collective efforts of donors and doers, at all levels, having the inspiring goal of making our region a great place to live, work and play now and for years to come. Great things continue to happen in our community, and it is truly a wonderful time to live in this region, see the positive impacts around you, and feel the increasing momentum.

Respectively submitted,



Randy Malers

President & CEO



Karen A. Lee
Director of Finance

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Community Foundation of St. Clair County
Port Huron, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Foundation of St. Clair County (the "Foundation") (a nonprofit organization) and supporting organizations which comprise the consolidated statement of financial position as of December 31, 2018, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Community Foundation of St. Clair County and supporting organizations as of December 31, 2018 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.

Change in Accounting Principle

As discussed in Note 16 to the financial statements, the Foundation adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Community Foundation of St. Clair County's December 31, 2017 consolidated financial statements and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 11, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is 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.

Disclaimer of Opinion on Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Letter to the Volunteers, Donors, and Partners, as listed in the table of contents, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Stewart, Beauvais & Whipple
Certified Public Accountants

June 17, 2019

BASIC FINANCIAL STATEMENTS

**THE COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017**

| | 2018 | Restated 2017 |
|---|---------------|------------------|
| ASSETS | | |
| Assets: | | |
| Cash and cash equivalents | \$ 3,470,482 | \$ 2,322,402 |
| Interest and other receivables | 60,709 | 36,163 |
| Prepaid expenses | 22,728 | 5,280 |
| Notes receivables, net of discount | 82,465 | 110,983 |
| Cash surrender value of contributed life insurance | 50,965 | 51,239 |
| Pledges, net of discount | 31,279 | 6,802,605 |
| Investments | 63,214,549 | 61,456,150 |
| Property and equipment, net of accumulated depreciation | 4,851,410 | 4,951,550 |
| Total Assets | \$ 71,784,587 | \$ 75,736,372 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable | \$ 33,562 | \$ 36,375 |
| Accrued expenses | 74,603 | 77,081 |
| Accrued interest | 931 | 1,208 |
| Grants payable | 582,520 | 125,580 |
| Note payable | 537,456 | 650,168 |
| Deferred compensation contract | 46,250 | 66,500 |
| Agency funds held for others - | | |
| Endowed | 2,236,107 | 2,336,889 |
| Nonendowed | 8,704,704 | 9,273,169 |
| Total Liabilities | 12,216,133 | 12,566,970 |
| Net Assets (NOTE 1): | | |
| Without donor restrictions - | | |
| Investment in property and equipment | 4,851,410 | 4,951,550 |
| Donor endowments: | | |
| For general charitable purposes | 5,024,397 | 5,435,921 |
| For designated purposes | 40,737,356 | 43,756,806 |
| Board-designated endowments: | | |
| For grant-making | 2,571,527 | 2,338,200 |
| For operations (programs & services) | 2,992,821 | 3,619,205 |
| Non-endowed (fully spendable) donor funds | 2,421,820 | 2,185,953 |
| Operating reserve | 969,123 | 881,767 |
| Total Net Assets | 59,568,454 | 63,169,402 |
| Total Liabilities and Net Assets | \$ 71,784,587 | \$ 75,736,372 |

See accompanying notes to consolidated financial statements.

**THE COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

| | 2018 | Restated 2017 |
|--|---------------|------------------|
| Revenues, Gains, and Other Support: | | |
| Public Support - | | |
| Contributions: | | |
| Cash | \$ 1,824,130 | \$ 1,094,398 |
| Non-cash | 337,584 | 1,205,616 |
| Total Contributions | 2,161,714 | 2,300,014 |
| Revenue and Gains - | | |
| Investment income (loss), net of expense | (1,944,814) | 6,201,610 |
| Decrease in cash surrender value of life insurance | (274) | (3,282) |
| Fund management fees | 71,840 | 35,904 |
| Other | 33,159 | 100,773 |
| Total Revenue and Gains | (1,840,089) | 6,335,005 |
| Total Revenues, Gains, and Other Support | 321,625 | 8,635,019 |
| Expenses: | | |
| Program expenses - | | |
| Grants | 2,446,362 | 2,368,841 |
| Community Initiatives | 32,521 | 140,054 |
| Other Program Expenses | 644,516 | 574,408 |
| Management and general | 478,817 | 435,797 |
| Fundraising expenses | 320,357 | 289,812 |
| Total Expenses | 3,922,573 | 3,808,912 |
| Change in Net Assets | (3,600,948) | 4,826,107 |
| Net Assets at beginning of year | 63,169,402 | 58,343,295 |
| Net Assets at end of year | \$ 59,568,454 | \$ 63,169,402 |

See accompanying notes to consolidated financial statements.

**THE COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2017**

| | Program Services | | | Total |
|---|-------------------------|--------------------------|-------------------------|---------------------|
| | Community Foundation | Community Renaissance | Blue Water Land Fund | |
| Salaries | \$ 206,182 | \$ - | \$ - | \$ 206,182 |
| Employee Benefits/Payroll Taxes | 53,704 | - | - | 53,704 |
| Professional Services/Consultancies | 28,337 | - | 10,581 | 38,918 |
| Legal Services | - | - | - | - |
| Occupancy | 3,973 | 4,069 | 5,780 | 13,822 |
| Utilities | 2,789 | 1,024 | 3,611 | 7,424 |
| Equipment Rental and Maintenance | 6,881 | 4,830 | 13,543 | 25,254 |
| Telephone | 1,220 | - | - | 1,220 |
| Postage | 1,223 | - | - | 1,223 |
| Community Relations and Awareness/Website | 12,140 | 65,870 | - | 78,010 |
| Donor Cultivation/Fundraising | 58,946 | - | - | 58,946 |
| Foundation Committee | 2,749 | 378 | - | 3,127 |
| Dues, Memberships, and Subscriptions | 2,828 | 15 | - | 2,843 |
| Property and Liability Insurance | 1,750 | 999 | 12,558 | 15,307 |
| Office Supplies | 1,769 | 145 | 145 | 2,059 |
| Stationery/Printing | 408 | - | - | 408 |
| Computer Equipment and Maintenance | 11,346 | - | - | 11,346 |
| Travel and Related Expenses | 6,381 | 198 | - | 6,579 |
| Youth Advisory Council | 4,356 | - | - | 4,356 |
| Other | 1,035 | 56 | 142 | 1,233 |
| Depreciation | 18,959 | 22,736 | 70,860 | 112,555 |
| | <u>426,976</u> | <u>100,320</u> | <u>117,220</u> | <u>644,516</u> |
| Grants | 2,363,207 | 83,155 | - | 2,446,362 |
| Community Initiatives | 90 | 10,297 | 22,134 | 32,521 |
| Total Expenses | <u>\$ 2,790,273</u> | <u>\$ 193,772</u> | <u>\$ 139,354</u> | <u>\$ 3,123,399</u> |

See accompanying notes to consolidated financial statements.

| Supporting Services | | Total | |
|------------------------|-------------------|---------------------|---------------------|
| Management and General | Fundraising | 2018 | 2017 |
| \$ 271,478 | \$ 191,758 | \$ 669,418 | \$ 615,413 |
| 78,697 | 57,871 | 190,272 | 167,406 |
| 25,016 | - | 63,934 | 59,258 |
| 2,900 | - | 2,900 | 4,858 |
| 5,354 | 3,816 | 22,992 | 69,742 |
| 3,758 | 2,679 | 13,861 | 13,106 |
| 9,272 | 6,610 | 41,136 | 20,316 |
| 1,643 | 1,172 | 4,035 | 6,469 |
| 1,649 | 1,175 | 4,047 | 4,315 |
| - | - | 78,010 | 14,031 |
| - | 10,553 | 69,499 | 40,571 |
| - | - | 3,127 | 1,569 |
| 3,811 | 2,716 | 9,370 | 9,116 |
| 2,357 | 1,680 | 19,344 | 28,059 |
| 2,383 | 1,699 | 6,141 | 4,069 |
| 550 | 392 | 1,350 | 2,954 |
| 15,287 | 10,898 | 37,531 | 30,667 |
| 8,597 | 6,129 | 21,305 | 13,774 |
| - | - | 4,356 | 3,179 |
| 20,519 | 2,998 | 24,750 | 30,276 |
| 25,546 | 18,211 | 156,312 | 160,869 |
| <u>478,817</u> | <u>320,357</u> | <u>1,443,690</u> | <u>1,300,017</u> |
| - | - | 2,446,362 | 2,368,841 |
| - | - | 32,521 | 140,054 |
| <u>\$ 478,817</u> | <u>\$ 320,357</u> | <u>\$ 3,922,573</u> | <u>\$ 3,808,912</u> |

**THE COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017**

| | 2018 | 2017 |
|---|---------------|---------------|
| Cash Flows from Operating Activities: | | |
| Cash received from - | | |
| Donors | \$ 2,064,853 | \$ 2,556,308 |
| Interest and dividend | 1,461,013 | 1,251,788 |
| Agency funds held for others | 543,709 | 1,055,849 |
| Other | 133,517 | 113,767 |
| Cash paid for - | | |
| Grants | (1,906,267) | (2,277,761) |
| Suppliers | (480,747) | (488,234) |
| Employees | (882,418) | (769,174) |
| Investment management and interest | (391,560) | (329,290) |
| Agency funds held for others | (491,216) | (220,466) |
| Net Cash Provided by Operating Activities | 50,884 | 892,787 |
| Cash Flows from Investing Activities: | | |
| Proceeds from sale of investments | 12,862,516 | 17,650,121 |
| Purchase of investments | (11,641,021) | (18,945,747) |
| Sale (purchase) of certificates of deposits | - | 273,000 |
| Note proceeds | - | 600,000 |
| Payments on notes payable | (112,712) | (18,417) |
| Purchase of property and equipment | (11,227) | (43,981) |
| Net Cash Provided by (Used in) Investing Activities | 1,097,556 | (485,024) |
| Net increase in cash and cash equivalents | 1,148,440 | 407,763 |
| Cash and cash equivalents at beginning of year | 2,322,042 | 1,914,639 |
| Cash and cash equivalents at end of year | \$ 3,470,482 | \$ 2,322,402 |
| Noncash Investing activities: | | |
| Receipt of donated property | \$ 128,100 | \$ - |
| Donated investment securities | 209,484 | 1,205,616 |
| | \$ 337,584 | \$ 1,205,616 |
| Supplemental Disclosures of Cash Flow Information: | | |
| Interest paid | \$ 17,464 | \$ 11,881 |

See accompanying notes to consolidated financial statements.

**COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES:**

DESCRIPTION OF ORGANIZATION:

The Community Foundation of St. Clair County is an IRS-approved 501(c)(3) charitable organization which works with donors and community partners to serve the charitable needs and enhance the quality of life primarily in and for the communities in St. Clair County, Michigan.

The Community Renaissance Fund was organized in 2004 as a 501(c)(3) to serve as a supporting organization of the Community Foundation of St. Clair County. The Board of Directors of the Community Renaissance Fund is determined by the Board of Trustees of the Community Foundation of St. Clair County. Since the Community Foundation of St. Clair County has a controlling interest, generally accepted accounting principles require that it be consolidated with the Community Foundation of St. Clair County.

The Blue Water Land Fund, Inc. was organized in 2011 as a 501(c)(3) to serve as a supporting organization of the Community Foundation of St. Clair County. The Board of Trustees of the Blue Water Land Fund, Inc. is appointed by the Board of Directors of the Community Foundation of St. Clair County. Since the Community Foundation of St. Clair County has a controlling interest, generally accepted accounting principles require that it be consolidated with the Community Foundation of St. Clair County.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Community Foundation of St. Clair County and supporting organizations (the "Foundation") are in accordance with accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. The following is a summary of policies which are considered significant to the Foundation:

BASIS OF ACCOUNTING/PRESENTATION - The consolidated financial statements include the accounts of the Community Foundation of St. Clair County, the Community Renaissance Fund, and Blue Water Land Fund, Inc., which are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Inter-organizational transactions have been eliminated in the consolidated statements. The statements are presented in accordance with the accounting principles outlined in the American Institute of Certified Public Accountants Audit and Accounting Guide for Not-for-Profit Organizations and the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) Statement 958, *Financial Statements of Not-for-Profit Organizations*. In accordance with ASC 958, net assets are classified based on the existence or absence of donor-imposed restrictions, as well as variance power the Foundation has over such funds. Accordingly, net assets and changes therein are classified and reported under the following definitions:

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions that involve the purpose/use of the funds or the timing thereof. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, while other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES - (cont'd):**

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Foundation.

The Community Foundation's net assets are fully classified as Net Assets without Donor Restrictions given the existence of variance power outlined within its Articles of incorporation and Bylaws and fund agreements. Honoring the charitable intent of our donors is at the core of the Foundation's mission and directs how our Foundation's operations and assets are managed. Variance power has rarely been exercised throughout our 75 years of existence, and in all instances, exercising variance power would require formal action of the full Board of Trustees, and there must be a clear demonstration of how original donor intent is being honored.

To evidence our recognition of donor intent and the use of funds, the Foundation reports Net Assets without Donor Restrictions under the following categories:

- Invested in Property and Equipment – Our Foundation office building and related fixed assets, our Blue Water River Walk, farmland, an Art Incubator building, and other fixed assets used for programs in fulfillment of our mission.
- Donor Endowments for General Charitable Purposes – Endowments that were established to address ever-changing community needs with a perpetual intent.
- Donor Endowments for designated purposes – Endowments with a perpetual intent and for donor-designated purposes that may involve named charitable programs/non-profits, specified field of interest or be advised by donors and meeting certain IRS requirements.
- Board-designated Endowments – Endowments benefiting Foundation operations and other general charitable grant-making endowments established by the Board or through unrestricted estate distributions.
- Non-endowed Donor Funds – Funds received for grant-making and charitable programs that are not perpetual in nature and have designated purposes.
- Funds for Operations (Programs & Services) – Reserves for our core Foundation operations and initiatives under our two supporting organizations.

CASH AND CASH EQUIVALENTS - Cash and cash equivalents consist of demand deposits in financial institutions and cash on hand.

INVESTMENTS - Money market investment funds held under the custody of fund managers represent temporarily uninvested monies and are considered short-term investments. Investments in common and preferred stocks, bonds, U.S. Treasury bills, and mutual funds are carried at quoted fair value. Commingled Trust Funds are carried at fair value, which are estimated based on the net asset value per share (or its equivalent) by the investment manager. The Foundation's investments in nonmarketable limited partnerships are generally carried at fair value, which is estimated based on the net asset value per share (or its equivalent) by the investment manager. Audited information is only available annually, typically six months or more after the end of the partnership's year. Management of the Foundation reviews these monthly and/or quarterly statements provided by the general partner or manager of the funds, records the reported investment activity, and assesses the reasonableness of the fair values provided at the interim dates and included in the Foundation's financial statements. The Mission Investment is an investment/loan to a Community College in furtherance of the Foundation's charitable mission.

**COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES - (cont'd):**

Because of the inherent uncertainty of valuations, the fair values used may differ from values that would have been used had a ready market existed. Realized gains and losses on sales of investments represent the difference between the net sales price and the cost of the securities sold. Unrealized gains or losses on investments represent the net change for the reported year in unrealized appreciation (depreciation) between the balance at the beginning and the end of the year.

RISKS AND UNCERTAINTIES - The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

PLEDGES RECEIVABLE - Unconditional promises to give are recognized as contributions in the period the promise is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional contributions receivable that are expected to be collected within one year are recorded at the net realizable value, those that are expected to be collected in future years are recorded at the present value of the expected future cash flows using management's best estimate of key assumptions including collectability, payment period, and a discount rate commensurate with current market and other risks involved.

NOTES RECEIVABLE - Notes receivable are stated at the amount management expects to collect from outstanding balances. All notes are recorded net of any forgivable portion and long-term notes with no interest are recorded at the estimated present value.

Interest on loans is recognized over the term of the loan and is calculated on principal amounts outstanding according to the terms of the loan agreement.

GRANTS - Grants are recorded as expenses when they are approved by the Board for payment.

PROPERTY AND EQUIPMENT - Property and equipment consists of land, land improvements, buildings and improvements, office furniture, equipment, and leasehold improvements and are recorded at cost at the date of purchase or at estimated fair market value at the date of donation. Major additions are capitalized, while maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. Gains or losses from disposals are included in earnings. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

The estimated useful lives of the assets are as follows:

| | |
|---------------------------|-------------|
| Building and improvements | 10-50 years |
| Land improvements | 10-20 years |
| Equipment | 2-15 years |

**COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES - (cont'd):**

INCOME TAXES - The Foundation is a not-for-profit organization classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and is a nonprivate foundation under Section 509(a)(1) of the Internal Revenue Code of 1986. The Community Renaissance Fund and Blue Water Land Fund, Inc. are classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and Type 1 supporting organizations under Section 509(a)(3). Accordingly, no provision for income taxes is required. However, certain investment activity of the Foundation is subject to federal income tax, which is immaterial and thus has been expensed when paid. Therefore, no provision of income taxes has been made in these financial statements.

The Foundation's forms 990 and 990-T for years ending 2015, 2016, 2017, and 2018 are subject to examination by the IRS, generally for 3 years after they were filed. These returns are available on our website or upon request.

INVESTMENT POOLS AND ALLOCATION OF INVESTMENT INCOME - The funds are combined into one or more investment pools with various fund managers, whereby each participating fund shares a percentage interest of the total investments. Realized and unrealized gains and losses, interest and dividend income from securities in the investment pool, bank interest, and investment management and custodial fees are allocated monthly to the individual funds based on the relationship of the investment balance of each fund to the total investment balances of all funds in the pools.

FAIR VALUE MEASUREMENTS - ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The Foundation accounts for certain financial assets and liabilities at fair value.

FUNCTIONAL EXPENSES - The costs of providing the program and support services have been reported on a functional basis in the statement of activities. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries and wages, benefits, payroll taxes, professional services, occupancy, utilities, office expenses, information technology, insurance, depreciation, and other are allocated on the basis of estimates of time and effort. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

ESTIMATES - In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUBSEQUENT EVENTS - In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 17, 2019, the date the financial statements were available to be issued.

**COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 - LIQUIDITY AND AVAILABILITY:

When assessing liquidity and availability of financial assets to meet general expenditures annually, the Foundation considers its funding needs for operations and grant-making.

Foundation operations are funded through fund management fees as described in Note 11, annual spending appropriations from its Board-designated endowment for operations, and donor gifts specifically designated for the programs and services provided by the Foundation.

The Foundation's spending policy, described in Note 14, dictates the annual spending appropriations from Board-designated and donor endowments, which funds both grants and fund management fees. Such appropriations, along with the Foundation's annual budget for operations, are subject to Board approval. Unspent, approved spending appropriations may exist from year-to-year, which are being held for larger or specific projects or programs. The Foundation strives to put its available resources to work in the community and its policies and procedures ensure funds remain active. Such unspent appropriations remain currently available for general expenditure.

Financial assets available for general expenditures for use within one year of December 31, 2018 comprise the following:

| | |
|---|---------------------|
| Cash and cash equivalents | \$ 3,470,482 |
| Interest and other receivables | 60,709 |
| Investments | 63,214,549 |
| Notes receivable | 11,000 |
| Cash surrender value of contributed life insurance | 50,965 |
| Pledges receivable | <u>10,800</u> |
| | 66,818,505 |
| Less - Donor endowments | (45,761,753) |
| Board-designated endowments | (5,564,348) |
| Agency funds held for others | (10,940,811) |
| Add - Board-approved Endowment Spending Appropriations (excludes agency funds) | <u>3,256,039</u> |
| | <u>\$ 7,807,632</u> |

Within the long-term structure of investment portfolio, the Foundation does hold alternative investments that are not redeemable within one year, those financial assets are already not considered liquid and available through the exclusion of donor and board-designated endowments and agency funds above.

As part of our liquidity management plan, the Foundation assesses cash needs against available cash throughout the year. Sweeps to or from investment pools are then processed, working with our investment advisor to maintain target asset allocations and ranges outlined by our investment policy. Cash, awaiting use for general expenditures, are invested in short-term investments and money market funds.

**COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3 - CASH AND INVESTMENTS:

CONCENTRATION OF CREDIT RISK -

Cash and cash equivalents of \$3,470,482 at December 31, 2018 are made up of demand deposit accounts and \$50 petty cash funds. The bank balance at December 31, 2018 totaled \$3,431,564, of which \$3,030,285 was insured by depository insurance and the remaining \$401,279 was uninsured and uncollateralized.

INVESTMENTS -

At December 31, investments within the operating and endowment pools of the Foundation consist of the following:

| | 2018 | 2017 |
|---|---------------|---------------|
| Money Market Funds | \$ 1,388,230 | \$ 1,335,914 |
| Common Stock | 1,049,060 | 1,185,237 |
| Common Commingled Trust Fund | 4,005,567 | 4,544,643 |
| Exchange Traded & Mutual Funds | 47,311,043 | 45,885,476 |
| U.S. Debt Securities - Mortgage-backed Securities | 78 | 111 |
| Corporate Debt Securities | 39 | 35 |
| Alternative Investments - | | |
| Mission Investment | 750,000 | 750,000 |
| Private Real Estate Investments | 8,660,532 | 7,754,734 |
| Privately Held Stock | 50,000 | - |
| | \$ 63,214,549 | \$ 61,456,150 |

The Foundation had the following return on investment for the year ended December 31:

| | 2018 | 2017 |
|---------------------------------------|----------------|--------------|
| Interest and Dividends | \$ 1,485,584 | \$ 1,243,171 |
| Gain on Sale of Investments | 1,381,690 | 2,273,104 |
| Unrealized Gain (Loss) on Investments | (4,420,528) | 3,014,625 |
| Investment Management Fees/Expenses | (391,560) | (329,290) |
| Total | \$(1,944,814) | \$ 6,201,610 |

NOTE 4 - PROPERTY AND EQUIPMENT:

The following is a summary of property and equipment at December 31, 2018:

| | |
|---------------------------------|--------------|
| Land | \$ 2,851,573 |
| Land improvements | 987,433 |
| Buildings and improvements | 1,465,545 |
| Equipment | 165,264 |
| | 5,469,815 |
| Less - Accumulated depreciation | (618,405) |
| | \$ 4,851,410 |

Depreciation expense for the year was \$156,312.

**COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5 - PLEDGES RECEIVABLE:

The Foundation pledges receivable at December 31, 2018 totaled \$31,279, with \$10,800 due in less than one (1) year, and the remainder due within five (5) years. The amount of \$31,279 is considered the discounted value (5%) of contributions receivable in excess of one year at December 31, 2018.

In addition, the Foundation was named the beneficiary of a charitable remainder Unitrust; however, because the donor has retained the right to redirect the benefits to another nonprofit organization, the beneficial interest has not been recorded as a receivable or revenue.

NOTE 6 - NOTES RECEIVABLE:

James C. Acheson 85 Trust - This asset and liability relate to a property acquired by Blue Water Community Action, funded by the Community Renaissance Fund through a gift from the James C. Acheson 85 Trust. As stipulated in the supporting letters of agreement, when the current renters no longer reside in the property, such property will be sold. At that time, the greater of the sales proceeds or the original loan amount of \$68,585 shall be repaid to the Community Renaissance Fund, who in turn agrees to repay the James C. Acheson 85 Trust this amount, less the cost of any major repairs that were needed during the rental period. The balance at December 31, 2018, including the current portion of \$0, is:

\$ 68,585

Promissory Notes - In August 2015, the Foundation loaned \$25,000 without interest to a nonprofit organization, to be repaid in quarterly installments of \$1,250 over five years. The discount on the note receivable in excess of one year at December 31, 2018 is \$620. The balance at December 31, 2018, including the current portion of \$5,000, is:

\$ 6,380

In March 2018, the Foundation loaned \$12,000 without interest to a local village to be repaid in quarterly installments of \$1,500 over two years. The balance at December 31, 2018, including the current portion of \$6,000, is:

7,500

\$ 13,880

Home Improvement Loans - During the years 2004 through 2006, home improvement loans in amounts up to \$30,000 were offered to renters, landlords, and potential buyers of homes in a ten-block residential area who were willing to convert a home from renter-occupied to owner-occupied. The Port Huron geographic area involved, the eligibility criteria and loan terms were established in conjunction with applicable funding sources, and new loans were not offered after 2006. The loans were interest-free, and one-half was repayable upon the sale of the home. The Foundation is listed on the promissory note and as a mortgagor on the mortgage. However, because the Foundation is the second mortgagor, these loans have not been recorded as a receivable for financial statement purposes. Any subsequent payments will be recorded as revenue in the year they are received. The balance outstanding at December 31, 2018 amounted to \$52,790.

NOTE 7 - GRANTS PAYABLE:

At December 31, 2018, the Foundation's grants payable was \$582,520, of which \$561,285 is payable in less than one year and \$21,235 is payable in 1-5 years.

**COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 - LIFE INSURANCE CONTRACTS:

The Foundation is the owner and beneficiary of life insurance policies for three individuals with an aggregate face value of \$386,042. The annual premiums are paid with contributions received from the individuals insured by the policies or by the policies' equity. The cash surrender value of these policies has been recorded as revenue and an asset when donated. Annual increases or decreases in the cash surrender value of the policies are recorded as revenue (or reduction of revenue) in the year incurred. The cash surrender value at December 31, 2018 is \$50,965.

NOTE 9 - LONG-TERM DEBT:

To support construction of tennis courts at St. Clair High School in 2017, while leveraging grant-making capabilities over the next five years, five of the Foundation's donor-designated field of interest funds requested the Foundation's Board approve the use of debt-financing, which would be repaid over five years through an allocation of the annual grant budgets of these five field of interest funds. The Foundation's Board approved this request and on April 10, 2017, the Foundation executed a promissory note with Fifth Third Bank to borrow \$600,000 at a 3.25% annual rate of interest. The note is secured by certain assets of the five donor-designated field of interest funds held at Fifth Third Bank, valued at approximately \$6.9 million at December 31, 2018. After the initial six-month construction/draw phase of interest-only payments, monthly payments of \$10,848 began and will continue over the term of the note, with a final payment due October 10, 2022. Interest of \$17,187 was expensed during the year ended December 31, 2018.

A note payable is recorded to James C. Acheson 85 Trust of \$68,585 and is payable at the time the related property is sold, as detailed in Note 5.

The balance at December 31, 2018 is as follows:

| | | |
|------------------------|--|-------------------|
| Total | | \$ 537,456 |
| Less - current portion | | (116,477) |
| | | <u>\$ 420,979</u> |

The future maturities are as follows (does not include the note to James C. Acheson 85 Trust as there is not a due date as of December 31, 2018):

| | | |
|------|--|-------------------|
| 2019 | | \$ 116,477 |
| 2020 | | 120,342 |
| 2021 | | 124,399 |
| 2022 | | <u>107,653</u> |
| | | <u>\$ 468,871</u> |

**COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 10 - DEFERRED COMPENSATION:

Effective January 1, 2005, the Foundation's Board approved the creation of a 403(b) Retirement Savings Plan, for the purpose of providing employees the opportunity to accumulate a source of retirement income in addition to Social Security and personal savings. All Foundation employees may make voluntary, tax-deferred contributions to the plan, up to IRS limits, through salary reduction agreements. The 403(b) Retirement Savings Plan also provides for discretionary non-elective employer contributions (presently at 5%) for all employees who work 1,000 hours annually and have one year of service, with 100% immediate vesting. Fidelity Investments is the service provider of this plan and contributions made under this plan are electronically transferred on the same day as payroll. For the year ended December 31, 2018, the Foundation contributed \$37,998.

Additionally, effective October 1, 2004, the Foundation has a Deferred Compensation Benefit Agreement with its CEO/President. This agreement outlines a prorated, annual deferred compensation amount and a rolling 5-year vesting period as calculated from the effective date of the agreement. The Deferred Compensation Benefit Plan was discontinued in 2016 with the remaining unvested amounts continuing to be paid out in accordance with the vesting schedule. As of December 31, 2018, the CEO/President has "unvested" deferred compensation rights of \$46,250.

NOTE 11 - FUND MANAGEMENT FEES:

The Foundation assesses a monthly management fee on the individual funds maintained, which supports Foundation operations. Fund management fees, as outlined in the current fee schedule, vary based upon the fund type and per annum and range from 1.5% to 2% of the market value of the fund's investments. The Foundation also assesses fees for temporary funds that have no plans for permanence of 3.0% of gifts received with a minimum of \$500 and for community projects in which the Foundation has been requested to manage of 7.5% of the total project budget with a minimum of \$5,000.

Total fund management fees assessed for the year ended December 31, 2018 were \$808,178, which represents revenue to the Foundation's Program and Services Fund and expense to the individual endowment funds. Due to the inter-fund nature of these transactions, consolidated financial statements only report the portion of fund management fee revenue associated with funds held as agency endowments, as further explained in Note 15.

NOTE 12 - RELATED SUPPORTING ORGANIZATIONS:

James C. Acheson Charitable Foundation -

The James C. Acheson Charitable Foundation was organized in 2002 as a 509(a) to serve as a supporting organization of the Foundation. The Board of Trustees consists of three (3) members who were initially appointed by the incorporator, with their successors elected. The Community Foundation of St. Clair County shall at all times have the power to approve two (2) additional members; however, they have not exercised that option. Since the Foundation does not have control of the entity, its activities have not been included in the Foundation's financial statement.

**COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 13 - FAIR VALUE MEASUREMENTS:

In accordance with ASC 820, the Foundation uses fair value measurements to record adjustments to certain assets and liabilities. The ASC 820 defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” The Codification also sets out a fair value hierarchy ranking the levels of the inputs used as assumptions in the valuation techniques used to value an asset or liability. The fair value hierarchy gives the highest priority to quoted prices in an active market for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Transfers between levels are deemed to have occurred as of the beginning of the year. The three levels of hierarchy are described as follows:

Level 1 - inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. An active market is a market in which transactions of the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include quoted market prices of similar assets or liabilities in active markets, quoted market prices for identical or similar assets or liabilities in markets that are not active, and pricing models developed principally from inputs from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are unobservable and allowed in situations where there is little, if any, market activity for the asset or liability at the measurement date. These inputs reflect the reporting entity’s own assumptions about assumptions that would be used by market participants.

The following table presents the Foundation’s fair value hierarchy for the assets and liabilities measured at fair value on a recurring basis as of December 31, 2018:

| | <u>Total</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|--|----------------------|----------------------|----------------|-------------------|
| Assets: | | | | |
| Investments - | | | | |
| Money Market Funds | \$ 1,388,230 | \$ 1,388,230 | \$ - | \$ - |
| Common Stock | 1,049,060 | 1,049,060 | - | - |
| Common Commingled Trust (1) | 4,005,567 | - | - | - |
| Exchange Traded & Mutual Funds | 47,311,043 | 47,311,043 | - | - |
| U.S. Debt Securities - mortgage backed securities | 78 | - | 78 | - |
| Corporate Debt Securities | 39 | - | 39 | - |
| Alternative Investments: | | | | |
| Mission Investment | 750,000 | - | - | 750,000 |
| Private Real Estate Investments (1) | 8,660,532 | - | - | - |
| Privately Held Stock | <u>50,000</u> | <u>-</u> | <u>-</u> | <u>50,000</u> |
| Total Assets | <u>\$ 63,214,549</u> | <u>\$ 49,748,333</u> | <u>\$ 117</u> | <u>\$ 800,000</u> |
| Liabilities: | | | | |
| Funds held as Agency Endowments (2) | <u>\$ 10,940,811</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(1) These investments are measured at Net Asset Value (NAV) per share and are not classified in the fair value hierarchy.

(2) The fair value of these liabilities is based on the composite of the investments noted above.

**COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 13 - FAIR VALUE MEASUREMENTS - (cont'd):

Level 2 classifications consist of the following:

Mortgage Backed Securities and Corporate Debt Securities - are based on other market data for the same or comparable instrument or transactions.

Level 3 classifications consist of the following:

Mission Investment - is based on the principal balance outstanding on loan to a governmental entity to further the Foundation's initiatives. Interest on the loan is collected monthly at a rate of 0.75% to 4.00% beginning October 8, 2017 through September 8, 2028, at which time the note shall be paid in full.

Privately Held Stock - is valued conservatively at a value of \$1 per share, as the company who donated the stock is in the process of patenting their product and it is unclear if the patent will come to fruition.

The following table represents a reconciliation of the beginning and ending balances of Level 3 investment activity that is measured at fair value using unobservable inputs:

| | |
|------------------------------|-------------------|
| Beginning Balance | \$ 750,000 |
| Donated privately-held stock | <u>50,000</u> |
| Ending Balance | <u>\$ 800,000</u> |

At year-end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

| | <u>Fair Value</u> | <u>Unfunded Commitments</u> | <u>Redemption Frequency, if Eligible</u> | <u>Redemption Notice Period</u> |
|-------------------------|-------------------|---------------------------------|--|-------------------------------------|
| Commingled Trust | \$ 4,005,567 | \$ - | End of each month | 10 days |
| Alternative Investments | 8,660,532 | 1,278,923 | Varies* | Varies* |

* Redemption frequency and notice periods of each investment vary from the end of each quarter to not applicable through the commitment period.

NOTE 14 - ENDOWMENT FUNDS:

Net Asset Classifications -

In August 2009, the Financial Standards Board (FASB) issued Staff Position No. FAS 117-1 (ASC 958), Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and Enhanced Disclosures for All Endowment Funds to provide guidance and improve disclosures on net asset classification of endowments held by not-for-profit organizations.

**COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 14 - ENDOWMENT FUNDS - (cont'd):

Further addressing net asset classification, in August 2016, the Financial Standards Board issued Accounting Standards Update (ASU) 2016-14, *Not-for Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for Profit Entities*. This Topic 958 update takes effect with this December 31, 2018 year-end, and provides more useful information to donors and other users of financial statements by improving current net asset classification, and financial statement and footnote disclosures about the entity's liquidity, financial performance, expenses and cash flows.

The State of Michigan adopted UPMIFA, effective September 10, 2009. While some funds are wholly expendable on a current basis, the vast majority of Foundation funds meet the definition of endowment funds under UPMIFA. All endowments are managed in compliance with UPMIFA and the funds' underlying gift instruments/fund agreements. In accordance with UPMIFA, the Foundation considers certain factors in the management of its endowments. These factors which are incorporated into the Foundation's investment and spending policies as further explained below include the following: (a) the duration and preservation of the fund; (b) the purposes of the donor endowment fund in conjunction with the Foundation's non-profit status; (c) general economic conditions; (d) the possible effect of inflation and deflation; (e) the expected total return from income and the appreciation of investments; (f) the Foundation's other available resources; and (g) the Foundation's investment policies. These factors are taken into consideration upon the Foundation's application of the endowment investment and spending policies outline as follows:

Endowment Investment and Spending Policies -

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 endowments while seeking to maintain "real" growth of assets, net of inflation, spending and fees. The Fund's investment objective is to earn a "real" rate of return which exceeds the rate of inflation by at least 4% per year over rolling five-year periods. The rate of inflation is defined as the annual rate of change in the Consumer Price Index.

The Foundation's objective is based on the expected returns under a strategic asset allocation policy outlining its diversification of asset classes. This asset allocation policy should result in normal fluctuation in the actual return, year-to-year, yet the expected level of volatility (or return fluctuation) is appropriate given the Fund's current and expected tolerance for short-term return fluctuations. Through appropriate diversification of assets, investment return volatility is reduced.

**COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 14 - ENDOWMENT FUNDS - (cont'd):

The Foundation's spending policy works together with the investment policy to provide a suitable level of funding to meet the donor and community charitable needs, while preserving the real value of endowment assets. The Foundation's spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds, for both grant-making and administration, as deemed prudent by the Board after careful review and consideration of each Fund's health in terms of its corpus and the investment factors previously denoted. For each calendar year, the current spending policy is to generally distribute an amount equal to 5% of the market value of those funds calculated on the average of the 16 quarters ending September 30th of the previous year. The spending policy sets forth that a fund must be in existence for at least 12 months and have reached the stated fund minimum before spending is allowed unless otherwise supplemented by the donor. The policy further outlines spending criteria that are intended to balance the community's charitable needs, preserve funds in perpetuity, yet prevent excessive accumulation of market growth as follows:

- Suspend spending where appropriate or at least limit spending to ordinary net income when continued market downturns have begun to infringe upon a fund's long-term health; and
- Establish a spending minimum of 3% and maximum 4% of total assets on funds that well maintained their purchasing power over time.

Within the Foundation's corporate governing documents and further outlined in fund agreements, the Board of Trustees has Variance Power over all funds, which is the ability to modify any donor restrictions or conditions on the specified use or distribution of funds if, in its sole judgement, those restrictions become, either wholly or in part, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the area served by the Foundation. The existence of this Variance Power results in the Foundation's financial classification of net assets as without donor restrictions regardless of the fact that it would only be formally exercised in very rare, unique and unusual circumstances. As previously stated in Note 1, the Foundation recognizes donor relationships are critical to past and future success, and therefore strives to honor donor-specified restrictions.

To demonstrate that premise, we have presented the Foundation's net assets without donor restrictions on financial statements as defined in Note 1. Funds contributed by not-for-profit organizations into their named agency endowments are not part of the Foundation's net assets as those amounts fund, along with its prorated share of income and expenses, are recorded on financial statements as other Agency Funds Held for Others (Liability) in accordance to ASC 605.

**COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 14 - ENDOWMENT FUNDS - (cont'd):

Activity of the donor endowments and Board-designated endowments is as follows:

| | <u>Donor</u> | <u>Board- Designated</u> |
|-----------------------------|----------------------|------------------------------|
| Balance, January 1, 2018 | \$ 49,192,727 | \$ 5,957,405 |
| Contributions | 225,715 | 543,665 |
| Net depreciation | (2,748,348) | (265,312) |
| Investment income | 962,029 | 92,571 |
| Other | 11,756 | - |
| Board-appropriated expenses | (1,882,126) | (763,981) |
| Balance, December 31, 2018 | <u>\$ 45,761,753</u> | <u>\$ 5,564,348</u> |

NOTE 15 - AGENCY FUNDS HELD FOR OTHERS:

These funds are reported in accordance with Statement of Financial Accounting Standards Codification Statement 605, "Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions For Others." These funds include donations from an agency for a Fund that benefits the same agency, or a hybrid of both donations from the agency and from unrelated third parties. Although all donations received are legally owned by the Foundation and remain its assets, the portion of the Fund that comes from the beneficiary agency and, in some cases, from third parties is considered a reciprocal transfer, and as such, the Foundation is required to report an offsetting liability. This liability must be equal to the donations from the agency plus the proportionate share of the Fund's realized and unrealized market gains and losses, investment income, fees, and grant awards. The Foundation considers the endowed ASC 605 Funds to be permanently endowed and expects them to grow over time. The statement of financial position also refers to non-endowed assets held for others. These assets represent funds that allow the agency to request all monies back after a specified period of time.

The following table summarizes the activity in agency funds held for others:

| | <u>Endowed</u> | <u>Non-endowed</u> |
|----------------------------------|---------------------|---------------------|
| Balances at January 1, 2018 | \$ 2,336,889 | \$ 9,273,169 |
| Agency gifts | 69,116 | 200,415 |
| Interest and dividends | 59,415 | 214,763 |
| Realized gains on investments | 69,873 | 163,266 |
| Unrealized losses on investments | (189,809) | (765,070) |
| Grants | (53,013) | (270,573) |
| Fund management fees | (36,968) | (34,871) |
| Investment management fees | (19,230) | (62,048) |
| Other expenses | (166) | (14,347) |
| Balances at December 31, 2018 | <u>\$ 2,236,107</u> | <u>\$ 8,704,704</u> |

**COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLE/RESTATEMENT OF NET ASSETS:

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for Profit Entities*. The update provides more useful information to donors and other users of the financial statements by improving the current net asset classification and financial statement and footnote disclosures about the entity's liquidity, financial performance, expenses, and cash flows. We have implemented ASU 2016-14 and have adjusted the presentation in these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented, however, had no effect on net assets as a whole.

During this implementation process, the Foundation reviewed its funds and policies regarding variance power. As such, the Foundation re-evaluated the classifications of net assets as those with restrictions and those without restrictions as outlined in Note 1 to these financial statements. The 2017 restricted net assets of \$52,885,687 have been reclassified to net assets without donor restrictions.

SUPPLEMENTARY FINANCIAL INFORMATION

**THE COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

| | Community Foundation | Community Renaissance | Blue Water Land Fund | Consolidated Adjustments | Total |
|--|-------------------------|--------------------------|-------------------------|-----------------------------|----------------------|
| ASSETS | | | | | |
| Assets: | | | | | |
| Cash and cash equivalents | \$ 3,364,980 | \$ 26,173 | \$ 79,329 | \$ - | \$ 3,470,482 |
| Investments | 63,214,549 | - | - | - | 63,214,549 |
| Pledge receivable, net discount of \$3,521 | 31,279 | - | - | - | 31,279 |
| Note receivable, net discount of \$620 and \$0, respectively | 13,880 | 68,585 | - | - | 82,465 |
| Interest and other receivables | 58,707 | 2,002 | - | - | 60,709 |
| Prepaid expense | 17,602 | - | 5,126 | - | 22,728 |
| Land, land improvements, building, and equipment, net of accumulated depreciation of \$218,983, \$67,178 and \$332,244 | 1,260,814 | 280,097 | 3,310,499 | - | 4,851,410 |
| Cash surrender value of contributed life insurance | 50,965 | - | - | - | 50,965 |
| Total Assets | <u>\$ 68,012,776</u> | <u>\$ 376,857</u> | <u>\$ 3,394,954</u> | <u>\$ -</u> | <u>\$ 71,784,587</u> |
| LIABILITIES AND NET ASSETS | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 29,570 | \$ 3,450 | \$ 542 | \$ - | \$ 33,562 |
| Accrued expenses | 74,603 | - | - | - | 74,603 |
| Accrued interest | 931 | - | - | - | 931 |
| Grants payable | 582,520 | - | - | - | 582,520 |
| Note payable | 468,871 | 68,585 | - | - | 537,456 |
| Deferred compensation contract | 46,250 | - | - | - | 46,250 |
| Agency funds held for others - | | | | | |
| Endowed | 2,236,107 | - | - | - | 2,236,107 |
| Nonendowed | 8,704,704 | - | - | - | 8,704,704 |
| Total Liabilities | <u>12,143,556</u> | <u>72,035</u> | <u>542</u> | <u>-</u> | <u>12,216,133</u> |
| Net Assets: | | | | | |
| Without donor restrictions - | | | | | |
| Invested in property and equipment | 1,260,814 | 280,097 | 3,310,499 | - | 4,851,410 |
| Donor endowments: | | | | | |
| For general charitable purposes | 5,024,397 | - | - | - | 5,024,397 |
| For designated purposes | 40,737,356 | - | - | - | 40,737,356 |
| Board-designated endowments: | | | | | |
| For grant-making | 2,571,527 | - | - | - | 2,571,527 |
| For operations (programs and services) | 2,992,821 | - | - | - | 2,992,821 |
| Non-endowed (fully spendable) donor funds | 2,421,820 | - | - | - | 2,421,820 |
| Operating reserve | 860,485 | 24,725 | 83,913 | - | 969,123 |
| Total Net Assets | <u>55,869,220</u> | <u>304,822</u> | <u>3,394,412</u> | <u>-</u> | <u>59,568,454</u> |
| Total Liabilities and Net Assets | <u>\$ 68,012,776</u> | <u>\$ 376,857</u> | <u>\$ 3,394,954</u> | <u>\$ -</u> | <u>\$ 71,784,587</u> |

**THE COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

| | <u>Community Foundation</u> | <u>Community Renaissance</u> | <u>Blue Water Land Fund</u> | <u>Consolidated Adjustments</u> | <u>Total</u> |
|---|---------------------------------|----------------------------------|---------------------------------|-------------------------------------|---------------------|
| Revenue, Gains, and Other Support: | | | | | |
| Public Support - | | | | | |
| Contributions: | | | | | |
| Cash | \$ 1,824,130 | \$ 93,030 | \$ 62,809 | \$(155,839) | \$ 1,824,130 |
| Non-cash | 337,584 | - | - | - | 337,584 |
| Total Contributions | <u>2,161,714</u> | <u>93,030</u> | <u>62,809</u> | <u>(155,839)</u> | <u>2,161,714</u> |
| Revenue and Gains - | | | | | |
| Investment income (loss) net of expense | (1,944,839) | 5 | 20 | - | (1,944,814) |
| Decrease in cash surrender value of life insurance | (274) | - | - | - | (274) |
| Fund management fees | 71,840 | - | - | - | 71,840 |
| Other | 31,959 | 1,200 | - | - | 33,159 |
| | <u>(1,841,314)</u> | <u>1,205</u> | <u>20</u> | <u>-</u> | <u>(1,840,089)</u> |
| Total Revenue, Gains, and Other Support | <u>320,400</u> | <u>94,235</u> | <u>62,829</u> | <u>(155,839)</u> | <u>321,625</u> |
| Expenses: | | | | | |
| Program expenses - | | | | | |
| Grants | 2,519,046 | 83,155 | - | (155,839) | 2,446,362 |
| Community initiatives | 90 | 10,297 | 22,134 | - | 32,521 |
| Other program expenses | 426,976 | 100,320 | 117,220 | - | 644,516 |
| Management and general | 473,317 | 2,750 | 2,750 | - | 478,817 |
| Fundraising expenses | 320,357 | - | - | - | 320,357 |
| | <u>3,739,786</u> | <u>196,522</u> | <u>142,104</u> | <u>(155,839)</u> | <u>3,922,573</u> |
| Total Expenses | <u>3,739,786</u> | <u>196,522</u> | <u>142,104</u> | <u>(155,839)</u> | <u>3,922,573</u> |
| Change in Net Assets | (3,419,386) | (102,287) | (79,275) | - | (3,600,948) |
| Net Assets at beginning of year | <u>59,288,606</u> | <u>407,109</u> | <u>3,473,687</u> | <u>-</u> | <u>63,169,402</u> |
| Net Assets at end of year | <u>\$55,869,220</u> | <u>\$ 304,822</u> | <u>\$3,394,412</u> | <u>\$ -</u> | <u>\$59,568,454</u> |

**THE COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**SUMMARY SCHEDULE OF NET ASSETS/AGENCY FUNDS HELD FOR OTHERS BY FUND
DECEMBER 31, 2018**

| | Net Assets Without Donor Restrictions | | | | Total | Agency Funds Held for Others |
|--|---|----------------------|------------------------------------|---------------------|------------|------------------------------------|
| | Property and Equipment and Operations | Non-endowed Funds | Board- Designated Endowments | Donor Endowments | | |
| Community Renaissance Fund | \$ 304,822 | \$ - | \$ - | \$ - | \$ 304,822 | \$ - |
| Blue Water Land Fund, Inc. | 3,394,412 | - | - | - | 3,394,412 | - |
| Program and Services (Operating) Fund | 1,993,199 | - | - | 18,250 | 2,011,449 | - |
| Acheson Community Foundation Fund | - | - | 2,992,821 | - | 2,992,821 | - |
| General Charitable Funds: | | | | | | |
| Community Investment Fund | - | - | 2,218,060 | - | 2,218,060 | - |
| James C. Acheson Fund | - | - | - | 1,459,074 | 1,459,074 | - |
| Emerson G. and Lucilda A. Brown Fund | - | - | - | 171,007 | 171,007 | - |
| Earl H. Donaldson Endowment Fund | - | - | 33,926 | - | 33,926 | - |
| Donald W. and Alice I. Giese Endowment Fund | - | - | - | 142,037 | 142,037 | - |
| Margaret C. Lutz Endowment | - | - | 167,470 | - | 167,470 | - |
| John Shier Fund | - | - | - | 33,928 | 33,928 | - |
| Burman J. Misenar Endowment Fund | - | - | - | 158,533 | 158,533 | - |
| Florence C. Stephen Fund | - | - | 152,071 | - | 152,071 | - |
| Virginia E. Farmer Endowment Fund | - | - | - | 68,755 | 68,755 | - |
| Francis P. Willson Fund | - | - | - | 1,230,508 | 1,230,508 | - |
| Wirtz/Ogden Fund | - | - | - | 152,785 | 152,785 | - |
| John and Rose Marie Wismer Fund | - | - | - | 927,787 | 927,787 | - |
| Russell A. "Tim" Sheldon Endowment | - | - | - | 39,552 | 39,552 | - |
| Turcotte/Craig Fund | - | - | - | - | - | - |
| Ernest T. and Barbara A. Oskin Fund (1 of 2) | - | - | - | 640,431 | 640,431 | - |
| Scholarship Funds: | | | | | | |
| Alice W. Moore Memorial Scholarship Fund | - | - | - | 134,760 | 134,760 | - |
| Howard A. Acheson Memorial Fund | - | - | - | 1,137,173 | 1,137,173 | - |
| Father Bartone Fund | - | - | - | 839,777 | 839,777 | - |
| Beth Linsheid Duff Scholarship Fund | - | - | - | 179,674 | 179,674 | - |
| Joseph Caimi Scholarship Fund | - | - | - | 57,751 | 57,751 | - |
| Jack S. Campbell Memorial Fund | - | - | - | 132,852 | 132,852 | - |
| Kenneth and Verl Fleury Foundation Scholarship | - | - | - | 410,691 | 410,691 | - |
| Darin Conrad Memorial Scholarship Fund | - | 42,855 | - | - | 42,855 | - |
| Fuller Hansen Educational Trust Fund | - | - | - | 895,623 | 895,623 | - |
| Catherine Gellein Scholarship Fund | - | - | - | 45,799 | 45,799 | - |
| Blue Water Shipmasters' Fund | - | - | - | 35,873 | 35,873 | - |
| Charles Myron and Betty Gossman Veterans Fund | - | - | - | 67,620 | 67,620 | - |
| Pauline Groff Music Scholarship Endowment Fund | - | - | - | 28,869 | 28,869 | - |
| Christian B. and Agnes A. Haas Scholarship Fund | - | - | - | 211,318 | 211,318 | - |
| Complete Your Degree Program Fund | - | 385,764 | - | - | 385,764 | - |
| Jake Jahn Fund | - | 3,276 | - | - | 3,276 | - |
| Alexander and Celestine Lamere Fund | - | - | - | 2,780,735 | 2,780,735 | - |
| Little Brothers Little Sisters of St. Clair County Scholarship Endowment Fund | - | - | - | 144,089 | 144,089 | - |
| Lillian M. Perry Scholarship Fund | - | - | - | 55,481 | 55,481 | - |
| Marine City Scholarship Foundation Endowment Fund | - | - | - | 15,887 | 15,887 | 130,244 |
| River District Hospital Auxiliary McFern-Smeltzer Scholarship Endowment Fund | - | - | - | 104,362 | 104,362 | - |
| Barbara Ann Kessler-Saph Scholarship Memorial Fund | - | - | - | 54,252 | 54,252 | - |
| Memphis High School Alumni Association Fund | - | - | - | 45,469 | 45,469 | - |
| St. Clair Music Study Club Endowment Fund | - | - | - | 143,346 | 143,346 | 31,522 |
| Foley, Sedwick, Stephenson Fund | - | - | - | - | - | - |
| Charles G. and Berneice M. Uligian Fund | - | - | - | 170,783 | 170,783 | - |

**THE COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**SUMMARY SCHEDULE OF NET ASSETS/AGENCY FUNDS HELD FOR OTHERS BY FUND
DECEMBER 31, 2018**

| | Net Assets Without Donor Restrictions | | | | | Agency Funds Held for Others |
|--|---|----------------------|------------------------------------|---------------------|-----------|------------------------------------|
| | Property and Equipment and Operations | Non-endowed Funds | Board- Designated Endowments | Donor Endowments | Total | |
| Scholarship Funds (cont'd): | | | | | | |
| Evonne Vanderheuel Scholarship Fund | \$ - | \$ 3,600 | \$ - | \$ - | \$ 3,600 | \$ - |
| Douglas and Elda L. Webb Scholarship Fund | - | - | - | 1,735,570 | 1,735,570 | - |
| James Wilhelm Memorial Scholarship Fund | - | - | - | 239,852 | 239,852 | - |
| Bert D. and Rose E. Wright Memorial Scholarship Fund | - | - | - | 115,751 | 115,751 | - |
| Randy Sugars Memorial Scholarship Fund | - | - | - | 22,599 | 22,599 | - |
| John F. & Rose Marie Wismer Community Foundation Scholarship Fund | - | - | - | 989,678 | 989,678 | - |
| Robert and Marilyn Kovach Scholarship Fund | - | - | - | 19,758 | 19,758 | - |
| St. Clair County Come Home (Reverse) Scholarship Fund | - | 45,186 | - | - | 45,186 | - |
| Mark Grace Memorial Scholarship Fund | - | 3,787 | - | - | 3,787 | - |
| Nyeste-Regling Scholarship Fund | - | - | - | - | - | - |
| St. Clair High School Scholarship Fund founded by the Trumble and Frank and Bula Carney Memorial Scholarship Funds | - | - | - | 66,014 | 66,014 | - |
| Port Huron Area School District Scholarship Fund founded by Cyril Smith and James T. Kreger Memorial Scholarship Funds | - | - | - | 50,701 | 50,701 | - |
| Donor Designated Funds: | | | | | | |
| Walter K. Brooks Memorial Fund | - | - | - | 2,022,238 | 2,022,238 | - |
| Helen David Fund for the Council on Aging | - | - | - | 546,888 | 546,888 | - |
| Marcia M. Haynes Endowment Fund | - | - | - | 8,160 | 8,160 | - |
| Marian Pollock Moore Fund | - | - | - | 138,393 | 138,393 | - |
| Tunnel Fund | - | 5,865 | - | - | 5,865 | - |
| St. Clair Rotary Centennial Park Fund | - | - | - | 46,750 | 46,750 | - |
| B.D.G. for St. Clair Little League | - | - | - | 18,338 | 18,338 | - |
| Charell Thomas Fund | - | 15,552 | - | - | 15,552 | - |
| CRF Projects Fund | - | - | - | - | - | - |
| Mary B. Andreae Fund | - | - | - | 32,533 | 32,533 | - |
| BWLF Projects Fund | - | 489 | - | - | 489 | - |
| Robert J. Goff Fund | - | - | - | - | - | - |
| St. Clair County Dive Team Fund | - | - | - | 67,904 | 67,904 | - |
| St. Clair High School Tennis Court Project | - | 37,787 | - | - | 37,787 | - |
| Bob & Ann Tompert Endowment Fund | - | - | - | - | - | - |
| River Walk Endowment Fund (for BWLF) | - | - | - | 141,459 | 141,459 | - |
| Blue Water Fallen Heroes Community Banner Program Fund | - | 6,246 | - | - | 6,246 | - |
| C.M.U. Archeological Field School Fund | - | 340 | - | - | 340 | - |
| Complete Your Degree Endowment Fund | - | - | - | 49,110 | 49,110 | - |
| Michigan Trails Project Fund | - | 46,288 | - | - | 46,288 | - |
| The Salt River Wetlands Conservation Easement Preservation Endowment | - | - | - | 118,679 | 118,679 | - |
| Bob Abdoo Memorial Fund | - | - | - | 53,097 | 53,097 | - |
| Donor Advised Funds: | | | | | | |
| James C. Acheson Fund II | - | - | - | 2,562,347 | 2,562,347 | - |
| Carolyn Crowe Animal Welfare Fund | - | - | - | 10,219 | 10,219 | - |
| Algonac Lions Club Fund | - | - | - | 499,870 | 499,870 | - |
| Allen Stevens Fund | - | 73,158 | - | - | 73,158 | - |
| Angi Austin Fund | - | 8,752 | - | - | 8,752 | - |
| Catherine Houghton Fund | - | 138,921 | - | - | 138,921 | - |
| The DeWald/Beckett Charitable Fund | - | - | - | 324,152 | 324,152 | - |
| The DeWald/Cook Charitable Fund | - | - | - | 244,265 | 244,265 | - |
| Lisa Harris Pink Ribbon of Hope Memorial Fund | - | 8,806 | - | - | 8,806 | - |

**THE COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**SUMMARY SCHEDULE OF NET ASSETS/AGENCY FUNDS HELD FOR OTHERS BY FUND
DECEMBER 31, 2018**

| | Net Assets Without Donor Restrictions | | | | | Agency Funds Held for Others |
|---|---|----------------------|------------------------------------|---------------------|-----------|------------------------------------|
| | Property and Equipment and Operations | Non-endowed Funds | Board- Designated Endowments | Donor Endowments | Total | |
| Donor Advised Funds (cont'd): | | | | | | |
| Joelle Marie Hajjar Fund | \$ - | \$ 11,300 | \$ - | \$ - | \$ 11,300 | \$ - |
| John W. & M. Louise Shier Family Fund | - | - | - | 130,579 | 130,579 | - |
| McNutt Family Fund | - | 22,475 | - | - | 22,475 | - |
| Mino Kramer Fund | - | 80,303 | - | - | 80,303 | - |
| The Norman and Isabel Cosgrove Memorial Fund | - | - | - | 33,242 | 33,242 | - |
| Wyatt Walker Friendship Fund | - | - | - | 76,401 | 76,401 | - |
| James L. "Jim" Little Fund | - | - | - | 35,036 | 35,036 | - |
| Niester Family Fund | - | - | - | 33,901 | 33,901 | - |
| Kusch Family Fund | - | - | - | 287,533 | 287,533 | - |
| Lelito Legacy Foundation Fund | - | - | - | 23,231 | 23,231 | - |
| Thomas & Nancy Hunter Family Fund | - | - | - | 123,994 | 123,994 | - |
| Taking a Shot at Breast Cancer Fund | - | 17,964 | - | - | 17,964 | - |
| Algonac Rotary Club Fund | - | - | - | - | - | - |
| Emery Family Fund | - | 439 | - | - | 439 | - |
| Memorial Gifts Fund | - | 9,850 | - | - | 9,850 | - |
| Charles and E. Gail Kelly Fund | - | 3,003 | - | - | 3,003 | - |
| Helen Kramer Memorial Fund | - | - | - | - | - | - |
| Nasr Family Fund | - | 4,200 | - | - | 4,200 | - |
| Omega Fund | - | - | - | - | - | - |
| Physician Healthcare Network Dyslexia Fund | - | 74,608 | - | - | 74,608 | - |
| Sushma & Ramesh Reddy Family Fund | - | 248 | - | - | 248 | - |
| Chuck and Barbara Staiger Fund | - | - | - | - | - | - |
| Chuck and Vicky Knowlton Fund | - | 105,924 | - | - | 105,924 | - |
| Knowlton Foundation Fund | - | 29,995 | - | - | 29,995 | - |
| David Whipple Family Fund | - | - | - | - | - | - |
| Douglas and Carol Touma Donor-Advised Fund | - | 30,420 | - | - | 30,420 | - |
| Keith and Wendy Zick Fund | - | 490 | - | - | 490 | - |
| Norm and Joyce Beauchamp Fund | - | - | - | - | - | - |
| Fletcher Family Fund | - | - | - | - | - | - |
| Franklin H. Moore, Jr. and Nancy S. Moore Donor-Advised Fund | - | 1,062,865 | - | - | 1,062,865 | - |
| Fran McPhedrain Fund | - | - | - | - | - | - |
| Gerry Kramer Spartan Fund | - | 20,674 | - | - | 20,674 | - |
| Bill and Lydia Schwarz Family Fund | - | 1 | - | - | 1 | - |
| Dave Lomasney Family Fund | - | - | - | - | - | - |
| Mirabelli Family Fund | - | - | - | - | - | - |
| Walker Family Fund | - | - | - | - | - | - |
| Wladimir E. and Linda J. Boldyreff Fund | - | - | - | 8,147 | 8,147 | - |
| Bioregion Reparation Fund | - | - | - | 24,041 | 24,041 | - |
| Organization Designated Funds: | | | | | | |
| Algonac-Clay Township Historical Society Fund | - | - | - | 12,378 | 12,378 | 11,304 |
| Algonac Community Schools Education Enrichment Fund | - | - | - | 73,311 | 73,311 | 200,669 |
| Blue Water Council Boy Scout Endowment Fund | - | - | - | 7,556 | 7,556 | 77,678 |
| Fort Gratiot Light Station Fund | - | 66,155 | - | - | 66,155 | - |
| Fort Gratiot Township Cemetery Perpetual Care Endowment | - | - | - | - | - | - |
| Quota International Helen David Fund | - | - | - | - | - | 35,726 |
| United Way of St. Clair County Fund | - | - | - | 13,921 | 13,921 | 32,055 |
| YMCA of the Blue Water Area Endowment Fund | - | - | - | 16,737 | 16,737 | 292,331 |
| Supporters of East China School District Fund | - | - | - | 150,793 | 150,793 | 57,414 |
| Habitat for Humanity "Power" Fund | - | - | - | 52 | 52 | 30,390 |
| Rotary Club of Marysville | - | - | - | - | - | 23,877 |
| John R. Dolan Fund | - | - | - | 708,127 | 708,127 | - |
| McMorran Place Fund | - | - | - | 44,190 | 44,190 | 362,495 |

**THE COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**SUMMARY SCHEDULE OF NET ASSETS/AGENCY FUNDS HELD FOR OTHERS BY FUND
DECEMBER 31, 2018**

| | Net Assets Without Donor Restrictions | | | | | Agency Funds Held for Others |
|---|---|----------------------|------------------------------------|---------------------|-----------|------------------------------------|
| | Property and Equipment and Operations | Non-endowed Funds | Board- Designated Endowments | Donor Endowments | Total | |
| Organization Designated Funds (cont'd): | | | | | | |
| Blue Water Hospice and Visiting Nurse Association | \$ - | \$ - | \$ - | \$ 16,603 | \$ 16,603 | \$ 44,576 |
| Hunter Hospitality House Fund | - | - | - | 8,353 | 8,353 | 49,076 |
| Girl Scouts - Michigan Waterways Council Fund | - | - | - | 22,328 | 22,328 | 6,146 |
| Grace Episcopal Church Fund | - | 1,209 | - | - | 1,209 | 2,008,662 |
| Blue Water Developmental Housing, Inc. Fund | - | - | - | 2,112 | 2,112 | 38,257 |
| KIDS in Distress Services Fund | - | - | - | 31,323 | 31,323 | 2,433 |
| St. Clair County Library Fund (incl. the Lawrence E. Owens Endowment) | - | - | - | 252,565 | 252,565 | - |
| Clayton A. and Florence B. Lewis Memorial Book Fund | - | - | - | - | - | 39,767 |
| St. Clair County Community Mental Health Authority Fund | - | - | - | 3,922 | 3,922 | 109,061 |
| Marine City Historic District Restoration Committee Endowment Fund | - | - | - | 2,229 | 2,229 | 55,570 |
| Peoples' Clinic, Helen David Fund | - | - | - | 546,497 | 546,497 | 17,639 |
| Port Huron Area School District Fund | - | - | - | 62,919 | 62,919 | 227,734 |
| Port Huron Town Hall Fund | - | 951 | - | - | 951 | 24,373 |
| The Safe Horizons Fund | - | - | - | 167,382 | 167,382 | 62,790 |
| The Sanborn Gratiot Memorial Home Endowment Fund | - | - | - | 7,190 | 7,190 | 35,061 |
| St. Clair Public Library Capital Fund | - | - | - | 25,099 | 25,099 | 20,270 |
| SCORE Fund (St. Clair County Organized Recreation for Everyone) | - | 10,205 | - | - | 10,205 | 630 |
| St. Clair Bar Mock Trial Fund | - | - | - | 13,304 | 13,304 | 15,489 |
| St. Clair County Community College "SC4" Foundation Fund (includes all underlying funds) | - | 7,851 | - | - | 7,851 | 6,080,625 |
| St. John River District Hospital Fund | - | - | - | 22,905 | 22,905 | 20,559 |
| St. Clair County Child Abuse Neglect Council | - | 128 | - | - | 128 | 138,131 |
| St. Clair County RESA Imagination Library Fund | - | 31,468 | - | - | 31,468 | - |
| Friends of St. Mary's School (St. Clair) Fund | - | - | - | 95,874 | 95,874 | 390 |
| Thomas & Frances Treleaven Fund | - | - | - | 690,980 | 690,980 | - |
| Tri-Hospital EMS Fund | - | - | - | - | - | 210,841 |
| Cardinal Mooney Catholic High School Endowment Fund | - | - | - | 5,467 | 5,467 | 27,544 |
| City of Marysville Cemetery Perpetual Care Endowment | - | - | - | - | - | 262,980 |
| Field of Interest Funds: | | | | | | |
| Algonac-Clay Community Fund | - | - | - | 251,733 | 251,733 | - |
| Charles and Margaret Anderson Foundation Endowment Fund | - | - | - | 1,889,022 | 1,889,022 | - |
| College Access Endowment | - | - | - | 194,069 | 194,069 | - |
| Frank V. Carney & Bula A. Carney Memorial Fund | - | - | - | 578,284 | 578,284 | - |
| Citizens for St. Clair Fund | - | - | - | 578,745 | 578,745 | - |
| Harry F. Lewis Fund | - | - | - | 168,613 | 168,613 | - |
| Rev. Rene L. Desmarais Fund | - | - | - | 125,582 | 125,582 | - |
| Port Huron Community Fund | - | - | - | 7,287 | 7,287 | 133,016 |
| Robert H. and Paula M. Cleland Community Charles F. Moore Memorial Fund | - | - | - | 60,272 | 60,272 | - |
| St. Clair County Chapter - American Red Cross Endowment Fund | - | - | - | 2,555,976 | 2,555,976 | - |
| St. Clair Foundation Fund | 128,100 | - | - | 51,216 | 51,216 | - |
| Marwood Manor Endowment Fund | - | - | - | 2,446,448 | 2,574,548 | - |
| Access to Recreation Fund | - | - | - | 277,952 | 277,952 | - |
| | - | - | - | 255,187 | 255,187 | - |

**THE COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
AND SUPPORTING ORGANIZATIONS**

**SUMMARY SCHEDULE OF NET ASSETS/AGENCY FUNDS HELD FOR OTHERS BY FUND
DECEMBER 31, 2018**

| | Net Assets Without Donor Restrictions | | | | | Agency Funds Held for Others |
|---|---|----------------------|------------------------------------|----------------------|----------------------|------------------------------------|
| | Property and Equipment and Operations | Non-endowed Funds | Board- Designated Endowments | Donor Endowments | Total | |
| Field of Interest Funds (cont'd): | | | | | | |
| Ernest T. & Barbara A. Oskin Fund (2 of 2) | \$ - | \$ - | \$ - | \$ 664,973 | \$ 664,973 | \$ - |
| Native American Endowment Fund | - | - | - | 36,266 | 36,266 | - |
| Claude and Alexa Lawrence Fund | - | - | - | 154,432 | 154,432 | - |
| Maritime Fund | - | - | - | 41,425 | 41,425 | - |
| Women's Initiative Fund | - | - | - | 864,674 | 864,674 | - |
| Women's Initiative Steering Committee Giving Circle Fund | - | 655 | - | - | 655 | - |
| Mickey & Agnes Knowlton Fund | - | - | - | 50,772 | 50,772 | - |
| Eastern Michigan Christian Foundation Fund | - | - | - | 275,663 | 275,663 | - |
| Emily Bigelow Emergency Services Fund | - | - | - | 86,815 | 86,815 | - |
| Friday Food For Kids Fund - Algonquin | - | 47 | - | - | 47 | - |
| Friday Food For Kids Fund - Belle River Elementary | - | 409 | - | - | 409 | - |
| Friday Food For Kids Fund - Cleveland Elementary | - | 243 | - | - | 243 | - |
| Friday Food For Kids Fund - Woodrow Wilson Elementary | - | 243 | - | - | 243 | - |
| Friday Food For Kids Fund - Woodland Development Center | - | 532 | - | - | 532 | - |
| F. William & Patricia Schwarz Fund | - | - | - | 151,405 | 151,405 | - |
| Thomas K. Smith Fund | - | - | - | 148,850 | 148,850 | - |
| Youth Advisory Council Fund | - | - | - | 1,505,590 | 1,505,590 | - |
| Healthy Youth, Healthy Seniors Fund | - | - | - | 166,222 | 166,222 | - |
| Alexa Lawrence Fund for Education | - | - | - | 85,428 | 85,428 | - |
| Henry and Harriet Whiting Memorial Fund | - | - | - | 2,478,045 | 2,478,045 | - |
| Community Capital Club (C3) Fund | - | - | - | 290,359 | 290,359 | - |
| DSLIT Fund | - | - | - | 819,696 | 819,696 | - |
| Mary Moore Fund | - | - | - | 957,189 | 957,189 | - |
| Marysville Community Fund | - | - | - | 47,443 | 47,443 | 23,486 |
| Fred and Lezlynn Moore Family Fund | - | - | - | 856,742 | 856,742 | - |
| Juanita Gittings Youth Fund | - | - | - | - | - | - |
| Blue Water Robotics Fund | - | 293 | - | - | 293 | - |
| Total | \$ 5,820,533 | \$ 2,421,820 | \$ 5,564,348 | \$ 45,761,753 | \$ 59,568,454 | \$ 10,940,811 |