Eastern Upper Peninsula Community Foundation Alliance, Inc.

dba
Chippewa County Community Foundation
Sault Ste. Marie, Michigan

Consolidated Financial Statements
For the Year Ended December 31, 2024

EASTERN UPPER PENINSULA COMMUNITY FOUNDATION ALLIANCE, INC.
DBA
CHIPPEWA COUNTY COMMUNITY FOUNDATION
BOARD OF DIRECTORS

TABLE OF CONTENTS

ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE
KENNETH A. TALSMA, CPA, PRINCIPAL
AMBER N. MACK, CPA, PRINCIPAL
TORI N. KRUISE, CPA

MEMBER AICPA DIVISION FOR CPA FIRMS
MEMBER MICPA
OFFICES IN MICHIGAN

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Eastern Upper Peninsula Community
Foundation Alliance, Inc.
dba / Chippewa County Community Foundation

Opinion

We have audited the accompanying consolidated financial statements of the Eastern Upper Peninsula Community Foundation Alliance, Inc., dba Chippewa County Community Foundation and subsidiaries (a nonprofit corporation), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Eastern Upper Peninsula Community Foundation Alliance, Inc., dba Chippewa County Community Foundation and subsidiaries as of December 31, 2024, and the changes in net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

16978 S. RILEY AVENUE
KINCHELOE, MICHIGAN 49788
(906) 495-5952 / FAX 495-7312
Email: reception@antack.com

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Anderson Tackman & Co. PLC

Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

September 10, 2025

Financial Statements

Eastern Upper Peninsula Community Foundation Alliance, Inc.
dba/Chippewa County Community Foundation

Consolidated Statement of Financial Position
December 31, 2024

		CCCF		CCCF Manager I		CCCF Developer		Consolidated Totals
ASSETS:								
Current assets:								
Cash and equivalents	$	249,222	$	-	$	-	$	249,222
Current portion of right-of-use operating lease asset		1,797		-		-		1,797
Prepaid expense		3,000		-		-		3,000
TOTAL CURRENT ASSETS		254,019		-		-		254,019
Investments		5,401,244		-		-		5,401,244
Investment in CHN Malcolm LDHALP		-		9		-		9
Loan receivable		300,000		-		-		300,000
Beneficial interest in trust		432,781		-		-		432,781
Property and equipment, net		2,428		-		-		2,428
TOTAL ASSETS	$	6,390,472	$	9	$	-	$	6,390,481
LIABILITIES:								
Current liabilities:								
Accounts payable and accrued expenses	$	7,410	$	-	$	-	$	7,410
Current portion of right-of-use operating lease liability		1,797		-		-		1,797
Funds held under agency endowment agreements		253,110		-		-		253,110
TOTAL CURRENT LIABILITIES		262,317		-		-		262,317.00
NET ASSETS:								
Without donor restrictions		317,044		9		-		317,053
With donor restrictions		5,811,111		-		-		5,811,111
TOTAL NET ASSETS		6,128,155		9		-		6,128,164
TOTAL LIABILITIES AND NET ASSETS	$	6,390,472	$	9	$	-	$	6,390,481

See independent auditor's report and accompanying notes to financial statements.

Consolidated Statement of Activities
For the Year Ended December 31, 2024

	CCCF				
	Assets Without Donor Restrictions	**Assets With Donor Restrictions**	**CCCF Manager I**	**CCCF Developer**	**Consolidated Total**
Revenues and Other Support					
Contributions	$ 5,565	$ 324,567	$ -	$ -	$ 330,132
Grants	8,173	-	-	-	8,173
Special events	6,667	-	-	-	6,667
Administrative fees	99,768	-	-	-	99,768
Interest on loan receivable	10,460	6,257	-	-	16,717
Investment income	22,870	276,671	-	-	299,541
Loss from investment in CHN Malcolm LDHALP	-	-	(1)	-	-
Realized and unrealized gains (losses) on			-	-	
investments, net of investment expenses	8,796	237,648	-	-	246,444
Net assets released from restrictions	367,600	(367,600)	-	-	-
Total Revenues and Other Support	529,899	477,543	(1)	-	1,007,442
Expenses					
Program services	377,820	-	-	-	377,820
Management and general	135,182	-	-	-	135,182
Fundraising expenses	15,405	-	-	-	15,405
Total Expenses	528,407	-	-	-	528,407
Changes in net assets	1,492	477,543	(1)	-	479,035
Net Assets, beginning of year	315,552	5,333,568	10	-	5,649,120
Net Assets, end of year	$ 317,044	$ 5,811,111	$ 9	$ -	$ 6,128,164

See independent auditor's report and accompanying notes to financial statements.

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Services	Supporting Services		Subsidiaries		
	Endowment Funds	Management & General	Fundraising	CCCF Manager I	CCCF Developer	Total
Grants to Community	$ 181,179	$ -	$ -	$ -	$ -	$ 181,179
Scholarships	118,955	-	-	-	-	118,955
Wages & Fringe	50,749	15,581	8,672	-	-	75,002
Administrative Fees	-	95,314	-	-	-	95,314
Insurance	1,671	597	119	-	-	2,387
Travel / Conferences / Meetings	1,897	677	136	-	-	2,710
Office Expenses	12,035	1,477	295	-	-	13,807
Advertising & Marketing	-	326	-	-	-	326
Professional Services	-	10,623	-	-	-	10,623
Supplies	-	3,926	5,412	-	-	9,338
Youth Advisory Committee	-	109	-	-	-	109
Telephone & Internet	1,663	593	119	-	-	2,375
Rent Expense	3,888	1,388	278	-	-	5,554
Other	5,783	2,770	374	-	-	8,927
Depreciation	-	1,801	-	-	-	1,801
TOTAL	$ 377,820	$ 135,182	$ 15,405	$ -	$ -	$ 528,407

See independent auditor's report and accompanying notes to financial statements.

Consolidated Statement of Cash Flows
For the Year Ended December 31, 2024

	CCCF	CCCF Manager I	CCCF Developer	Consolidated Total
Cash Flows from Operating Activities				
Changes in net assets	$ 479,035	$ (1)	$ -	$ 479,034
Adjustments to reconcile changes in net assets to net cash and equivalents provided by operating activities:				
Net realized investment gains or losses	(104,181)	-	-	(104,181)
Net unrealized investment gains or losses	(177,825)	-	-	(177,825)
Depreciation	1,801	-	-	1,801
Equity in loss of LDHALP	-	1	-	1
Cash provided (used) by changes in operating assets and liabilities				
Accrued interest receivable	18,000	-	-	18,000
Beneficial interest in trust	7,217	-	-	7,217
Accounts payable and accrued expenses	(856)	-	-	(856)
Agency endowment agreements	20,733	-	-	20,733
Net cash provided by operating activities	243,924	-	-	243,924
Investing Activities:				
Proceeds from sale of investments	837,388	-	-	837,388
Purchases of investments	(1,083,030)	-	-	(1,083,030)
Net cash used in investing activities:	(245,642)	-	-	(245,642)
Net decrease in cash and equivalents	(1,718)	-	-	(1,718)
Cash and equivalents, beginning of year	250,940	-	-	250,940
Cash and equivalents, end of year	$ 249,222	$ -	$ -	249,222

See independent auditor's report and accompanying notes to financial statements.

Notes to Financial Statements

NOTE A - NATURE OF FOUNDATION AND PURPOSE:

The purpose of the Foundation is to receive and accept property to be administered exclusively for charitable purposes primarily in and for the benefit of the people of Chippewa, Mackinac, and Luce Counties, Michigan. Major revenue includes contributions and administrative fees.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The Foundation maintains its accounting records on the accrual basis, in accordance with U.S. generally accepted accounting principles. The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

> Net Assets Without Donor Restriction – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.
>
> Net Assets With Donor Restriction – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related asset is limited by donor-imposed restrictions. Expenses are recorded as decreases in net assets without donor restriction. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use in restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated passage of time has elapsed) are reported as reclassifications between the applicable classes of net assets.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Eastern Upper Peninsula Community Foundation Alliance, Inc. dba/Chippewa County Community Foundation and its wholly-owned for-profit subsidiaries, CCCF Manger I, LLC and CCCF Developer, LLC. All significant interorganization transactions and balances have been eliminated in consolidation.

Revenue and Revenue Recognition

Contributions - Contributions, including cash, other assets, and unconditional promises to give, are recognized as revenues in the period received. Contributions whose restrictions are met in the same period they are received are recorded as revenue in net assets with donor restrictions and net assets released from restrictions. Unconditional pledges with terms greater than one year are initially recorded at fair value based on their estimated future cash flows. Pledges are discounted to present value using a discount rate commensurate with the risk involved. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Gifts of assets other than cash are recorded at their estimated fair value.

Grants and contracts – Private grant arrangements are evaluated and determined whether they are nonreciprocal, meaning the granting entity has not received a direct benefit of commensurate value in exchange for the resources provided. Instead, revenue is recognized like a conditional contribution, when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when expenditures associated with each grant are determined to be allowable and all other significant conditions of the grant are met.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Administrative Fees – The Foundation assesses administrative fees on funds under management to support operating activities. Fees are calculated based on the fund balance and are charged on a quarterly basis in accordance with the Foundation's adopted fee schedule. These fees are recorded as revenue in the period assessed and reduce the corresponding fund balances accordingly.

Use of Estimates

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

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, and accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these instruments.

Cash and Equivalents

For purposes of the statements of position and cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash and equivalents.

Investments and Fair Value

Investments and Fair Value Investments, primarily consisting of mutual funds, are stated at fair value. Investments in equity securities and mutual funds with readily determinable values are valued based on quoted market prices in active markets in which the securities are traded. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations.

The Foundation applies the U.S. GAAP authoritative guidance for Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The standard describes three levels of inputs that may be used to measure fair value:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. There have been no changes in the methodologies used during the year ended December 31, 2024.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Loans Receivable

In furtherance of its charitable purpose, the Foundation made a program-related investment in the form of a loan to CHN Malcom Limited Dividend Housing Association Limited Partnership on January 26, 2023. The loan supports the development of affordable housing through the Garfield Landing project. The loan has a stated term of 30 years and bears interest at 6% per annum.

Under the loan agreement, repayment of principal and interest is contingent upon the availability of positive net cash flows from the borrower's operations, as defined in the agreement. Payments are to be applied first to accrued interest and then to principal. Any unpaid interest accrues but does not compound.

The Foundation reviews the estimated cash flows annually, with changes in estimates reflected in the carrying value and interest income recognized using the simple interest method. An allowance for credit loss is established if repayment becomes less probable.

Interest income recognized on the loan for the year ended December 31, 2024 was $16,171. Because repayment is contingent on the borrower's operating performance over the next three decades, actual collections may differ materially from current estimates.

Valuation of Long-Lived Assets

In accordance with the provisions of the accounting pronouncement on accounting for the impairment or disposal of long-lived assets, the Foundation reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the period presented in the financial statements.

Property and Equipment

It is the Foundation's policy to capitalize property and equipment if cost is over $500 and the estimated useful life is more than one year. The Foundation's fixed assets are carried at cost or fair market value, if donated. Maintenance and repairs are charged to expense as incurred. Major renewals or betterments are capitalized. Property, equipment, and improvements are depreciated using the straight-line method over the following useful lives:

Office furniture and equipment	3 to 7 years
Software	3 years

Agency Endowment Funds

The Foundation may accept contributions from another nonprofit organization and agree to transfer those assets, and return on investment of those assets, or both, back to the nonprofit organization at some point in the future.

Because the Foundation maintains variance power and fiduciary responsibility for all funds held under agency endowment agreements, these funds continue to be reported as assets. However, a liability, Funds Held under Agency Endowment Agreements, has been established for the fair value of the funds.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Contributed Services

The Foundation receives donated services from unpaid volunteers who perform a variety of tasks that support the Foundation's activities. No amounts have been recognized for these services in the statement of activities since the criteria for recognition have not been satisfied.

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs are attributed to more than one program or supporting function and, therefore, require allocation among the programs and supporting services benefited. Management believes their allocations are done on a reasonable and consistent basis. Most personnel costs, office expenses, professional services, and other expenses are identified with a specific program or supporting function at the time they are incurred and are reported accordingly. However, some of these expenses require allocation, which is done based on estimates of time and effort.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for federal taxes has been included in the accompanying financial statements. The Foundation is exempt from federal income tax on all income except unrelated business income as noted under Section 511 of the Internal Revenue Code. Internal Revenue code section 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. The Foundation does not have any unrelated business income.

Related Parties

The Foundation, through its wholly owned subsidiary CCCF Manager I, LLC, owns a 10% interest in the CHN Malcolm Limited Dividend Housing Association Limited Partnership ("Garfield"). CCCF Manager I, LLC is the General Partner of Garfield. The Foundation will provide administrative assistance to Garfield. During the year ended December 31, 2024, the Foundation made no payments on behalf of, or was reimbursed by Garfield for utilities, building maintenance, or salaries and benefits. The Foundation is a party to an agreement with Garfield where it is committed to loan them $300,000 at a 6% interest rate for a 30-year term contingent on cash flows. As of December 31, 2024, the loan has been fully funded, but no principal payments have been received.

The Foundation has created a wholly owned subsidiary, CCCF Developer LLC, that was created to sign the development agreement and accept developer fees related to the CHN Malcolm Limited Dividend Housing Association Limited Partnership. There has been no profit or loss activity in the year December 31, 2024.

The two above wholly owned subsidiaries are to be consolidated in the financial statements of Chippewa County Community Foundation.

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through September 10, 2025.

NOTE C - CASH AND INVESTMENTS:

The financial position accounts and types of cash items as of December 31, 2024 are presented below:

Financial Position Account	Amount	Cash Items	Amounts
Cash and Equivalents	$ 249,222	Checking & Savings	$ 66,195
		Certificate of Deposit	100,302
		Money Market Savings	82,725
			$ 249,222

At year end, the carrying amount of deposits with financial institutions was $166,520, which excludes deposits in transit and outstanding checks. 100% of the balance was covered by federal depository insurance.

Investments consist of the following on December 31, 2024 (all Level 1):

	Fair Value
Mutual Funds	$ 4,818,343
Exchange Traded Funds	582,901
Total	$ 5,401,244

As of December 31, 2024, all of the Foundation's investments are in external investment pools.

Interest rate risk. The Foundation has a formal investment policy; however, it does not have a section that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk. Investment custodial credit risk is the risk that in the event of the failure of the counterparty, the Foundation will not be able to recover the value of its investment of securities that are in the possession of an outside party. Of the Foundation's $5,401,244 in investments, $253,110 is not in the name of the Foundation but in the name of the agent.

The following schedule summarizes the investment return for the year ended December 31, 2024:

Interest and Dividends	$ 299,541
Realized Gains (Losses)	104,181
Unrealized Gains (Losses)	177,825
Investment Fees	(35,562)
Total Investment Return	$ 545,985

NOTE D - PROPERTY AND EQUIPMENT:

A summary of property and equipment as of and for the year ended December 31, 2024 is as follows:

	Balance 1/1/2024	Additions	Balance 12/31/2024
Office Equipment	$ 14,573	$ -	$ 14,573
Less: Accumulated depreciation	(10,344)	(1,801)	(12,145)
Net Property and Equipment	$ 4,229	$ (1,801)	$ 2,428

Depreciation expense charged to operations for the year ended December 31, 2024 was $1,801.

NOTE E - CHARITABLE REMAINDER UNITRUST:

The Foundation has been named a remainder beneficiary of a charitable remainder unitrust, which was created in 2015. One income beneficiary is to receive 5.00% of the net fair market value of the assets in the trust on the first day of the trust year annually. Upon the death of the income beneficiary, the remaining principal and income of the trust is to be distributed to the Foundation. A non-current asset for the charitable remainder trust was recognized at the fair market value. The expected future cash flow of $432,781 represents the Foundation's share of the fair market value (Level 1) of the trust as of December 31, 2024. This balance has been recorded as a donor-restricted contribution. The present value has been calculated using a discount rate of 5% and a term of nine years.

NOTE F - ENDOWMENTS:

The Foundation's endowments consist of approximately seventy-five individual funds established for a variety of purposes. The endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

For donor-restricted endowment funds, the Board of Directors of the Foundation have interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classify as permanently restricted assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified at temporarily restricted net assets until those amounts are appropriated for expenditures by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund.

(2) The purposes of the Foundation and the donor-restricted endowment fund.

(3) General economic conditions.

(4) The possible effect of inflation and deflation.

NOTE F - ENDOWMENTS: (Continued)

(5) The expected total return from income and the appreciation of investments.

(6) Other resources of the Foundation.

(7) The investment policies of the Foundation.

Investment Return Objectives, Risk Parameters and Strategies. The Foundation has adopted investment and spending policies for endowment assets that attempt to accumulate a pool of assets sufficient to build community capital for future use with the corresponding obligation to support current and future community needs. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under the Foundation's policies, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that meet or exceed a target balanced index composed of: 40% of the S&P500 index, 15% Morgan Stanley Capital International Europe, Australia, Far East Index "EAFE" (international equity) and 30% of the LB Aggregate Bond Index (fixed income).

Spending Policy. The Foundation has a spending policy which determines the amount available for granting only once each year. The spending policy formula is applied against the net asset value of all endowed funds as of the previous calendar year end. The amount available for spending was calculated on the simple moving average, based on the number of quarters each fund has been in existence up to twelve quarters. After a fund has been in existence twelve quarters, the most recent twelve quarters will be used. It will be calculated as a twelve-quarter rolling average of the market value in the future. The available amount for spending from the fund's market value, for distribution and administration, will be up to five percent for granting purposes plus the current administrative fee rate. The fund's endowed principal will not be invaded for distribution except as allowed by the fund agreement.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of the Foundation has interpreted SPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Endowment asset composition by type of fund as of December 31, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted endowment funds	$ -	$ 5,233,236	$ 5,233,236
Board-designated endowment funds	166,115	-	166,115
Total Funds	$ 166,115	$ 5,233,236	$ 5,399,351

NOTE F - ENDOWMENTS: (Continued)

Changes in endowment net assets for the fiscal year ended December 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	$ 146,213	$ 4,771,735	$ 4,917,948
Investment return:			
Interest and dividends	9,179	297,144	306,323
Net gain (loss) – realized and unrealized	7,641	250,847	258,488
Total investment return	16,820	547,991	564,811
Contributions	5,438	166,557	171,995
Appropriation for expenditure - special	(1,000)	(158,009)	(159,009)
Fees	(1,356)	(95,038)	(96,394)
Endowment net assets, end of year	$ 166,115	$ 5,233,236	$ 5,399,351

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or state law requires the Foundation to retain as a fund of perpetual durations. As of December 31, 2024, there was a deficiency of this nature in the accumulated donor-restricted endowment funds, which has an original gift value of approximately $42,567, a current fair value of $41,013, resulting in a deficiency of approximately $1,553. These are deficiencies resulting from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the board of trustees.

NOTE G - FUNDS HELD UNDER AGENCY ENDOWMENT AGREEMENTS:

Although commingled with the Foundation's investments, the funds held under the agency endowment agreements are separately accounted for because the Foundation has agreed to transfer those assets, and return on investment of assets, or both to the nonprofit organizations at some point in the future. Activity for December 31, 2024 is as follows:

Beginning balance	$ 232,377
Additions:	
Contributions	100
Investment income and gains (losses)	26,784
Total additions	26,884
Deductions:	
Grants	1,697
Service fees assessed	4,454
Total deductions	6,151
Ending balance	$ 253,110

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions at December 31, 2024 are made up of the following:

	With Donor Restriction
Endowment Funds	$ 5,233,236
Special Project Funds	577,875
Total	$ 5,811,111

Net assets with donor restrictions at December 31, 2024 are available for the following purposes:

	With Donor Restriction
Scholarships	$ 3,236,210
Youth	972,621
Health and Well-Being	283,596
Education	243,515
Community Development	234,801
Environmental	155,437
Arts/Culture/History	164,368
Recreation	8,513
Veterans	7,694
Other	504,356
Total	$ 5,811,111

NOTE I - NET ASSET RECLASSIFICATION:

During the year ended December 31, 2024, the Foundation determined that certain net assets previously reported as a reduction of net assets with donor restrictions did not meet the criteria for donor-imposed restrictions under ASC 958. Accordingly, at January 1, 2024, the Organization reclassified $3,859 to net assets with donor restrictions from net assets without donor restrictions. This reclassification had no effect on total net assets or the change in net assets for any period presented.

NOTE J - CONCENTRATIONS OF CREDIT RISK:

The majority of the Foundation's contributions are received from donors located in the Eastern Upper Peninsula. As such, the Foundation's ability to generate resources via contributions is dependent upon the economic health of that area. An economic downturn could cause a decrease in contributions that coincides with an increase in need among the not-for-profit organizations that the Foundation supports.

Financial instruments that are exposed to concentrations of credit risk consist of cash and investments. The cash and investments in external investment pools at high quality institutions and companies with high credit ratings. Cash and investments are based on quoted market prices. As of December 31, 2024, the Foundation had no significant concentrations of credit risk.

NOTE K - AVAILABILITY AND LIQUIDITY:

The following represents the Foundation's financial assets at December 31, 2024.

Financial assets at year-end:		
Cash and equivalents	$	249,222
Investments		5,401,244
Total financial assets		5,650,466
Less:		
Financial assets with donor restrictions		5,378,330
Financial assets available to meet general expenditures over the next twelve months	$	272,136

The Foundation's goal is generally to maintain financial assets to meet 90 days of operating expenses.

NOTE L - SCHOLARSHIP AWARDS:

The Foundation awards scholarships to eligible students to assist with the cost of tuition and related educational expenses. Scholarships are generally awarded on an annual basis and may be renewable for up to four academic years, contingent upon the students' continued enrollment in an accredited institution, maintenance of a minimum grade point average, and submission of required verification documentation.

Scholarship awards are considered conditional promises to give and are expensed in the period in which all conditions have been met. As such, only the amounts approved and payable for the current academic year are recognized in the accompanying financial statements. Conditional amounts expected to be awarded in future academic years are not recorded as liabilities at year-end because the related eligibility requirements have not yet been satisfied.

For the year ended December 31, 2024, the Foundation awarded scholarships totaling $118,955. Conditional scholarships with a maximum potential future value of approximately $47,850 may be awarded over the next one to three academic years if all eligibility requirements are met.