CADILLAC AREA COMMUNITY FOUNDATION
CADILLAC, MICHIGAN

STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020

ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 186,472
Investment in Marketable Securities	13,924,752
Accounts Receivable	1,811
Security Deposit Receivable	500
Current Portion of Student Loans Receivable	2,280
Total Current Assets	14,115,815
PROPERTY AND EQUIPMENT, NET	557
OTHER ASSETS	
Student Loans Receivable, Net of Current Portion	7,621
TOTAL ASSETS	$ 14,123,993
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Payroll Withholdings	$ 764
Accounts Payable	2,406
Grants Payable	17,077
Total Current Liabilities	20,247
LONG-TERM LIABILITIES	
Payroll Protection Program Loan	14,642
Funds Held in Agency Endowments	319,197
Total Long-Term Liabilities	333,839
Total Liabilities	354,086
NET ASSETS	
Without Donor Restrictions	3,165,589
With Donor Restrictions	10,604,318
Total Net Assets	13,769,907
TOTAL LIABILITIES AND NET ASSETS	$ 14,123,993

The accompanying notes are an integral part of these financial statements.

CADILLAC AREA COMMUNITY FOUNDATION
CADILLAC, MICHIGAN

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Donations	$ 112,602	$ 233,172	$ 345,774
Grant Income	250	-	250
Interest and Dividends	103,433	352,136	455,569
Net Unrealized and Realized Gain on Investments	267,536	927,976	1,195,512
Administration Revenue from Agency Endowments	2,183	-	2,183
Net Assets Released from Restrictions	547,718	(547,718)	-
Total Revenue and Support	1,033,722	965,566	1,999,288
EXPENSES			
Program Services	522,665	-	522,665
Supporting Services			
Management and General	139,825	-	139,825
Total Expenses	662,490	-	662,490
Net Increase in Net Assets	371,232	965,566	1,336,798
NET ASSETS - Beginning of Year - Restated	2,794,357	9,638,752	12,433,109
NET ASSETS - End of Year	$ 3,165,589	$ 10,604,318	$ 13,769,907

The accompanying notes are an integral part of these financial statements.

CADILLAC AREA COMMUNITY FOUNDATION
CADILLAC, MICHIGAN

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

		Supporting Services		
	Program Services	Management and General	Fund Raising	Total
Wages	$ -	$ 67,907	$ -	$ 67,907
Payroll Taxes	-	5,250	-	5,250
Grants	522,665	-	-	522,665
Legal and Accounting	-	11,800	-	11,800
Investment Expense	-	22,340	-	22,340
Advertising	-	1,399	-	1,399
Program Supplies	-	1,060	-	1,060
Dues and Fees	-	4,335	-	4,335
Insurance	-	2,888	-	2,888
Repairs and Maintenance	-	4,547	-	4,547
Occupancy	-	7,126	-	7,126
Telephone	-	2,106	-	2,106
Miscellaneous	-	1,264	-	1,264
Compliance	-	3,250	-	3,250
Contracted Services	-	222	-	222
Postage and Shipping	-	685	-	685
Depreciation	-	316	-	316
Travel and Conferences	-	1,889	-	1,889
Promotional Expense	-	1,441	-	1,441
	$ 522,665	$ 139,825	$ -	$ 662,490

The accompanying notes are an integral part of these financial statements.

CADILLAC AREA COMMUNITY FOUNDATION
CADILLAC, MICHIGAN

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 1,336,798
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities	
Increase in Assets Held for Endowments	(233,172)
Noncash Donation of Stock	(172,167)
Gain on Sale of Investments	(14,383)
Unrealized Gain on Investments	(1,181,129)
Depreciation	316
Increase in Funds Held in Agency Endowments	123,776
Changes in Operating Assets and Liabilities Which Provided (Used) Cash	
Accounts Receivable	(1,811)
Payroll Withholdings	764
Accounts Payable	(24)
Grants Payable	(6,098)
Net Cash Flows Provided/(Used) by Operating Activities	(147,130)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(1,252,609)
Proceeds from Sale of Investments	1,128,753
Student Loan Repayments	1,964
Net Cash Provided/(Used) by Investing Activities	(121,892)
CASH FLOWS FROM FINANCING ACTIVITIES	
Loan Proceeds Received	14,642
Endowment Donations	233,172
Net Cash Provided/(Used) by Financing Activities	247,814
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(21,208)
Cash and Cash Equivalents - Beginning of Year	207,680
Cash and Cash Equivalents - End of Year	$ 186,472

The accompanying notes are an integral part of these financial statements.

NOTE A - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Cadillac Area Community Foundation (the "Foundation") was incorporated as a Michigan nonprofit corporation on June 29, 1988 to acquire and manage a collection of unrestricted, field-of-interest and restricted endowment funds with income from these funds used to support the public welfare of the people of and around Cadillac, Michigan.

The Foundation also administers the assets of the Missaukee Area Community Foundation. The assets of this *Geographic Component Fund*, which is not a separate legal entity, are exclusively for the purpose of enhancing the quality of life for the residents of Missaukee County.

Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions and restrictions imposed by specific fund agreements. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

It is the Foundation's intent to honor donor instructions and stipulations regarding the use of gifts made to the Foundation. However, the Foundation Board has retained authority to vary the condition of any gift otherwise subject to donor-imposed conditions if adherence to any such conditions or stipulations would, in the judgment of the Board, be unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community served by the Foundation.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the current period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using low-risk interest rates applicable to the years in which the promises are to be received. The Foundation records donations of non-cash assets at their appraised or fair value at the date of the gift.

Donated Services

A portion of the Foundation's activities has been conducted by volunteers without compensation and by professional and business organizations at significantly reduced charges. Support for goods and services contributed has only been recognized to the extent that such contributions (1) require specialized skills (and are provided by individuals possessing those skills) and would typically be purchased if not provided by donation or (2) create or enhance the non-financial assets of the Foundation.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits held in various checking and savings accounts. The Foundation considers all temporary investments with a maturity of three months or less to be cash equivalents. Cash amounts included in the investment portfolio are considered to be cash and cash equivalents for the purposes of the statement of cash flows.

Investments

Investments in marketable securities are stated at fair market value. Increases or decreases resulting from changes in market value of investments are included annually in the *Statement of Activities* whether or not realized by the sale of investments. Investments are recorded on the trade date of the transaction.

Student Loans Receivable

Student loans receivable are unsecured loans to students carrying a variable interest rate and commencing repayment six months after graduation or otherwise ceases to be a student in good standing. There is no allowance for uncollectible loans recorded because the Foundation does not expect such amounts to be significant.

The Foundation's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet the repayment terms, the deteriorating or deteriorated financial conditions, or for any other reasons. For the fiscal year ending September 30, 2020, the Foundation did not consider any student loans to be uncollectible.

Property and Equipment

Property and equipment are stated at cost if purchased or at the estimated fair value if donated. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed when paid. When items of property or equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in additions to or deductions from net assets.

Depreciation is recorded using the straight-line method over the estimated useful lives of the respective assets as follows:

Office Furniture and Equipment	5 years
Leasehold Improvements	15 years

Funds Held in Agency Endowments

A liability has been established for amounts received from other not-for-profit organizations that specify the donor organization or related organization as the beneficiary. Investment earnings or losses allocated to the funds and distributions paid to the beneficiary organization are recorded as increases and decreases, respectively, to the liability. Distributions from restricted organizational funds are subject to the current spending policies of the Foundation.

Grants Payable

Grants payable consist of grants approved for distribution and awarded but not paid to local non-profit organizations or individual scholarship recipients. All grants payable are current.

Tax Status

The Foundation has received determination from the Internal Revenue Service that it qualifies as a public charity and is tax exempt under Section 501(c)(3) of the Internal Revenue Code. Also, the Foundation has been certified as a community foundation by the State of Michigan and has received determination of the Foundation as "other than a private foundation" under Section 170(b)(1)(A)(vii) of the Internal Revenue Code.

The Foundation files income tax returns in the U.S. Federal jurisdiction. With few exceptions, the Foundation is no longer subject to U.S. Federal income tax examination by tax authorities for years before September 30, 2018.

Advertising

Advertising costs are charged in the year incurred and totaled $1,399 in 2020.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 amounts could differ from those estimates.

NOTE B – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation's primary sources of revenues are donations and investment income. Due to the nature of the pooled cash and investment accounts, it would be impractical and immaterial to allocate the available funds between the available cash and investments, therefore, the total available has been noted. The Foundation's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following at September 30, 2020:

Cash and Investments	$ 1,079,372

NOTE C - INVESTMENTS AND DEPOSITS

The Foundation's cash and investments are held by financial institutions and consisted of the following at September 30, 2020:

	Market Value	Cost
Cash Equivalents		
Deposits and Cash Equivalent - Investments	$ 186,472	$ 186,472
Marketable Securities		
Equity Securities	2,776,322	1,363,611
Bond Securities	4,248,895	3,945,505
Mutual Funds - Equity	6,899,160	5,344,259
Mineral Interests	375	375
Total Investments in Marketable Securities	13,924,752	10,653,750
Total Cash Equivalents and Investments	$ 14,111,224	$ 10,840,222

Concentration of Credit Risk

The Foundation maintains its cash in bank deposit accounts at various financial institutions. The balances, at times, may exceed federally insured limits. At September 30, 2020, the Foundation's cash balances were fully insured.

Concentration of Credit Risk - *Investments*

Brokerage accounts have insurance of $500,000 per broker, provided by the Securities Investor Protection Corporation. The balance of investments exceeded insured limits by $12.915 million at September 30, 2020.

NOTE D - FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Accounting Standards Board Accounting Standards Codification 820-10 (FASB ASC 820-10), formerly Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements,* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1—Quoted prices in active markets for identical assets. Assets in this level typically include publicly traded equities, mutual fund investments, cash equivalents, and listed derivatives.

Level 2—Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data such as published interest rates and yield curves, over-the-counter derivatives, market modeling, or other valuation methodologies. Assets in this level include debt securities and partnerships that hold Level 1 assets, provided that the Foundation has the ability to redeem the investment in the near term, and real estate held for investment if measured by a current appraisal.

Level 3—Unobservable inputs that reflect management's assumptions and best estimates based on available data. Assets in this level include alternative investments, real estate held for investment if measured using management estimates, investments in partnerships and limited liability companies, and beneficial interests in charitable remainder trusts.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs to minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for asset measured at fair value. There have been no changes in the methodologies used at September 30, 2020.

Equity and bond securities: Valued at fair value based on quoted market prices.

Mutual funds: Valued at the net asset value ("NAV") of shares held by the Foundation at year-end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of September 30, 2020:

	Level 1	Level 2	Level 3	Total
Mutual Funds				
Blended Funds	$ 2,411,950	$ -	$ -	$ 2,411,950
Bond Funds	4,248,895	-	-	4,248,895
Emerging Markets	108,100	-	-	108,100
Growth Funds	1,977,372	-	-	1,977,372
Income Funds	8,579	-	-	8,579
Index Funds	398,881	-	-	398,881
International Funds	876,263	-	-	876,263
Midcap Funds	820,438	-	-	820,438
Real Estate Funds	83,380	-	-	83,380
Small Cap Funds	214,197	-	-	214,197
Total Mutual Funds	11,148,055	-	-	11,148,055
Equity Securities				
Consumer Discretionary	560,770	-	-	560,770
Consumer Staples	165,530	-	-	165,530
Energy	36,000	-	-	36,000
Financials	308,205	-	-	308,205
Health Care	470,681	-	-	470,681
Industrials	157,568	-	-	157,568
Information Technology	679,513	-	-	679,513
Materials	118,467	-	-	118,467
Telecommunications	176,778	-	-	176,778
Utilities	102,810	-	-	102,810
Total Equity Securities	2,776,322	-	-	2,776,322
Mineral Interest	375	-	-	375
	$ 13,924,752	$ -	$ -	$ 13,924,752

NOTE E - STUDENT LOANS RECEIVABLE

Student loans receivable are unsecured and has a variable interest rate from year to year based on outside student loan programs available. Terms of the loan state that the repayments begin six months after the recipient graduates or otherwise ceases to be a student in good standing. If the total amount of the recipient's student loans is less than $5,000, the Foundation will establish a term for repayment not to exceed five years. If the total amount is $5,000 or more, the Foundation will establish a term for repayment not to exceed ten years. At September 30, 2020, student loan receivables were $9,901. Amounts are to be received as follows:

2020-2021	$ 2,280
2021-2022	1,508
2022-2023	1,091
2023-2024	1,125
2024-2025	1,159
Thereafter	2,738
	$ 9,901

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of September 30, 2020:

Office Furniture and Equipment	$ 9,592
Leasehold Improvements	1,856
	11,448
Less Accumulated Depreciation	(10,891)
Total Property and Equipment	$ 557

Depreciation expense for the year ending September 30, 2020 totaled $316.

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NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

The Foundation's restricted net assets are available for the following purposes:

Available for Expenditure for:	
Field of Interest	$ 3,459,829
Donor Advised	4,416,521
Agency	1,902,318
Scholarships	825,650
	10,604,318

NOTE H - ENDOWMENT

The Foundation's endowment consists of individual funds that are donor restricted or board designated and have been established for a variety of purposes. 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. 1

Endowment net assets are classified as the following as of September 30, 2020:

Without Donor Restrictions	$ 3,151,864
With Donor Restrictions	9,730,434
	$ 12,882,298

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