



BERRIEN

COMMUNITY FOUNDATION

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FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

December 31, 2021 and 2020

BERRIEN COMMUNITY FOUNDATION, INC.
ST. JOSEPH, MICHIGAN
FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Berrien Community Foundation, Inc.
St. Joseph, Michigan

Opinion

We have audited the accompanying financial statements of Berrien Community Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Berrien Community Foundation, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years 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 Berrien Community Foundation, Inc. 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 the 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 Berrien Community Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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, including omissions, 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 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 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 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 Berrien Community Foundation, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Berrien Community Foundation, Inc.'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.

INDEPENDENT AUDITOR'S REPORT, CONCLUDED

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information that is identified in the table of contents is presented for the 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.

Respectfully submitted,

A handwritten signature in blue ink that reads "Kruegel, Lawton & Company, LLC". The signature is written in a cursive style.

Certified Public Accountants

St. Joseph, Michigan
April 7, 2022

BERRIEN COMMUNITY FOUNDATION, INC.
ST. JOSEPH, MICHIGAN

STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,755,721	\$ 4,602,205
Accounts receivable	12,561	23,500
Promissory note receivable, current portion	168,533	161,532
Other current assets	56,162	76,779
Investments	79,787,533	64,096,920
Total Current Assets	<u>\$ 90,780,510</u>	<u>\$ 68,960,936</u>
Non-current assets:		
Charitable remainder trusts receivable	\$ 1,031,360	\$ 1,031,360
Promissory note receivable, non-current portion	1,559,596	1,728,129
Property and equipment, net	17,779	4,861
Total Non-Current Assets	<u>\$ 2,608,735</u>	<u>\$ 2,764,350</u>
Total Assets	<u>\$ 93,389,245</u>	<u>\$ 71,725,286</u>
Liabilities and Net Assets		
Liabilities:		
Grants payable	\$ -	\$ 11,000
Accounts payable	9,314	2,893
Funds held as agency funds	16,768,067	15,215,333
Unearned discount	290,988	315,237
Total Liabilities	<u>\$ 17,068,369</u>	<u>\$ 15,544,463</u>
Net Assets:		
Without donor restriction	\$ 75,580,504	\$ 55,464,700
With donor restriction	740,372	716,123
Total Net Assets	<u>\$ 76,320,876</u>	<u>\$ 56,180,823</u>
Total Liabilities and Net Assets	<u>\$ 93,389,245</u>	<u>\$ 71,725,286</u>

The Notes to Financial Statements are an integral part of this statement.

BERRIEN COMMUNITY FOUNDATION, INC.
ST. JOSEPH, MICHIGAN

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	2021
Public Support and Other			
Undesignated contributions	\$ 926,555	\$ -	\$ 926,555
Designated contributions	23,051,946	24,249	23,076,195
<i>Less: Amounts received for agency funds</i>	(70,450)	-	(70,450)
Net investment income	9,080,428	-	9,080,428
<i>Less: Investment income for agency funds</i>	(2,161,909)	-	(2,161,909)
Miscellaneous revenues	182,200	-	182,200
Total Public Support and Other	\$ 31,008,770	\$ 24,249	\$ 31,033,019
Expenses			
Program Services:			
Grants and Scholarships	\$ 10,796,552	\$ -	\$ 10,796,552
<i>Less: Grants made for agency funds</i>	(543,216)	-	(543,216)
Other program expenses	329,454	-	329,454
Management and general expenses	225,393	-	225,393
Development and marketing expenses	84,783	-	84,783
Total Expenses	\$ 10,892,966	\$ -	\$ 10,892,966
Change in Net Assets	\$ 20,115,804	\$ 24,249	\$ 20,140,053
Net Assets - beginning of year	55,464,700	716,123	56,180,823
Net Assets - end of year	\$ 75,580,504	\$ 740,372	\$ 76,320,876

The Notes to Financial Statements are an integral part of this statement.

BERRIEN COMMUNITY FOUNDATION, INC.
ST. JOSEPH, MICHIGAN

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020</u>
Public Support and Other			
Undesignated contributions	\$ 20,452	\$ -	\$ 20,452
Designated contributions	15,913,332	24,249	15,937,581
<i>Less: Amounts received for agency funds</i>	(8,923)	-	(8,923)
Net investment income	6,081,895	-	6,081,895
<i>Less: Investment income for agency funds</i>	(1,414,039)	-	(1,414,039)
Miscellaneous revenues	222,546	-	222,546
Total Public Support and Other	<u>\$ 20,815,263</u>	<u>\$ 24,249</u>	<u>\$ 20,839,512</u>
Expenses			
Program Services:			
Grants and Scholarships	\$ 7,080,256	\$ -	\$ 7,080,256
<i>Less: Grants made for agency funds</i>	(325,843)	-	(325,843)
Other program expenses	304,082	-	304,082
Management and general expenses	201,657	-	201,657
Development and marketing expenses	80,469	-	80,469
Total Expenses	<u>\$ 7,340,621</u>	<u>\$ -</u>	<u>\$ 7,340,621</u>
Change in Net Assets	\$ 13,474,642	\$ 24,249	\$ 13,498,891
Net Assets - beginning of year	<u>41,990,058</u>	<u>691,874</u>	<u>42,681,932</u>
Net Assets - end of year	<u>\$ 55,464,700</u>	<u>\$ 716,123</u>	<u>\$ 56,180,823</u>

The Notes to Financial Statements are an integral part of this statement.

BERRIEN COMMUNITY FOUNDATION, INC.
ST. JOSEPH, MICHIGAN

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Grants	\$ 10,527,044	\$ -	\$ -	\$ 10,527,044
Scholarships	269,508	-	-	269,508
Foundation Administrative Fees	-	(3,368)	-	(3,368)
Salaries	204,921	161,572	27,586	394,079
Payroll Expenses	869	686	117	1,672
Payroll Taxes	16,003	12,618	2,154	30,775
Retirement	7,458	5,880	1,004	14,342
Workers' Compensation	324	255	44	623
Development/Community Events	3,786	-	1,622	5,408
Development/Volunteer Events	-	-	32,897	32,897
Development/Events	5,289	-	2,266	7,555
Development/Recognition	243	-	104	347
Marketing/Printing	439	88	351	878
Marketing/Give Aways	2,282	-	3,422	5,704
Marketing/Advertising	7,501	1,500	6,001	15,002
Memberships	2,136	1,282	466	3,884
Dues and Subscriptions	188	113	41	342
Office Supplies and Expenses	5,089	3,214	625	8,928
Computer Supplies	235	148	29	412
Non Cap Office Furniture	340	215	42	597
Postage	2,787	1,760	343	4,890
Copier Lease/Maintenance	2,687	1,697	330	4,714
D and O Insurance	1,591	1,005	196	2,792
Registration	-	358	-	358
Board and Committee Meetings	-	1,105	-	1,105
Program Mileage	1,225	-	1,225	2,450
Audit Fees	-	8,150	-	8,150
Professional Services	15,913	4,488	-	20,401
Computer Support	1,157	730	142	2,029
Software support	6,982	4,410	857	12,249
Office Insurance	1,016	630	105	1,751
Rent	21,618	13,418	2,237	37,273
Utilities	1,399	868	145	2,412
Telephone/Internet/Security	2,027	1,260	213	3,500
Depreciation Expense	2,112	1,311	219	3,642
Miscellaneous Fund Expenses	11,837	-	-	11,837
Total Functional Expenses	\$ 11,126,006	\$ 225,393	\$ 84,783	\$ 11,436,182

The Notes to Financial Statements are an integral part of this statement.

BERRIEN COMMUNITY FOUNDATION, INC.
ST. JOSEPH, MICHIGAN

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	Program Services	Supporting Services			Total
		Management and General	Fundraising	Total Support Services	
Grants	\$ 6,519,813	\$ -	\$ -	\$ -	\$ 6,519,813
Scholarships	234,600	-	-	-	234,600
Foundation Administrative Fees	-	3,243	-	3,243	3,243
Salaries	175,851	138,652	23,672	162,324	338,175
Payroll Expenses	1,034	815	139	954	1,988
Payroll Taxes	13,974	11,018	1,881	12,899	26,873
Workers' Compensation	324	255	44	299	623
Development/Community Events	6,557	-	-	-	6,557
Development/Volunteer Events	-	-	31,792	31,792	31,792
Development/Events	8,716	-	-	-	8,716
Development/Recognition	459	-	-	-	459
Marketing/Printing	335	67	268	335	670
Marketing/Give Aways	3,563	-	5,344	5,344	8,907
Marketing/Advertising	7,035	-	10,552	10,552	17,587
Memberships	993	596	217	813	1,806
Dues and Subscriptions	232	139	51	190	422
Office Supplies and Expenses	3,941	2,489	484	2,973	6,914
Computer Supplies	473	298	58	356	829
Non Cap Office Furniture	1,124	710	138	848	1,972
Postage	2,645	1,670	325	1,995	4,640
Copier Lease/Maintenance	2,383	1,505	293	1,798	4,181
D and O Insurance	1,517	958	186	1,144	2,661
Registration	-	405	-	405	405
Community Meetings and Workshops	55	-	-	-	55
Board and Committee Meetings	-	601	-	601	601
Professional Development Mileage	-	324	-	324	324
Program Mileage	946	-	946	946	1,892
Professional Development Meals	-	26	-	26	26
Audit Fees	-	8,500	-	8,500	8,500
Professional Services	21,010	5,926	-	5,926	26,936
Computer Support	330	208	41	249	579
Software support	9,311	5,881	1,143	7,024	16,335
Office Insurance	1,002	622	104	726	1,728
Rent	21,618	13,418	2,236	15,654	37,272
Utilities	1,460	906	151	1,057	2,517
Telephone/Internet/Security	2,675	1,661	277	1,938	4,613
Depreciation Expense	1,231	764	127	891	2,122
Miscellaneous Fund Expenses	13,288	-	-	-	13,288
Total Functional Expenses	\$ 7,058,495	\$ 201,657	\$ 80,469	\$ 282,126	\$ 7,340,621

The Notes to Financial Statements are an integral part of this statement.

BERRIEN COMMUNITY FOUNDATION, INC.
ST. JOSEPH, MICHIGAN

STATEMENTS OF CASH FLOWS
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 20,140,053	\$ 13,498,891
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized (gains) losses	(8,226,926)	(5,172,216)
Depreciation	3,642	2,122
Change in charitable remainder trust	(24,249)	(24,249)
<i>Changes in current assets and liabilities:</i>		
Accounts receivable	10,939	(23,500)
Other current assets	20,617	(2,461)
Grants payable	(11,000)	(39,000)
Accounts payable	6,421	2,783
Funds held as agency funds	1,552,734	963,604
Net cash provided by operating activities	<u>\$ 13,472,231</u>	<u>\$ 9,205,974</u>
Cash Flows from Investing Activities		
Purchases of investments	\$ (80,782,960)	\$ (23,502,105)
Proceeds from the sale of investments	73,480,805	15,830,771
Purchases of property and equipment	(16,560)	(900)
Net cash used in investing activities	<u>\$ (7,318,715)</u>	<u>\$ (7,672,234)</u>
Change in Cash and Cash Equivalents	\$ 6,153,516	\$ 1,533,740
Cash and Cash Equivalents, Beginning of Year	<u>4,602,205</u>	<u>3,068,465</u>
Cash and Cash Equivalents, End of Year	<u>\$ 10,755,721</u>	<u>\$ 4,602,205</u>
Supplemental disclosure of noncash operating activities		
Promissory note receivable	<u>\$ -</u>	<u>\$ 1,942,000</u>

The Notes to Financial Statements are an integral part of this statement.

NOTE 1. NATURE OF BUSINESS

Berrien Community Foundation Inc.'s (the "Foundation") purpose is to promote philanthropy by connecting the power of people who care with the causes and organizations that strengthen our communities. The vision is to build strong, vibrant, and sustainable communities.

The Foundation accomplishes this mission by:

- Building endowments and other funds and providing a broad range of flexible and cost-effective donor services
- Investing and managing funds prudently and professionally
- Providing grants to support a broad range of projects and programs that address community needs
- Serving as a leader, catalyst, and resource in our communities

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis.

The Foundation adheres to Financial Accounting Standards ("FASB") Accounting Standards Codification ("ASC") 958-205, which sets the standards for reporting on financial statements of nonprofit organizations. ASC 958-205 requires the classification and presentation of net assets in two categories: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and Board of Directors (the "Board").

Net assets with donor restrictions are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires the use of management estimates and assumptions regarding certain types of assets, liabilities, support, revenues, and expenses.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash and Cash Equivalents

Included in cash are all highly liquid investments purchased with an original maturity of three months or less, which the Foundation considers to be cash equivalents.

Investments

In accordance with the requirements of *Accounting for Certain Investments Held by Not-for-Profit Organizations* Topic of FASB ASC 958-320, the Foundation reports investments in equity securities with readily determinable fair values and all investments in debt securities at fair value in the Statements of Financial Position. Gains and losses are reflected as increases or decreases in the unrestricted class of net assets unless the donor or relevant laws place temporary or permanent restrictions on the gains and losses.

Donated securities are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of the sales proceeds received.

Property and Equipment

Property and equipment are stated at their estimated market value at the date donated or at cost, if purchased. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The Foundation has established a capitalization policy for all expenditures in excess of \$750 and an estimated useful life of greater than one year.

Revenue Recognition

The Foundation records contributions, including promises to give, when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of the assets or at the time an unconditional promise to give is made.

Contributions received are considered to be available for current use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions are met in the fiscal year in which the contributions are received.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONCLUDED

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include dues and subscriptions, equipment rental and maintenance, liability insurance, office supplies, payroll taxes, postage, printing, rent, utilities, salaries and payroll expenses, mileage and travel, training and conferences, software and computer support, telephone, security, memberships and depreciation, all of which are allocated on the basis of estimates of time and effort, square footage or other reasonable basis.

Giving Company

In 2016, the Foundation formed BCF Giving, LLC (the “Giving Company”), a single-member limited liability company engaged in activity within the purpose for which a limited liability company may be formed under the Limited Liability Company Act of Michigan. The Giving Company is a disregarded entity in accordance with the 501(c)(3) organizational test, that “*The organization is organized exclusively for exempt purposes under 501(c)(3) of the Internal Revenue Code,*” and “*The organization may not carry on activities not permitted to be carried on by an organization described in section 501(c)(3)*”. The purpose of the Giving Company is for the receipting and granting of hard to value assets.

NOTE 3. INCOME TAXES

The Internal Revenue Service has ruled that the Foundation is a publicly supported organization, as described in Section 509(a)(1), 509(a)(3), and 170(b)(1)(A)(iv) of the Internal Revenue Code. Consequently, the Foundation is exempt from federal income tax through Section 501(c)(3) and certain excise taxes imposed on private foundations.

Management has elected to apply the provisions of FASB ASC 740-10, *Income Taxes*. Under FASB ASC 740-10 an entity must determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any appeals or litigation processes, based on technical merits of the position. As of December 31, 2021 and 2020, the Foundation had no known liability due to the uncertainty of income taxes. The Foundation is no longer subject to U.S. federal income tax examinations by tax authorities for the three previous fiscal years.

NOTE 4. LIQUIDITY AND AVAILABILITY

The Foundation has working capital of \$73,712,141 and \$53,231,441 and average days of cash on hand of 360 and 229 as of December 31, 2021 and 2020, respectively.

The table below represents financial assets available for general expenditures within one year at December 31:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 10,771,606	\$ 4,657,266
Accounts receivable	12,561	23,500
Promissory note receivable, current portion	168,533	161,532
Investments	<u>79,787,533</u>	<u>64,096,920</u>
Total financial assets	\$ 90,740,233	\$ 68,939,218
Less amounts not available to be used within one year:		
Net assets with donor restrictions	\$ 740,372	\$ 716,123
Contributions receivable (unearned discount)	290,988	315,237
Donor and organization endowments less spend-rate distributions	23,564,506	23,564,506
Quasi endowment established by the board	<u>1,333,455</u>	<u>1,333,455</u>
	<u>\$ 25,929,321</u>	<u>\$ 25,929,321</u>
Financial assets available to meet general expenditures within one year	\$ 64,810,912	\$ 43,009,897

The Foundation has certain board designated and donor restricted assets limited to use which are available for general expenditure within one year in the normal course of operations (Notes 10 and 11). The Foundation generally uses these assets for grant making based on donor recommendations.

Our endowment funds consist of donor and organization endowments and funds designated by the board as endowments. These endowments are subject to an annual spending rate of 4.5% that can accumulate year to year if not used for grants. Although the donor and organization endowments' non spendable amounts are not available for general expenditure, these amounts could be made available, if necessary, if the circumstances adhere to the specific requirements for invoking variance power of the board.

Our board designated endowment is subject to the 4.5% annual spending rate. Although we do not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of our liquidity management plan, we assess our immediate liquidity needs weekly. This timeframe is used to accommodate timely payments for unpredictable donor grant recommendations as well as our regularly scheduled general expenses and grant programs. The Foundation invests cash in excess of daily requirements in an interest bearing checking account and money market funds.

NOTE 5. FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1: Unadjusted quoted process in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2: Quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;
- Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following table summarizes the valuation of the Foundation's financial instruments by the above pricing categories as of December 31, 2021:

Assets at Fair Value as of December 31, 2021				
Investments:	Total	(Level 1)	(Level 2)	(Level 3)
Money market funds	\$ 991,699	\$ 991,699	\$ -	\$ -
Equities and mutual funds	54,778,682	54,778,682	-	-
Bonds and government securities	22,626,476	22,626,476		
Alternative Investments	1,390,676	1,390,676	-	-
	<u>\$ 79,787,533</u>	<u>\$ 79,787,533</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities:				
Funds held as agency funds	<u>\$ 16,768,067</u>	<u>\$ 16,768,067</u>	<u>\$ -</u>	<u>\$ -</u>

The following table summarizes the valuation of the Foundation's financial instruments by the above pricing categories as of December 31, 2020:

Assets at Fair Value as of December 31, 2020				
Investments:	Total	(Level 1)	(Level 2)	(Level 3)
Money market funds	\$ 2,702,777	\$ 2,702,777	\$ -	\$ -
Equities and mutual funds	47,670,885	47,670,885	-	-
Bonds and government securities	12,429,850	12,429,850		
Alternative Investments	1,293,408	1,293,408	-	-
	<u>\$ 64,096,920</u>	<u>\$ 64,096,920</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities:				
Funds held as agency funds	<u>\$ 15,215,333</u>	<u>\$ 15,215,333</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 6. GRANTS FOR CHARITABLE, EDUCATIONAL, AND OTHER AUTHORIZED PURPOSES

Unconditional grants are recognized as an expense at the time of formal approval by the grant committee or full Board. Conditional grants, if any, are recognized when such conditions are substantially met. The following summarizes the changes in grants payable for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Grants payable - beginning of year	\$ 11,000	\$ 50,000
Grants awarded	10,516,044	6,480,813
Payments made	<u>(10,527,044)</u>	<u>(6,519,813)</u>
Grants payable - end of year	<u>\$ -</u>	<u>\$ 11,000</u>

NOTE 7. DONATED SERVICES

The Foundation receives a significant amount of donated services from unpaid volunteers who assist in various activities. No amounts have been recognized in the statement of activities as of December 31, 2021 and 2020, because the criteria for recognition under FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*, have not been satisfied.

NOTE 8. CHARITABLE REMAINDER TRUSTS

The Foundation has been named as the remainder beneficiary of certain charitable remainder trusts at the bequest of the various donors. Accordingly, the contributions to be received in the future have been discounted to their present value as of December 31, 2021 and 2020 as follows:

	<u>2021</u>	<u>2020</u>
Charitable remainder trusts receivable	\$ 1,031,360	\$ 1,031,360
<i>Less: Unearned discount</i>	<u>(290,988)</u>	<u>(315,237)</u>
Net charitable remainder trusts receivable	<u>\$ 740,372</u>	<u>\$ 716,123</u>

A discount rate of 8% had been used to reflect the present value, with the discount being accreted over the straight-line basis for the life expectancy of the respective donors at the time the gift was made and known to the Foundation.

NOTE 9. CONCENTRATION OF CREDIT RISK

The Foundation maintains a noninterest bearing checking account with one financial institution. The balance in this account is insured up to \$250,000 by the Federal Deposit Insurance Corporation as of December 31, 2021 and 2020.

NOTE 10. BOARD DESIGNATED NET ASSETS

Included in net assets without donor restrictions are assets that have been board designated.

The Foundation's Board has designated net assets for the following at December 31st:

	<u>2021</u>	<u>2020</u>
Donor advised	\$ 23,030,229	\$ 15,580,407
Designated	26,619,939	17,873,487
Field-of-interest	12,413,402	10,779,847
Scholarship funds	6,081,519	5,410,012
Total	<u><u>\$ 68,145,089</u></u>	<u><u>\$ 49,643,753</u></u>

NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Charitable remainder trusts	<u><u>\$ 740,372</u></u>	<u><u>\$ 716,123</u></u>

NOTE 12. OPERATING LEASES

The Foundation has a lease agreement for office space through June 30, 2022. This lease calls for \$3,106 in monthly payments (\$37,273 annually) through June 30, 2021, plus utilities and maintenance. Total rent expense for the years ended December 31, 2021 and 2020 was \$37,273 and \$37,273, respectively.

Future minimum office space rental obligations are as follows:

<u>Year</u>	<u>Amount</u>
2022	<u>\$ 37,273</u>
	<u><u>\$ 37,273</u></u>

The Foundation leases a copier/scanner for \$392 a month under a five-year lease agreement starting in 2020. Total copier expense for the year (partial year) was \$4,704. Future minimum lease obligations are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 4,704
2023	4,704
2024	4,704
2025	4,704
2026	1,960
	<u><u>\$ 20,776</u></u>

NOTE 12. OPERATING LEASES, CONCLUDED

The Foundation leased a postage machine for \$204 a quarter under a lease agreement starting in 2013. Total postage machine expense for the year was \$816. Future minimum lease obligations are as follows:

<u>Year</u>	<u>Amount</u>
2022	816
	<u>\$ 816</u>

NOTE 13. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31st:

	<u>Estimated Asset Life</u>	<u>2021</u>	<u>2020</u>
Leasehold improvements	15 years	\$ 20,636	\$ 20,636
Furniture and fixtures	5-7 years	33,371	26,646
Computer hardware	5 years	9,129	8,229
Computer software	5 years	4,480	4,480
Total cost		<u>\$ 67,616</u>	<u>\$ 59,991</u>
Less: allowance for depreciation		(49,837)	(55,130)
Net carrying amount		<u>\$ 17,779</u>	<u>\$ 4,861</u>

Total depreciation expense for the years ended December 31, 2021 and 2020 was \$3,642 and \$2,122, respectively.

NOTE 14. FUNDS HELD AS AGENCY FUNDS

The Foundation follows the provisions of FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*. This statement establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both to another entity that is specified by the donor. FASB ASC 958-605 specifically requires that if a Not-for-Profit Organization (“NPO”) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency funds.

The Foundation maintains variance power and legal ownership of agency funds and as such continues to report the funds as assets of the Foundation. However, in accordance with FASB ASC 958-605, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments which could possibly be made to the NPOs under certain conditions.

At December 31, 2021 and 2020, the Foundation was the owner of several agency funds with a combined fair value market value of \$16,768,067 and \$15,215,333, respectively. All financial activity for the years then ended related to these funds is segregated on the Statement of Activities and has been reclassified to the agency fund liability.

NOTE 15. STATE PRUDENT MANAGEMENT INVESTMENT FIDUCIARY ACT (“SPMIFA”)

The State of Michigan adopted SPMIFA effective September 1, 2009. The Board, on the advice of legal counsel, has determined that SPMIFA does not apply to the majority of the Foundation’s net assets. The Foundation is governed subject to the Foundation’s articles and by-laws and most contributions are subject to its terms. Certain contributions are received subject to other trust instruments or are subject to specific agreements with the Foundation.

Under the terms of the articles and by-laws, the Board has the ability to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not specifically restricted by the gift instrument, are classified as unrestricted net assets for financial statement purposes. Contributions that are subject to other gift instruments may be recorded as permanently restricted, temporarily restricted or unrestricted, depending on the specific terms of the agreement. Generally, if the corpus of a contribution will at some future time become available for spending, it is recorded as temporarily restricted. If the corpus never becomes available for spending, it will be reported as permanently restricted. In addition, contributions that are promised to be given in a future period are presented as temporarily restricted until the payments are due.

NOTE 16. RELATED PARTY

During the year, the Foundation had investments through Charles Schwab, administered by Plante Moran. The Treasurer of the Foundation’s Board is a partner at Plante Moran. As of December 31, 2021, the Foundation had \$2,717,512 in investments through Charles Schwab, administered by Plante Moran. All transactions were conducted at arms-length.

NOTE 17. PROMISSORY NOTE RECEIVABLE

The Foundation received a \$1,942,000 contribution in the form of a promissory note from a private donor and \$52,359 was collected against the note during 2020. The note matures in August 2030. The current and long-term portions of the receivable as of December 31st are as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 168,533
2023	175,837
2024	183,457
2025	191,407
2026	199,703
Thereafter	809,192
	<u>\$ 1,728,129</u>

NOTE 18. PPP LOAN

In 2020, the Foundation entered into a loan (the “PPP Loan”) with a local banking institution (the “Lender”) evidencing an unsecured promissory note in the amount of \$65,305 (the “PPP Note”) pursuant to the Paycheck Protection Program (the “PPP”) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Subject to the terms of the PPP Note, the PPP Loan bears interest at a fixed rate of 1% per year, with the first ten months of interest deferred, and payable over a term of two to five years. The PPP Loan is unsecured and guaranteed by the Small Business Administration (“SBA”).

The PPP Loan may be used for payroll costs, costs related to certain group health care benefits and insurance premiums, rent payments, utility payments, and also interest payments on any debt obligations that were entered into before February 15, 2020. PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loan granted under the PPP, with such forgiveness to be determined, subject to limitations, based on the use of the loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, and utilities.

Pursuant to the guidance under the *Debt Topic of the Financial Accounting Standards Board Accounting Standards Codification (ASC) 470*, the Company has recorded the loan as a government grant by analogy to *International Accounting Standard (IAS) 20, Accounting for Government Grants and Disclosure of Government Assistance*. This treatment allowed for the PPP loan proceeds to be recorded as a deferred income liability. In 2020, the Foundation submitted the PPP loan forgiveness application which was subsequently approved by the Lender and the SBA. As a result, the Foundation reduced the deferred income liability, in full, and recognized an equivalent amount as “other income” in the income statement.

NOTE 19. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through April 7, 2022 the date the financial statements were available to be issued. Except as noted below, no events or transactions occurred during this period which requires recognition or disclosure in the financial statements.

On February 18, 2022, the Foundation sold property, located in Union Pier, MI, for \$1,918,117. The property was donated to the Foundation after December 31, 2021, as a non-cash contribution.

SUPPLEMENTARY INFORMATION

CONTRIBUTIONS BY FUND TYPE
For the Year Ended December 31, 2021

<u>Fund Type</u>	<u>2021</u>
Donor Advised	\$ 9,523,288
Designated	12,502,750
Field-of-Interest	500,301
Planned Gifts	24,249
Scholarship	212,363
Agency	64,450
Special Project	208,719
Undesignated	966,630
Total	\$ 24,002,750

<u>Reconciliation to Contributions on Statements of Activities</u>	<u>2021</u>
Undesignated	\$ 926,555
Designated	23,076,195
Total	\$ 24,002,750

	<u>2021</u>
<u>Organizations Receiving Grants Totaling \$5,000 and over</u>	
100 Women Strong	\$ 11,250
Acorn Center for the Performing Arts	44,307
African American History and Literature Gallery	51,020
All Soul's Episcopal Church	15,000
Amazon Biodiversity Center	25,000
American Cancer Society	5,000
American Diabetes Association	16,500
American Heart Association	5,000
American Red Cross - Southwest Michigan Chapter	10,500
Andrews University	14,206
Animal Aid of Southwestern Michigan	10,300
Arkansas Foodbank Network	5,000
Art Institute of Chicago	10,000
Backpacks for Berrien	5,000
Benton Harbor Community Development Corporation	13,750
Benton Harbor Downtown Development Authority	5,000
Benton Harbor Lions Foundation	7,000
Benton Harbor Street Ministry	5,968
Benton Harbor Sunrise Rotary	5,000
Berrien County Cancer Service, Inc.	26,530
Berrien County Conservation District	5,996
Berrien County Historical Association	12,000
Berrien County Sheriff's Department	65,600
Berrien County Wildlife Rehabilitation Center	5,000
Berrien County Youth Fair Association	24,500
Berrien Families Plus	6,000
Big Brothers Big Sisters - Southern Lake Michigan Region	20,000
Black Swamp Bird Observatory	25,200
Bloomingtondale Christian Fellowship	10,000
Blue Lake Fine Arts Camp	6,041
Boys & Girls Club of Benton Harbor Michigan	165,500
Brotherhood Church of God in Christ	13,525
Calling All Colors of Southwest Michigan	12,000
Calvary Chapel Church, Inc.	5,000
Calvin University	12,250
Camp Victory Ministries	25,000
Caring Circle	120,500
CBN, Inc.	20,000
Chicagoland Habitat for Humanity	5,000
Chikaming Open Lands	221,051
Chikaming Township	1,075,008
Children's Advocacy Center of Southwest Michigan	26,367
Children's Music Workshop	25,619
Citadel Dance & Music Center, Inc.	58,807
CJE SeniorLife	10,000
Clements Library	22,500
Coloma Community Schools	15,314

Organizations Receiving Grants Totaling \$5,000 and over, continued

	2021
Colorado College	\$ 100,000
Community Healing Centers	125,222
Cornerstone Alliance	45,500
Cornerstone University	12,000
Council of Michigan Foundations	14,900
Crossroads Farm	5,000
Curious Kids' Museum	38,751
Cycle-Re-Cycle	5,000
Disability Network Southwest Michigan	15,000
Eau Claire Public Schools	5,673
Ele's Place, Inc.	19,759
Emergency Shelter Services	6,500
Eversight	10,000
Feed the Hungry San Miguel, Inc.	30,500
Feeding America West Michigan Food Bank	13,000
Fellowship of Christian Farmers International	10,000
Fernwood, Inc.	39,318
Ferry Street Resource Center, Inc.	10,300
First Americans Museum	5,000
First Church of God	892,510
First Congregational Church of Grand Junction	20,000
First Congregational Church of St. Joseph	38,866
First Tee of Benton Harbor	7,700
Fischoff National Chamber Music Association	6,500
Friends of Berrien County Trails	10,000
Friends of the Earth US	10,000
Ghostlight Productions, Inc.	38,169
Girls on the Run Southwest Michigan	6,340
Grand Valley State University	18,500
Harbert Community Church	29,200
Harbor Country Food Pantry	5,000
Hartford Public Schools Foundation for Quality Education	7,013
Heritage Museum and Cultural Center	203,514
Hidden Acres Safe Haven	5,800
Hillsdale College	10,000
Historical Society of Michigan	5,000
Holy Name Cathedral	10,500
Hope College	6,000
Hope Resources	5,000
Humane Society of Southwestern Michigan	121,562
Indiana University Foundation	10,500
Interlochen Center for the Arts	13,500
International Messengers	10,000
Isha Care Clinic Incorporated	7,000
Israel Cancer Research Fund	5,000
JDRF Michigan Chapter	10,000
Jesus for Haiti	5,000

For the Year Ended December 31, 2021

Organizations Receiving Grants Totaling \$5,000 and over, continued

	<u>2021</u>
Jews for Jesus	\$ 5,000
Joyce Meyer Ministries	15,000
Junior Achievement of Michiana	6,000
Krasl Art Center, Inc.	34,057
LA Church of Christ	15,000
Lake Michigan Catholic Schools	11,208
Lake Michigan College - Financial Aid	16,500
Lake Michigan College Foundation	60,500
Lake Superior State University	6,000
Lakeshore Excellence Foundation	329,547
Leading the Way Ministries	5,000
Lest We Forget, Inc.	8,000
LifePlan	10,500
Logan Community Resources, Inc.	22,250
Love Creek County Park	10,000
Loyola University Chicago	13,500
Maud Preston Palenske Memorial Library	21,250
MI Health and Human Services - Benton Harbor	20,000
Michiana Humane Society	1,000,000
Michigan Maritime Museum	5,500
Michigan State University	5,000
Michigan State University - Financial Aid Office	23,800
Michigan Technological University	13,000
Michigan's Great Southwest Strategic Leadership Council	19,096
Missionary Church World Partners	7,500
Morton House Museum	6,121
Mosaic Christian Community Development Association	112,556
Mujeres en Cambio	9,000
National Cowboy & Western Heritage Museum	5,000
New Heights Christian Community Development Association	122,300
Niles Community Schools	12,490
Ninos con Autismo de San Miguel de Allende A.C.	30,079
North Lincoln Baseball Association	10,000
North Point Ministries	5,000
Northwestern University	35,946
Novgorod Russia Mission Outreach	5,000
Order of Acharyas of Babaji Kriya Yoga, Inc.	6,000
OutCenter	5,000
Partnerships for Change	30,000
Performing Arts Workshops - PAW Inc	5,965
Pilgrim Congregational United Church of Christ	7,430
Purdue University Foundation	10,000
R.E.A.D.Y.	5,000
Readiness Center, Inc.	16,048
Region IV Area Agency on Aging	63,500
Renaissance Enterprises Company	11,000
River of Life School	5,000

Organizations Receiving Grants Totaling \$5,000 and over, concluded

	2021
River Valley Senior Center	\$ 5,000
Sahar Education	5,000
Salvation Army - Niles	25,000
Salvation Army of Benton Harbor	26,148
Samaritan's Purse	5,000
Sarett Nature Center	55,249
School of American Music, Three Oaks Arts and Education	5,000
School of the Art Institute of Chicago	9,742
School on Wheels	7,000
Senior Nutrition Services Region IV, Inc.	15,300
Shadowland on Silver Beach	5,000
Siena Heights University	10,000
Silver Beach Carousel Society, Inc.	10,000
Soup Kitchen, Inc.	8,110
Southwest Michigan Community Action Agency	81,358
Southwest Michigan Symphony Orchestra	146,594
Spectrum Health Lakeland Foundations	69,993
Spectrum Health Lakeland HealthCare	50,000
St. Gabriel Catholic Church	6,000
St. Joseph Catholic Church	31,573
St. Joseph Community Park Foundation	178,639
St. Joseph First United Methodist Church	436,382
St. Joseph Junior Foundation, Inc.	11,500
St. Joseph Public Schools Foundation	757,476
St. Joseph Today	30,000
St. Joseph-Benton Harbor Rotary Foundation	7,000
St. Joseph-Lincoln Senior Citizen Center	50,500
St. Michaels Health Mission Society	6,397
St. Paul's Lutheran Church	11,000
St. Simon's Presbyterian Church	5,000
Stem 4 Them	56,000
Stevensville United Methodist Church	6,000
Storyline Church	8,000
Summit Financial Wellness	40,000
SW Michigan Lutheran High School Foundation, Inc.	25,000
The Avenue Family Network, Inc.	38,395
The Bark Angels	5,000
The Chapel	12,000
The Little School	25,000
The New School	25,000
The Southwest Heritage Foundation	5,000
The University of Michigan	6,300
Theos Village The TBCK Foundation	23,000
Therapeutic Equestrian Center	16,000
Twin City Area Catholic School Fund, Inc.	58,634
Twin City Players	49,169
United Way of Southwest Michigan	319,100

<u>Organizations Receiving Grants Totaling \$5,000 and over, concluded</u>	<u>2021</u>
United Way Worldwide	\$ 125,000
University of Michigan	24,000
University of Michigan - Office of Financial Aid	35,050
University of Notre Dame	8,500
University of Toledo Foundation	500,000
Village of Three Oaks	5,500
Water Street Glassworks	60,307
Watervliet Free Methodist Church	16,000
Watervliet Public Schools Foundation for Excellence	5,000
We Care, I.N.C.	10,000
Well of GRACE Ministries	28,500
Western Michigan University - Financial Aid	30,711
Whirlpool Collective Impact Fund	7,000
Women's Care Center	7,000
World Gospel Mission	7,200
YMCA of Greater Michiana	137,000
Young Life-Southwest Michigan	9,000
Youth Development Company	37,000
Total for Organizations receiving Grants totaling \$5,000 and over	\$ 10,377,678
Total for Organizations receiving Grants under \$5,000	418,874
Total Grants	<u><u>\$ 10,796,552</u></u>

<u>Grants by Program Area</u>	<u>2021</u>
Arts & Culture, including Community Development	\$ 2,425,175
Education	2,228,397
Human Services, including Housing	1,076,074
Nurturing Our Children, Youth Leadership, and Development	376,056
Religious	1,754,176
Scholarships	269,508
Health, Seniors including Environment	2,667,166
Total Grants	<u><u>\$ 10,796,552</u></u>