# ROSCOMMON COUNTY COMMUNITY FOUNDATION

ROSCOMMON, MICHIGAN

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024


SCHULZE, OSWALD, MILLER & EDWARDS PC

CERTIFIED PUBLIC ACCOUNTANTS

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ROSCOMMON COUNTY COMMUNITY FOUNDATION
ROSCOMMON, MICHIGAN
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# INDEPENDENT AUDITORS' REPORT

Board of Trustees of Roscommon County Community Foundation
Roscommon, Michigan 48653

## Opinion

We have audited the accompanying financial statements of Roscommon County Community Foundation, a Michigan non-profit organization, which comprise the statements of financial position as of December 31, 2024, and the related statement of activities and cash flows for the year 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 Roscommon County Community Foundation as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinion

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Roscommon County Community 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 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 Roscommon County Community Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditors' 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 auditors' 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 Roscommon County Community 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Roscommon County Community 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.

Schulze, Oswald, Miller & Edwards PC
Alpena and Rose City, Michigan
May 15, 2025

ROSCOMMON COUNTY COMMUNITY FOUNDATION
ROSCOMMON, MICHIGAN
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

| | | |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and Cash Equivalents | $ | 107,709 |
| Short-Term Investments | | 785,057 |
| Prepaid Expense | | 4,110 |
| **Total Current Assets** | | 896,876 |
| Investments | | 11,587,663 |
| Equipment, Net of Accumulated Depreciation | | 6,365 |
| **TOTAL ASSETS** | $ | 12,490,904 |
| **LIABILITIES AND NET ASSETS** | | |
| Current Liabilities: | | |
| Accounts Payable | $ | 7,500 |
| Payroll Withholdings and Taxes | | - |
| Lease Liability | | 1,254 |
| Scholarship Payable | | 31,913 |
| Grants Payable | | 86,600 |
| **Total Current Liabilities** | | 127,267 |
| Long-Term Liabilities: | | |
| Lease Liability | | 5,069 |
| Scholarships Payable | | 25,477 |
| Grants Payable | | 91,175 |
| **Total Liabilities** | | 248,988 |
| Net Assets: | | |
| Without Donor Restrictions | | 3,517,882 |
| With Donor Restrictions | | 8,724,034 |
| **Total Net Assets** | | 12,241,916 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ | 12,490,904 |

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

# ROSCOMMON COUNTY COMMUNITY FOUNDATION
## ROSCOMMON, MICHIGAN
## STATEMENT OF ACTIVITIES
## YEAR ENDING DECEMBER 31, 2024

| | WITHOUT DONOR RESTRICTION | WITH DONOR RESTRICTION | TOTAL |
|---|---|---|---|
| **PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS** | | | |
| Contributions | $ 208,040 | $ 347,023 | $ 555,063 |
| Net Investment Return | 405,368 | 557,964 | 963,332 |
| Miscellaneous Income | 2,622 | - | 2,622 |
| Net Assets Released from Restrictions - Satisfaction of Program Restrictions | 564,927 | (564,927) | - |
| **TOTAL PUBLIC SUPPORT, REVENUES AND RECLASSIFICATION** | 1,180,957 | 340,060 | 1,521,017 |
| **EXPENSES** | | | |
| Fundraising | 31,625 | - | 31,625 |
| Administrative | 332,132 | - | 332,132 |
| Grants | 330,101 | - | 330,101 |
| **TOTAL EXPENSES** | 693,858 | - | 693,858 |
| **CHANGE IN NET ASSETS** | 487,099 | 340,060 | 827,159 |
| **NET ASSETS -** Beginning of Year | 3,030,783 | 8,383,974 | 11,414,757 |
| **NET ASSETS -** End of Year | $ 3,517,882 | $ 8,724,034 | $ 12,241,916 |

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

ROSCOMMON COUNTY COMMUNITY FOUNDATION
ROSCOMMON, MICHIGAN
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDING DECEMBER 31, 2024

| | FUNDRAISING | ADMINISTRATIVE | TOTAL |
|---|---|---|---|
| Salaries | $ 9,235 | $ 175,463 | $ 184,698 |
| Payroll Taxes | 712 | 13,523 | 14,235 |
| YAC Administration Expenses | - | 6,799 | 6,799 |
| Investment Fees | - | 74,709 | 74,709 |
| Professional Fees | - | 4,695 | 4,695 |
| Office Rent | - | 7,200 | 7,200 |
| Printing Services | - | 2,450 | 2,450 |
| Telephone and Internet | - | 2,420 | 2,420 |
| Electricity | - | 844 | 844 |
| Contract Services | - | 3,462 | 3,462 |
| Postage | - | 1,728 | 1,728 |
| Office Equipment and Service | - | 4,024 | 4,024 |
| Office Supplies | - | 1,654 | 1,654 |
| NPO Software | - | 8,450 | 8,450 |
| Directors & Officers Insurance | - | 2,841 | 2,841 |
| Staff and Board Development | - | 8,775 | 8,775 |
| Office Insurance | - | 1,010 | 1,010 |
| Travel | - | 2,052 | 2,052 |
| Memberships | - | 6,033 | 6,033 |
| Meals and Entertainment | - | 472 | 472 |
| Publicity and Marketing | 15,386 | - | 15,386 |
| Annual Report | 6,292 | - | 6,292 |
| Grant Expense | - | - | - |
| Depreciation | - | 219 | 219 |
| Miscellaneous | - | 3,309 | 3,309 |
| TOTAL | $ 31,625 | $ 332,132 | $ 363,757 |

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

ROSCOMMON COUNTY COMMUNITY FOUNDATION
ROSCOMMON, MICHIGAN
STATEMENT OF CASH FLOWS
YEAR ENDING DECEMBER 31, 2024

| | | |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Change in Net Assets | $ | 827,159 |
| Adjustments to Reconcile Change in Net | | |
| Assets to Net Cash Provided by Operating Activities: | | |
| Unrealized (Gains) Losses on Investments | | (474,345) |
| (Increase) Decrease in Prepaid Expenses | | (3,885) |
| Increase (Decrease) in Accounts Payable | | 1,500 |
| Increase (Decrease) in Accrued Expenses | | (3,436) |
| Increase (Decrease) in Lease Liability | | 6,323 |
| Increase (Decrease) in Scholarships Payable | | (115,785) |
| Increase (Decrease) in Grants Payable | | 124,647 |
| **Net Cash Provided by Operating Activities** | | 362,178 |
| **INVESTING ACTIVITIES** | | |
| Investments (Purchased) Sold - Net | | (636,097) |
| **Net Cash (Used) in Investing Activities** | | (636,097) |
| **FINANCING ACTIVITIES** | | |
| | | - |
| **Net Cash Provided by Financing Activities** | | - |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | | (273,919) |
| **CASH AND CASH EQUIVALENTS -** Beginning of Year | | 1,166,685 |
| **CASH AND CASH EQUIVALENTS -** End of Year | $ | 892,766 |

SEE ACCOMPANYING NOTES WHICH ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

## NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Organization and Nature of Business

Roscommon County Community Foundation (the Foundation) was established July 10, 2001 as a community foundation dedicated to improving the quality of life for all present and future residents of Roscommon County by providing stewardship and leadership, by attracting and holding permanent endowment funds from a wide range of donors, and by making grants of the income from its permanent endowment funds. A board of trustees is the governing body. The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

The accounting policies of the Foundation conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. The following is a summary of the significant accounting policies:

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

### Cash Equivalents

The Foundation considers all highly liquid investments purchased with a maturity date of three months or less to be cash equivalents.

### Concentration of Credit Risk

The Foundation may, at various times, have balances in excess of the federal depository insurance limits. The Foundation has not experienced any losses on cash deposits and management considers the risk of loss to be minimal.

### Investments

The Foundation's investments during the year ended December 31, 2024 included equity mutual funds, corporate equities, taxable bonds, and tax exempt bonds.

The Foundation reports investments in marketable securities at their fair values in the statement of financial position. Unrealized gains and losses are included in statement of activities. Realized gain or loss on the sale of investments is the difference between the proceeds received and the original cost of the specific investment sold.

## NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Risks and Uncertainties

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

### Equipment

Equipment is capitalized at cost or appraised value if donated. The Foundation capitalizes equipment items that exceed $2,000. Computers and peripheral equipment are depreciated over a 5-year life, all other equipment is depreciated over a 10-year life. The straight-line method is used for all equipment.

### Basis of Accounting and Presentation

The financial statements of the Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

### Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions*

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for operating and administrative reserves.

*Net Assets With Donor Restrictions*

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

## NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The bylaws of the Foundation include a variance provision giving the Board of Directors the power, whenever any restriction or condition on the distribution of funds becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable, educational, and scientific needs of the communities or areas served, to modify any restriction or condition placed on the distribution of funds and to apply the whole or any part of the principal or income of funds as in its judgment is necessary to serve more effectively the charitable, educational and scientific purposes of the Foundation. In addition, all donor funds are subject to an annual spending policy which may require the use of principal from time to time to regulate the flow of grant dollars to optimize total investment return on the fund assets and grant dollars delivered to the community.

Based on that provision, Roscommon County Community Foundation classifies all contributions and assets, except as noted below, as net assets without donor restrictions for financial statements presentation. Contributions of pledges for which the cash has not been received and assets and liabilities held in charitable trust agreements or life estate agreements are classified as net assets with donor restrictions. The Foundation has no assets that are restricted in perpetuity.

### Contributions

Generally, contributions, including unconditional pledges to give, are recorded at fair value when received. Contributions of fixed assets, and other non-monetary contributions are recorded at the donor's estimated fair value. All current contributions are considered unrestricted.

### Grant Awards

Grants are recorded as expenses when approved by the Foundation's Board of Trustees. Grant awards are presented on the financial statements net of grant refunds.

## NOTE 2 – INVESTMENTS

The following summarizes the cost basis and market value (carrying value) of investments.

| | COST | MARKET VALUE |
|---|---|---|
| Stocks | $ 4,404,053 | $ 5,137,618 |
| Mutual Funds | 3,877,676 | 3,491,233 |
| Alternative Investments | 2,040,717 | 2,127,778 |
| Bonds | 509,785 | 831,034 |
| Marketable Securities | $ 10,832,231 | $ 11,587,663 |

**NOTE 2 – INVESTMENTS (continued)**

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2024.

| | | |
|---|---|---|
| Dividends and Interest | $ | 351,163 |
| Unrealized Gains (Losses) on Investments | | 404,224 |
| Realized Gains (Losses) on Investments | | 207,945 |
| | $ | 963,332 |

**NOTE 3 – CAPITAL AND RIGHT TO USE ASSETS**

Right to use assets activity for the fiscal year ended December 31, 2024, was as follows:

| | Beginning Balances 1/1/2024 | Additions | Deductions | Ending Balances 12/31/2024 |
|---|---|---|---|---|
| Right to Use Assets Being Amoritzed: | | | | |
| Right to Use - Copier/Printer | $ - | $ 6,584 | $ - | $ 6,584 |
| Subtotal | - | 6,584 | - | 6,584 |
| Less Accumulated Amortization For: | | | | |
| Right to Use - Copier/Printer | - | (219) | - | (219) |
| Subtotal | - | (219) | - | (219) |
| Governmental Activities - Total Right to Use Assets - Net of Amortization | $ - | $ 6,365 | $ - | $ 6,365 |

**NOTE 4 - LEASE AGREEMENT**

The Foundation leases office space which is a portion of the entire building. The lease has no expiration date, adjusts rent annually on April 1st, the current amount is $600 per month. The rent expense for the year ended December 31, 2024 was $7,200.

## NOTE 5 – ENDOWMENTS

The Foundation's endowment funds consist of approximately 99 individual funds established for a variety of reasons. The endowment funds consist of both donor-restricted and funds designated by the Board of Trustees. The Board-designated net assets consist of designated endowments that would be classified as donor-restricted endowments except that the Foundation has variance power of these assets. Therefore, the Board treats these funds as designated endowments. The net assets associated with the donor-restricted and Board-designated are classified and reported based on the existence or absence of donor-imposed restrictions.

### Interpretation of Relevant Law

The Foundation interpreted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift, as of the gift date, of donor restricted endowment funds absent explicit donor stipulations to the contrary. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds and Board-designated 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.
(5) The expected total return from income and the appreciation or depreciation of investments.
(6) Other resources of the Foundation.
(7) The investment policies of the Foundation.

### Endowment Funds and Changes Therein

The Foundation's endowment net asset composition at December 31, 2024 is as follows:

| | TOTAL |
|---|---|
| Donor-Restricted | $ 8,724,034 |
| Without Donor Restrictions | 3,517,882 |
| | $ 12,241,916 |

## NOTE 5 - ENDOWMENTS (continued)

Changes in endowment funds during the year ended December 31, 2024 follow:

| | With Donor Restriction | Without Donor Restriction | Total Endowments |
|---|---|---|---|
| Balance January 1, 2024 | $ 8,383,974 | $ 3,030,783 | $ 11,414,757 |
| Investment Income | 557,964 | 405,368 | 963,332 |
| Contributions | 347,023 | 208,040 | 555,063 |
| Amounts Appropriated for Expenditure | (564,927) | (126,309) | (691,236) |
| Balance December 31, 2024 | $ 8,724,034 | $ 3,517,882 | $ 12,241,916 |

### Funds with Deficiencies

From time to time, the fair value of investment assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Foundations to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets without donor restrictions. The fair value of the Foundation's investment assets at December 31, 2024 exceeded the level required by the donor or UPMIFA to be retained as a fund of perpetual duration.

### Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for its investment portfolio that attempt to provide a predictable stream of funding to programs supported by the investment portfolio while seeking to maintain the purchasing power of the endowment investments. Endowment assets include those assets of donor-restricted and Board-designated funds. As approved by the Foundation's Finance/Investment Committee, the investments are invested in a manner that is intended to achieve long-term growth of principal and income without undue exposure to risk with a targeted rate of return to exceed the Consumer Price Index by 5% using a five-year moving period.

### Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation of domestic equity, foreign equity, and fixed-income funds with performance benchmarks based on each asset class.

## NOTE 5 - ENDOWMENTS (continued)

### Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's spending policy annually calculates the amount of money available for distribution from the various endowed funds for grant making and administration. The current spending policy is to distribute 3% of the average fair value over the prior 12 quarters through the calendar year end preceding the calendar year in which the distribution is planned. The Foundation's Board reviews the percentage annually and may adjust the spending percentage based on market conditions. By limiting its current spending policy over the long term, the Foundation expects the current spending policy to allow its net assets to grow annually. This is consistent with the Foundation's objectives to maintain the purchasing power of its investment portfolio and net assets as well as to provide additional real growth through new gifts and investment return.

## NOTE 6 - FAIR VALUE

### Investment Securities

Investment securities are recorded at fair value on a recurring basis. Fair value measurement is based on quoted market prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss and liquidity assumptions. Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange, U.S. Treasury securities that are traded by dealers or brokers in active over-the-counter markets, publicly traded mutual funds, and mutual funds, and money market funds. Level 2 securities include mortgage-backed securities issued by government-sponsored entities, municipal bonds and corporate debt securities in active markets. Level 3 securities include those in which there is little, if any, market activity.

### Fair Value Measurements

Fair value measurement for short term investments and the investment portfolio, measured at fair value on a recurring basis, were as follows at December 31, 2024:

| | FAIR VALUE | QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS/ LIABILITIES LEVEL 1 | SIGNIFICANT OTHER OBSERVABLE INPUTS LEVEL 2 | SIGNIFICANT UNOBSERVABLE INPUTS LEVEL 3 |
|---|---|---|---|---|
| Short-Term Investments | 785,057 | $ 785,057 | $ - | $ - |
| Investment Securities | 11,587,663 | 11,587,663 | - | - |
| | 12,372,720 | $ 12,372,720 | $ - | $ - |

## NOTE 7 - LIQUIDITY AND AVAILABILITY

The Foundation could receive contributions with donor restrictions to be used in accordance with the associated purpose restrictions. In addition, the Foundation receives support without donor restrictions; such support has historically represented some of the annual program funding needs.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

1. Operating within a prudent range of financial soundness and stability,
2. Maintaining adequate liquid assets, and
3. Maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments and obligations with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The table below presents financial assets available for general expenditures within one year.

| Financial Assets at Year End: | | December 31, 2024 |
|---|---|---|
| Cash and Cash Equivalents | $ | 107,709 |
| Grants Receivable | | - |
| Net Working Capital | | 107,709 |
| Less: Amount with Donor Restrictions | | - |
| Financial Assets Available to Meet General Expenditures Within One Year | $ | 107,709 |

## NOTE 8 - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through May 15, 2025, the date these financial statements were available to be issued.