

**NORTH CENTRAL MICHIGAN COLLEGE FOUNDATION  
FINANCIAL STATEMENTS  
June 30, 2020 and 2019**

**NORTH CENTRAL MICHIGAN COLLEGE FOUNDATION**  
**FINANCIAL STATEMENTS**  
**Years Ended June 30, 2020 and 2019**

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**DENNIS, GARTLAND & NIERGARTH**  
*Business Advisors Since 1973*

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September 30, 2020

Report of Independent Certified Public Accountants

Board of Directors  
 North Central Michigan College Foundation  
 Petoskey, Michigan

We have audited the accompanying financial statements of North Central Michigan College Foundation (the "Foundation") (a nonprofit organization) which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Central Michigan College Foundation as of June 30, 2020 and 2019, 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.

### **Emphasis of Matter**

As discussed in Note 2 to the financial statements, the financial statements as of June 30, 2019 have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

### **Prior Period Financial Statements**

The financial statements as of June 30, 2019 were audited by Hill, Schroderus & Co., LLP, who merged with Dennis, Gartland & Niergarth as of November 1, 2019, and whose report dated October 3, 2019, expressed an unmodified opinion on those statements.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of changes in endowed scholarships payable for the year ended June 30, 2020, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Dennis, Gartland & Niergarth*

CERTIFIED PUBLIC ACCOUNTANTS  
Petoskey, Michigan

**NORTH CENTRAL MICHIGAN COLLEGE FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2020 and 2019**

<u>Assets</u>	2020	2019
Cash and cash equivalents	\$ 1,775,436	\$ 622,062
Investments, at fair value (Note 3)	7,566,923	8,535,333
Accounts receivable	-	2,925
Bequests receivable (Note 4)	153,011	198,400
Pledges receivable, net (Note 5)	1,176,474	1,259,885
Total assets	\$ 10,671,844	\$ 10,618,605
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable	\$ -	\$ 13,952
Endowed scholarships payable (Note 6)	4,404,152	4,541,128
Total liabilities	4,404,152	4,555,080
Net assets:		
Without donor restrictions:		
Undesignated	1,991,104	2,937,878
Board designated - Building Tomorrow Together	979,002	51,045
With donor restrictions:		
Purpose restricted (Note 7)	2,296,435	2,929,602
Purpose restricted - quasi-endowment (Note 7 & 8)	856,151	-
Perpetual in nature (Note 8)	145,000	145,000
Total net assets	6,267,692	6,063,525
Total liabilities and net assets	\$ 10,671,844	\$ 10,618,605

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

**NORTH CENTRAL MICHIGAN COLLEGE FOUNDATION**  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions	\$ 254,368	\$ 583,733	\$ 838,101	\$ 161,249	\$ 1,770,803	\$ 1,932,052
Special events (Note 13)	-	-	-	20,234	13,575	33,809
Investment income, net of fees	93,304	19,620	112,924	205,372	5,770	211,142
Net assets released from restrictions	<u>380,369</u>	<u>(380,369)</u>	<u>-</u>	<u>463,903</u>	<u>(463,903)</u>	<u>-</u>
 Total support and revenue	 <u>728,041</u>	 <u>222,984</u>	 <u>951,025</u>	 <u>850,758</u>	 <u>1,326,245</u>	 <u>2,177,003</u>
Expenses:						
Grants	381,075	-	381,075	475,368	-	475,368
General and administrative	200,294	-	200,294	144,357	-	144,357
Special events	-	-	-	20,234	-	20,234
Fundraising	<u>165,489</u>	<u>-</u>	<u>165,489</u>	<u>193,686</u>	<u>-</u>	<u>193,686</u>
 Total expenses	 <u>746,858</u>	 <u>-</u>	 <u>746,858</u>	 <u>833,645</u>	 <u>-</u>	 <u>833,645</u>
 Increase (decrease) in net assets	 (18,817)	 222,984	 204,167	 17,113	 1,326,245	 1,343,358
Net assets at beginning of year, <i>as restated</i>	<u>2,988,923</u>	<u>3,074,602</u>	<u>6,063,525</u>	<u>2,971,810</u>	<u>1,748,357</u>	<u>4,720,167</u>
Net assets at end of year	<u>\$ 2,970,106</u>	<u>\$ 3,297,586</u>	<u>\$ 6,267,692</u>	<u>\$ 2,988,923</u>	<u>\$ 3,074,602</u>	<u>\$ 6,063,525</u>

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

**NORTH CENTRAL MICHIGAN COLLEGE FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2020 and 2019**

	2020	2019
Cash flows from operating activities:		
Cash received from contributors	\$ 858,664	\$ 1,059,469
Interest and dividends received, net of fees	96,481	125,062
Net change in cash held for endowed scholarships	(120,574)	(34,537)
Cash paid to College for grants and other expenses	(546,002)	(619,270)
Cash paid to other suppliers for grants and other expenses	(103,646)	(117,152)
Net cash flows from operating activities	184,923	413,572
Cash flows from investing activities:		
Purchase of investment securities	(388,200)	(3,143,698)
Proceeds from redemption of investments	1,356,651	2,881,175
Net cash flows from investing activities	968,451	(262,523)
Cash flows from financing activities:		
Collection of contributions for Outreach endowment	-	10,000
Net change in cash and cash equivalents	1,153,374	161,049
Cash and cash equivalents at beginning of year	622,062	461,013
Cash and cash equivalents at end of year	\$ 1,775,436	\$ 622,062
Reconciliation of changes in net assets to net cash flows from operating activities:		
Increase (decrease) in net assets	\$ 204,167	\$ 1,343,358
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net unrealized losses (gains) on investments	16,797	(28,876)
Net realized losses (gains) on investments	(33,240)	(57,204)
Decrease (increase) in accounts receivable	2,925	775
Decrease (increase) in bequest receivable	45,389	269,991
Decrease (increase) in pledges receivable	83,411	(1,071,787)
Increase (decrease) in accounts payable	(13,952)	1,852
Net change in cash held for endowed scholarships	(120,574)	(34,537)
Contributions restricted for Outreach endowment	-	(10,000)
Net cash flows from operating activities	\$ 184,923	\$ 413,572

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

**NORTH CENTRAL MICHIGAN COLLEGE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020 and 2019**

**NOTE 1: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

North Central Michigan College Foundation is a Michigan nonprofit Corporation organized on a nonstock membership basis. North Central Michigan College is the only member of this Corporation. The purpose of the Foundation is to provide support for the objectives and purposes of North Central Michigan College.

Basis of Presentation: The financial statements of the Foundation are 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. Accordingly, net assets of the Foundation 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 restrictions.

Net assets with donor restrictions: Net assets subject to donor-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.

Contributions: Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Collections: The Foundation has not adopted a policy of capitalizing collections. Consequently, contributed collections are not reflected on the financial statements. The Foundation did participate in receipt of donations of several sculptures to the College in the past.

Investments: Investments are composed of mutual funds invested in debt and equity securities, U.S. Treasury Notes and other bonds and notes and are carried at fair value.

Federal Income Taxes: North Central Michigan College Foundation is exempt from federal income taxes under code section 501(c)(3). The organization is not classified as a private foundation. No provision for income taxes has been provided in these financial statements.

Cash Equivalents: For purposes of the statement of cash flows, the Foundation considers all cash, certificates of deposit and money market investments to be cash equivalents. \$1,676,787 of the \$1,775,436 cash balance was held in money market mutual funds at June 30, 2020 and \$224,257 of the \$622,062 cash balance was held in money market mutual funds at June 30, 2019.

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



**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Fair Value of Financial Instruments: Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Foundation's significant financial instruments are cash, accounts receivable, marketable equity securities, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Generally, for all securities, loans, hybrid financial instruments, private equity investments, and long-term debt, fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. When the fair value of assets and liabilities cannot be determined in this matter, fair value is estimated using the present value of expected cash flows.

**NOTE 2: RESTATEMENT OF PRIOR PERIOD**

In the year ended June 30, 2019, a conditional pledge of \$250,000, discounted by \$18,912, was improperly recorded as contribution revenue. The pledge conditions have yet to be met as of June 30, 2020. Changes in net assets for the year ended June 30, 2019 and ending net assets for the year then ended have been restated as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Increase (decrease) in net assets, <i>as originally presented</i>	\$ 17,113	\$ 1,557,333	\$ 1,574,446
Reclassification of conditional pledge	-	(250,000)	(250,000)
Reclassification of discount on pledge	-	18,912	18,912
	<u>\$ 17,113</u>	<u>\$ 1,326,245</u>	<u>\$ 1,343,358</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Ending net assets, <i>as originally presented</i>	\$ 2,988,923	\$ 3,305,690	\$ 6,294,613
Reclassification of conditional pledge	-	(250,000)	(250,000)
Reclassification of discount on pledge	-	18,912	18,912
Ending net assets, <i>as restated</i>	<u>\$ 2,988,923</u>	<u>\$ 3,074,602</u>	<u>\$ 6,063,525</u>

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**NOTE 3: INVESTMENTS**

Investments are stated at fair value based on quoted prices in active markets (all Level 1 measurements), and are summarized as follows as of June 30:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Bonds and notes	\$ -	\$ -	\$ 51,275	\$ 50,734
Marketable debt funds	2,418,096	2,556,436	2,621,641	2,688,929
Marketable equity funds	3,436,829	4,082,840	3,949,984	4,598,198
Commodities fund	175,145	175,403	175,145	209,482
Marketable real estate investments	234,395	212,832	241,108	254,594
Marketable alternative strategies	569,412	539,412	726,798	733,396
	<u>\$ 6,833,877</u>	<u>\$ 7,566,923</u>	<u>\$ 7,765,951</u>	<u>\$ 8,535,333</u>

Investment return on these investments consisted of the following as of December 31:

	2020	2019
Interest and dividends	\$ 119,520	\$ 150,147
Realized gains	33,240	57,204
Unrealized gains (losses)	(16,797)	28,876
Less investment fees	(23,039)	(25,085)
Net investment return	<u>\$ 112,924</u>	<u>\$ 211,142</u>

**NOTE 4: BEQUESTS RECEIVABLE**

There were two bequests receivable as of June 30, 2019 totaling \$198,400, which was estimated based on correspondence from the estates' attorneys. The remaining bequest receivable as of June 30, 2020 of \$153,011 was collected subsequent to year-end in July 2020. These bequests are restricted to provide nursing scholarships.

**NOTE 5: PLEDGES RECEIVABLE**

The pledges receivable consist of pledges for the Building Tomorrow Together campaign and for providing nursing scholarships. They have been discounted at a 3.25% and 5.25% annual rate of interest for the years ended June 30, 2020 and 2019, respectively. Pledges receivable at June 30, 2020 and 2019 represent unconditional promises to give as follows:

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

	<u>2020</u>	<u>2019</u>
Unconditional promise to give	\$ 1,229,500	\$ 1,377,500
Less unamortized discount	<u>(53,026)</u>	<u>(117,615)</u>
Net pledges receivable	<u><u>\$ 1,176,474</u></u>	<u><u>\$ 1,259,885</u></u>

**NOTE 5: PLEDGES RECEIVABLE - CONTINUED**

The pledges receivable are due as follows:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 384,167	\$ 387,167
One to five years	<u>845,333</u>	<u>990,333</u>
Total pledges receivable	<u><u>\$ 1,229,500</u></u>	<u><u>\$ 1,377,500</u></u>

During the year ended June 30, 2019, the Foundation received a conditional promise to give in the amount of \$250,000 that is not recognized in the statement of financial position. The promise to give is conditional on the Foundation meeting certain fundraising goals for the Building Tomorrow Together campaign.

**NOTE 6: ENDOWED SCHOLARSHIPS PAYABLE**

The Foundation has adopted Statement of Financial Accounting Standard No. 136, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others. This standard requires that a liability be established to a beneficiary by the Foundation when a donor transfers assets to the Foundation that (a) uses the assets on behalf of or (b) transfers those assets, the return on investment of those assets, or both to a beneficiary named by the donor.

The Endowed Scholarship accounts transferred to the Foundation by the College were for investment purposes. The Foundation is to invest these moneys on behalf of the College and remit the greater of 80% of the current year's investment earnings or 5% of the fiscal years beginning Scholarship accounts balance back to the College on an annual basis. During the years ended June 30, 2020 and 2019, the Foundation remitted 5% of the fiscal year's beginning Scholarship accounts balance.

The overall investment objective of the fund will be to maximize growth while generating sufficient income and maintaining adequate cash reserves to meet stated distribution requirements. Risk of loss will be minimized and controlled by creating a high quality, well diversified portfolio and by utilizing a balanced asset mix allocation. The objective of growth when balanced with income requirements and risk parameters will create a portfolio which will experience moderate volatility.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**NOTE 6: ENDOWED SCHOLARSHIPS PAYABLE – CONTINUED**

The financial effects of transactions related to these endowed scholarship funds are recorded as changes in the endowed scholarship payable account and are not included in the statements of activities. The changes in that liability are summarized as follows:

	<u>2020</u>	<u>2019</u>
Additions:		
Contributions	\$ 20,673	\$ 39,829
Investment income (loss), net of fees	<u>80,087</u>	<u>294,699</u>
Total additions	<u>100,760</u>	<u>334,528</u>
Deductions:		
Distributions to College	226,495	221,398
Transfer to Foundation net assets	<u>11,241</u>	<u>-</u>
Total deductions	<u>237,736</u>	<u>221,398</u>
Change in balance	(136,976)	113,130
Balance endowed scholarships payable beginning of year	<u>4,541,128</u>	<u>4,427,998</u>
Balance endowed scholarships payable end of year	<u>\$ 4,404,152</u>	<u>\$ 4,541,128</u>

**NOTE 7: PURPOSE RESTRICTED NET ASSETS**

Purpose restricted net assets are available for the following purposes as of June 30:

	<u>2020</u>	<u>2019</u>
Program activities:		
Building Tomorrow Together Campaign	\$ 1,649,576	\$ 1,270,071
Nursing Scholarships	879,704	1,010,097
Other Scholarships	166,633	126,103
EMS Scholarships and program support	263,261	263,120
Nursing Department	39,132	38,112
Student Emergency Fund	30,618	48,579
Early Childhood Education	27,298	27,298
Miscellaneous	<u>96,364</u>	<u>146,222</u>
Total purpose-restricted net assets	<u>\$ 3,152,586</u>	<u>\$ 2,929,602</u>

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**NOTE 7: PURPOSE RESTRICTED NET ASSETS – CONTINUED**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows during the years ended June 30:

	2020	2019
Purpose restriction accomplished		
Scholarships	\$ 239,856	\$ 329,368
EMS Scholarships and program support	4,579	-
Student Emergency Fund	55,000	-
Miscellaneous	80,934	134,535
Total net assets released from restrictions	\$ 380,369	\$ 463,903

**NOTE 8: ENDOWMENT NET ASSETS**

The Foundation’s endowment consists of four funds established for a variety of purposes. Its endowment includes two funds designated by the Board of Directors to function as endowments as well as two donor restricted funds. 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. The Foundation manages its endowments on a pooled basis, and earnings on the pooled investments are allocated on a pro rata basis to each of the funds.

Interpretation of Relevant Law: Absent explicit donor stipulations to the contrary, the Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Foundation retains in perpetuity and classifies as net assets with donor restrictions: (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purpose of 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 appreciation of investments;
6. Other resources of the Foundation;
7. The investment policies of the Foundation.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**NOTE 8: ENDOWMENT NET ASSETS - CONTINUED**

Investment Return Objectives, Risk Parameters, and Strategies: The Foundation has adopted investment policies, approved by the Board of Directors, for both the Foundation’s general investments as well as endowment assets that attempt to provide a long-term stable source of income to support the Foundation’s mission.

Under these objectives, the endowment assets are invested in a manner that is intended to achieve the highest rate of return given a low tolerance for risk. Unless a donor provides to the contrary, the investment income derived by endowment assets are reinvested in the fund and can only be accessed for specific Board-approved purposes. The Board may designate funds to the endowment at any time. To satisfy desired return objectives and abiding with risk tolerances, the Foundation relies both on capital appreciation and accumulated earnings of endowment assets to grow the funds. The Foundation utilizes money market funds, marketable equitable securities, marketable fixed income securities, marketable real estate investments, and marketable alternative funds to maximize its long-term objectives with prudent risk constraints.

Composition of Endowment Net Assets: Composition of and changes in endowment net assets for the years ended June 30:

	Board Designated Quasi- Endowment	Donor Restricted Endowment	Total
Balance - July 1, 2018	\$ -	\$ 144,029	\$ 144,029
Contributions	-	10,000	10,000
Designations	-	-	-
Net appreciation and investment income	-	5,769	5,769
Amounts appropriated for expenditure	-	(2,866)	(2,866)
Balance - June 30, 2019	-	156,932	156,932
Contributions	-	-	-
Designations	840,803	-	840,803
Net appreciation and investment income	15,348	2,865	18,213
Amounts appropriated for expenditure	-	-	-
Balance - June 30, 2020	<u>\$ 856,151</u>	<u>\$ 159,797</u>	<u>\$ 1,015,948</u>

A contribution of \$100,000 was received from the Jack Harris Trust during the fiscal year ended June 30, 2014. The contribution was to establish an endowment fund for the perpetual care of the Jack Harris Gardens.

During the fiscal years ended June 30, 2016-2019, contributions totaling \$45,000 were received to establish the Postle Community Outreach Fund. The earnings from these endowment funds are restricted for outreach programs.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**NOTE 8: ENDOWMENT NET ASSETS - CONTINUED**

During the year ended June 30, 2020, the Board of Directors motioned to endow the Allied EMS Systems fund, a fund that was established by a purpose-restricted contribution in the fiscal year ended June 30, 2016. The fund value at June 30, 2020 before investment income allocations was \$258,541. The endowment is subject to a spending policy not to exceed \$13,000 annually and is restricted for EMS Scholarships and program support.

During the year ended June 30, 2020, the Board of Directors motioned to endow the Barton Estate Nursing fund, a fund that was established by two purpose-restricted bequests in the fiscal years ended June 30, 2017-2018. The fund value at June 30, 2020 before investment income allocations was \$582,262. The endowment is subject to a spending policy not to exceed \$20,000 annually and is restricted for nursing scholarships.

**NOTE 9: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The Foundation's financial assets at June 30, 2020 and 2019 consist of cash, investments and receivables.

	2020	2019
Financial assets at year-end	\$ 10,671,844	\$ 10,618,605
Less those unavailable for general expenditures within one year due to:		
Endowed scholarships payable	(4,404,152)	(4,541,128)
Donor restrictions for specific purposes	(3,152,586)	(2,929,602)
Donor restrictions perpetual in nature	(145,000)	(145,000)
Board designated for Building		
Tomorrow Together Campaign	(979,002)	(51,045)
Financial assets available to meet cash needs for general expenditure within one year	\$ 1,991,104	\$ 2,951,830

As part of the Foundation's liquidity management, it invests excess cash in marketable investments.

**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**NOTE 10: FUNCTIONAL ALLOCATION BY NATURAL CLASSIFICATION**

The Foundation does not have employees and instead pays the College for personnel services. The following information is provided in lieu of a Statement of Functional Expenses:

	2020			Total
	Program Services	Supporting Services		
		Management and General	Fundraising	
Grants	\$ 381,075	\$ -	\$ -	\$ 381,075
Contracted services	-	200,294	165,489	365,783
<b>Total expenses</b>	<b>\$ 381,075</b>	<b>\$ 200,294</b>	<b>\$ 165,489</b>	<b>\$ 746,858</b>

  

	2019			Total
	Program Services	Supporting Services		
		Management and General	Fundraising	
Grants	\$ 475,368	\$ -	\$ -	\$ 475,368
Contracted services	-	144,357	193,686	338,043
Special event direct expenses	-	-	20,234	20,234
<b>Total expenses</b>	<b>\$ 475,368</b>	<b>\$ 144,357</b>	<b>\$ 213,920</b>	<b>\$ 833,645</b>

**NOTE 11: DONATED SERVICES**

The Foundation receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

**NOTE 12: RELATED PARTY ACTIVITY**

The Foundation reimbursed the College for the following purposes during the years ended June 30:

	2020	2019
Purpose:		
Personnel services	\$ 179,796	\$ 167,528
Other grants, etc.	366,206	456,120
<b>Total</b>	<b>\$ 546,002</b>	<b>\$ 623,648</b>



**NOTES TO FINANCIAL STATEMENTS – CONTINUED**

**NOTE 12: RELATED PARTY ACTIVITY - CONTINUED**

The College also provided the following services without reimbursement as in-kind contributions to the Foundation. These amounts have been reflected in both the Foundations expenses and unrestricted contribution revenue.

	<u>2020</u>	<u>2019</u>
Purpose:		
Personnel services	\$ 54,953	\$ 49,076
Other including accounting, rent printing, postage, etc.	<u>56,209</u>	<u>46,295</u>
Total	<u>\$ 111,162</u>	<u>\$ 95,371</u>

**NOTE 13: SPECIAL EVENTS**

There were no special events held in the year ended June 30, 2020. Special events revenue and expense consisted of the following for the year ended June 30, 2019:

	<u>2019</u>		
	<u>Cookout</u>	<u>Scramble for Scholarships</u>	<u>Total</u>
Revenue	\$ 9,764	\$ 24,045	\$ 33,809
Expense	<u>10,613</u>	<u>9,621</u>	<u>20,234</u>
Net	<u>\$ (849)</u>	<u>\$ 14,424</u>	<u>\$ 13,575</u>

The net revenue from the cookout and golf scramble is restricted for scholarships.

**NOTE 14: EVALUATION OF SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through September 30, 2020, the date the financial statements were available to be issued.

**NOTE 15: COMMITMENTS AND CONTINGENCIES**

COVID-19

On March 10, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a pandemic. The Foundation believes it understands the risk associated with COVID-19. The Foundation is in the process of implementing risk mitigation tactics as to the risk of the impact of COVID-19 related to the Foundation's operations within and outside of the Foundation and College. The extent to which the pandemic impacts other future funding or Foundation and College operations will depend on future developments, which are highly uncertain at this time and cannot be predicted.

OTHER SUPPLEMENTAL INFORMATION

**NORTH CENTRAL MICHIGAN COLLEGE FOUNDATION**  
**SCHEDULE OF CHANGES IN ENDOWED SCHOLARSHIPS PAYABLE**  
Year Ended June 30, 2020

Fund name:	Balance	Transfers	Additional	Investment	Allocation	Balance
	July 1, 2019		Contributions	Earnings (Losses)		to College
Annual Cookout	\$ 184,477	\$ -	\$ -	\$ 3,254	\$ (9,224)	\$ 178,507
Annual Golf Outing	333,119	-	-	5,875	(16,656)	322,338
Ames, Richard and Marcia	45,408	-	-	801	(2,270)	43,939
Arnott, Edward Memorial/ Petoskey Lions Club/ PHS Latin Club	13,259	-	-	234	(663)	12,830
Behling, Meriam "Mims" Memorial	12,588	-	-	222	(629)	12,181
Beier, Linda Sue Memorial	34,164	-	50	603	(1,708)	33,109
Billiau, Bertha Piehl/ Bi-Centennial, 1976/ Justin & Aaron Gillies	13,624	-	-	240	(681)	13,183
Blanz, Robert C. Memorial	114,831	-	-	2,026	(5,742)	111,115
Bodzick, Barbara J. Nursing/ William Connaughton	9,979	-	-	176	(499)	9,656
Brunet, Marjorie Memorial	30,734	-	1,000	551	(1,537)	30,748
Burns Clinic - Dean C. Burns	21,026	-	-	371	(1,051)	20,346
Burns Clinic Medical Center, P.C., Retire Physicians	23,454	-	-	414	(1,173)	22,695
Burns Foundation Nursing	14,017	-	-	247	(701)	13,563
Curtis, Emma and Heber Memorial	473,005	-	-	8,343	(23,650)	457,698
Curtis, Martha Memorial	1,250,407	-	-	22,057	(62,520)	1,209,944
Dawson, Aron Memorial	33,474	-	150	592	(1,674)	32,542
Dilworth, James L. Memorial/ NCMC Engineering Tech.	13,326	-	-	235	(666)	12,895
Fearon, Gordon Memorial	17,266	-	2,000	322	(863)	18,725
Festerling, K C./ NCMC Trustees Memorial	13,195	-	-	233	(660)	12,768
Hammontree, Deborah L. Memorial/ NCMC Naples/ Charlene Bellmer Hartsough Memorial	10,267	-	-	181	(513)	9,935
Hanna, Elmer J. and Wilma S. Memorial	95,374	-	-	1,682	(4,769)	92,287
Harris, Jack & Dorothy Memorial	368,620	-	1,000	6,510	(18,431)	357,699
Hartman, George and Betty	11,935	-	-	211	(597)	11,549
Herlocher, Dr. M. Louise	14,129	-	-	249	(706)	13,672
Hill, Edward Memorial	11,241	(11,241)	-	-	-	-
Hodulik, Gene and Carolyn	34,254	-	1,100	614	(1,713)	34,255
Keith, James S. Jr., M.D.	37,055	-	2,500	676	(1,853)	38,378
Kiwanis Club of Petoskey	10,353	-	-	183	(518)	10,018
LaCount, Alford Memorial	255,133	-	-	4,500	(12,757)	246,876
Lampert, Bertha Memorial	14,460	-	-	255	(723)	13,992
Lites, Mary & George Memorial	43,089	-	-	760	(2,154)	41,695
McCune, Charles Allan Memorial	36,445	-	-	643	(1,822)	35,266
McEnroe, John E.	17,709	-	1,000	321	(885)	18,145
Moll-Boyne Scholarship	15,242	-	-	269	(762)	14,749
NCMC Memorial/ Dorothy Sergent Memorial	16,482	-	-	291	(824)	15,949
Newmann, Ron and Lue	244,373	-	10,000	4,398	(12,219)	246,552
Northern Michigan Medical Society	9,513	-	-	168	(476)	9,205
Nursing Alumni	17,495	-	-	309	(875)	16,929
Offield Family Foundation	186,520	-	-	3,290	(9,326)	180,484
Petoskey News Review-Kirk Schaller-Jim Doherty	25,884	-	-	457	(1,294)	25,047
Pyjar, Lewis "Louie"	28,106	-	-	496	(1,405)	27,197
Schweigert, Thomas F Memorial	10,593	-	-	187	(530)	10,250
Shankland, A D Memorial	3,022	-	-	53	(151)	2,924
Sharkey, Vivian & Reginald Memorial	29,802	-	-	526	(1,490)	28,838
Spitler, H Carl Memorial	37,080	-	-	654	(1,854)	35,880
Thompson, Merle & Blanche Memorial	32,656	-	-	576	(1,633)	31,599
Van Gee, Susan J. and Michael G. Schirk	105,983	-	-	1,870	(5,299)	102,554
Verhelle, Robert E. Memorial	13,991	-	-	247	(700)	13,538
Vratanina, Dorothea and Robert Memorial	20,360	-	-	359	(1,018)	19,701
Waldvogel, Jack Memorial	18,194	-	1,000	330	(910)	18,614
Walstrom-Bolline, Roma F. Memorial	99,591	-	-	1,757	(4,980)	96,368
Winnell Memorial Scholarship	14,824	-	873	269	(741)	15,225
	<u>\$ 4,541,128</u>	<u>\$ (11,241)</u>	<u>\$ 20,673</u>	<u>\$ 80,087</u>	<u>\$ (226,495)</u>	<u>\$ 4,404,152</u>