

**COUNCIL OF MICHIGAN FOUNDATIONS AND
SUPPORTING ORGANIZATIONS**

**REPORT ON CONSOLIDATED FINANCIAL STATEMENTS
(with supplementary information)**

YEARS ENDED MARCH 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Council of Michigan Foundations
and Supporting Organizations

We have audited the accompanying consolidated financial statements of Council of Michigan Foundations and Supporting Organizations (the Organization), which comprise the consolidated statements of financial position as of March 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Council of Michigan Foundations and Supporting Organizations as of March 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual entities, and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole. The 2020 summarized supplementary information, as identified in the table of contents, is consistent with the financial statements from which it has been derived.

Maney Costeiran PC

June 14, 2021

COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2021 AND 2020

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,977,610	\$ 3,035,929
Investments	1,647,928	1,608,378
Current portion of grants and contributions receivable	2,114,800	2,095,525
Prepaid expenses and other assets	141,713	136,945
Total current assets	6,882,051	6,876,777
Assets held in endowment funds		
Cash and cash equivalents	506,792	875,655
Investments	31,624,013	23,280,195
Grants and contributions receivable, net of current portion	1,432,131	1,799,379
Net property and equipment	133,106	174,084
TOTAL ASSETS	\$ 40,578,093	\$ 33,006,090
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current liabilities		
Accounts payable	\$ 122,885	\$ 169,728
Grants payable	308,750	39,500
Deferred revenue	1,318,660	1,185,250
Note payable	464,195	-
Other liabilities	149,529	91,723
Total current liabilities	2,364,019	1,486,201
NET ASSETS		
Without donor restrictions		
Undesignated	1,592,531	1,544,416
Board designated	14,504,279	10,916,510
Total net assets without donor restrictions	16,096,810	12,460,926
With donor restrictions	22,117,264	19,058,963
Total net assets	38,214,074	31,519,889
TOTAL LIABILITIES AND NET ASSETS	\$ 40,578,093	\$ 33,006,090

See notes to the consolidated financial statements.

COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUES, AND GAINS			
Membership dues	\$ 1,505,830	\$ -	\$ 1,505,830
Grant support	444,249	3,129,481	3,573,730
Conferences	109,680	120,616	230,296
Other revenue	50,746	-	50,746
Investment return, net	4,146,604	4,953,620	9,100,224
Net assets released from restrictions			
Endowment net assets appropriated for expenditure and spent	574,054	(574,054)	-
Non-endowed assets released	4,571,362	(4,571,362)	-
TOTAL SUPPORT, REVENUES, AND GAINS	11,402,525	3,058,301	14,460,826
EXPENSES			
Salaries and benefits	4,087,122	-	4,087,122
Occupancy	141,825	-	141,825
Telecommunications	42,632	-	42,632
Depreciation	67,580	-	67,580
Technology	92,920	-	92,920
Dues and sponsorship	50,793	-	50,793
Communications and publications	48,121	-	48,121
Professional services	1,506,184	-	1,506,184
Travel and trainings	51,185	-	51,185
Conference and meetings	301,534	-	301,534
Grants	1,338,103	-	1,338,103
Other	38,642	-	38,642
TOTAL EXPENSES	7,766,641	-	7,766,641
CHANGE IN NET ASSETS	3,635,884	3,058,301	6,694,185
NET ASSETS, beginning of year	12,460,926	19,058,963	31,519,889
NET ASSETS, end of year	\$ 16,096,810	\$ 22,117,264	\$ 38,214,074

See notes to the consolidated financial statements.

COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT, REVENUES, AND GAINS			
Membership dues	\$ 1,464,865	\$ -	\$ 1,464,865
Grant support	93,883	6,108,531	6,202,414
Conferences	359,236	196,130	555,366
Other revenue	96,610	-	96,610
Investment return, net	(724,609)	(906,103)	(1,630,712)
Net assets released from restrictions			
Endowment net assets appropriated for expenditure and spent	555,472	(555,472)	-
Non-endowed assets released	4,653,150	(4,653,150)	-
TOTAL SUPPORT, REVENUES, AND GAINS	6,498,607	189,936	6,688,543
EXPENSES			
Salaries and benefits	3,272,358	-	3,272,358
Occupancy	145,170	-	145,170
Telecommunications	53,465	-	53,465
Depreciation	92,540	-	92,540
Technology	58,334	-	58,334
Dues and sponsorship	72,786	-	72,786
Communications and publications	85,452	-	85,452
Professional services	1,259,333	-	1,259,333
Travel and trainings	246,693	-	246,693
Conference and meetings	596,254	-	596,254
Grants	2,260,155	-	2,260,155
Other	49,854	-	49,854
TOTAL EXPENSES	8,192,394	-	8,192,394
CHANGE IN NET ASSETS	(1,693,787)	189,936	(1,503,851)
NET ASSETS, beginning of year	14,154,713	18,869,027	33,023,740
NET ASSETS, end of year	\$ 12,460,926	\$ 19,058,963	\$ 31,519,889

See notes to the consolidated financial statements.

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2021**

	2021						
	Program Services				Supporting Services		
	Member Services	Special Projects	Endowment Funds	Total Program	Fundraising	General and Administrative	Total
EXPENSES							
Salaries and benefits	\$ 1,353,316	\$ 1,687,180	\$ 83,537	\$ 3,124,033	\$ 100,339	\$ 862,750	\$ 4,087,122
Occupancy	53,212	12,000	-	65,212	3,681	72,932	141,825
Telecommunications	24,633	-	-	24,633	1,704	16,295	42,632
Depreciation	41,108	-	-	41,108	3,775	22,697	67,580
Technology	51,249	5,361	620	57,230	4,004	31,686	92,920
Dues and sponsorship Communications and publications	27,746	974	1,800	30,520	1,919	18,354	50,793
Professional services	23,952	4,675	2,928	31,555	1,803	14,763	48,121
Travel and trainings	164,891	1,038,708	279,862	1,483,461	-	22,723	1,506,184
Conference and meetings	13,305	24,748	(4,108)	33,945	915	16,325	51,185
Overhead to special projects	271,055	22,350	8,129	301,534	-	-	301,534
Grants	(36,085)	11,784	51,492	27,191	(2,281)	(24,910)	-
Other	-	1,229,000	109,103	1,338,103	-	-	1,338,103
	16,387	8,863	10,988	36,238	2,404	-	38,642
	<u>\$ 2,004,769</u>	<u>\$ 4,045,643</u>	<u>\$ 544,351</u>	<u>\$ 6,594,763</u>	<u>\$ 118,263</u>	<u>\$ 1,053,615</u>	<u>\$ 7,766,641</u>

See notes to the consolidated financial statements.

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2020**

	2020						
	Program Services				Supporting Services		
	Member Services	Special Projects	Endowment Funds	Total Program	Fundraising	General and Administrative	Total
EXPENSES							
Salaries and benefits	\$ 1,243,677	\$ 986,958	\$ 96,001	\$ 2,326,636	\$ 89,726	\$ 855,996	\$ 3,272,358
Occupancy	54,323	21,600	-	75,923	3,662	65,585	145,170
Telecommunications	29,681	-	-	29,681	2,001	21,783	53,465
Depreciation	58,577	-	-	58,577	5,451	28,512	92,540
Technology	30,948	3,557	799	35,304	2,291	20,739	58,334
Dues and sponsorship Communications and publications	25,097	18,321	9,300	52,718	1,697	18,371	72,786
Professional services	23,906	37,969	4,650	66,525	1,638	17,289	85,452
Travel and trainings	152,913	792,467	160,957	1,106,337	2,761	150,235	1,259,333
Conference and meetings	77,201	78,767	44,303	200,271	5,800	40,622	246,693
Overhead to special projects	441,419	60,639	93,769	595,827	101	326	596,254
Grants	(39,773)	20,474	52,344	33,045	(2,545)	(30,500)	-
Other	-	2,188,050	72,105	2,260,155	-	-	2,260,155
	27,502	9,158	7,565	44,225	1,963	3,666	49,854
	<u>\$ 2,125,471</u>	<u>\$ 4,217,960</u>	<u>\$ 541,793</u>	<u>\$ 6,885,224</u>	<u>\$ 114,546</u>	<u>\$ 1,192,624</u>	<u>\$ 8,192,394</u>

See notes to the consolidated financial statements.

COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2021 AND 2020

	2021	2020
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows to (from) operating activities		
Change in net assets	\$ 6,694,185	\$ (1,503,851)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Net realized and unrealized (gains) losses on investments	(8,833,963)	1,751,828
Depreciation	67,580	92,540
Changes in operating assets and liabilities which provided (used) cash		
Grants and contributions receivable	347,973	(929,171)
Prepaid expenses and other assets	(4,768)	11,777
Accounts payable	(46,843)	(21,331)
Grants payable	269,250	-
Deferred revenue	133,410	121,880
Other liabilities	54,429	49,947
Net cash provided by (used in) operating activities	(1,315,670)	(426,381)
Cash flows from investing activities		
Purchases of property and equipment, net of proceeds	(26,602)	(12,341)
Purchases of investments	(256,490)	(26,999,855)
Proceeds from sale of investments	707,085	25,918,069
Net cash provided by (used in) investing activities	424,293	(1,094,127)
Cash flows from financing activities		
Proceeds from note payable	464,195	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(427,182)	(1,520,508)
CASH AND CASH EQUIVALENTS, beginning of year	3,911,584	5,432,092
CASH AND CASH EQUIVALENTS, end of year	\$ 3,484,402	\$ 3,911,584
Classification on consolidated statements of financial position		
Cash and cash equivalents	\$ 2,977,610	\$ 3,035,929
Assets held in endowment funds - cash and cash equivalents	506,792	875,655
	\$ 3,484,402	\$ 3,911,584

See notes to the consolidated financial statements.

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - The consolidated financial statements include the accounts of the Organization and its supporting organizations. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting - The Organization utilizes the accrual method of accounting, which recognizes income when earned and expenses when incurred.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Short-term (i.e., maturities of three months or less) highly liquid investments that are readily convertible to known amounts of cash and present insignificant risk of change in value are considered cash and cash equivalents.

Investments - Investments are stated at fair value. Investments received as donations are recorded at fair value on the date of the receipt. Net investment return or loss is included in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

Property, Equipment, and Depreciation - Property and equipment is stated at cost. Donated property and equipment is recorded at fair value at the date of donation. Donations are reported as without restrictions unless the donor has restricted the use of the donated asset to a specific purpose. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long lived assets are placed in service. Depreciation is computed by using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 30 years. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Management reviews these assets for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable.

Grants Payable - Grants are recognized as an expense when approved by the governing boards of CMF and its supporting organizations if unconditional, or when the related conditions are met by the recipient, if conditional. Grants payable recorded in the accompanying consolidated statements of financial position are generally expected to be paid within one year.

CMF has grant awards, for which related conditions have not been substantially met by the intended recipients. At March 31, these awards are as follows:

	2021	2020
Diversity, equity, and inclusion	\$ 470,000	\$ 1,300,000
Environmental projects	255,000	200,000
	\$ 725,000	\$ 1,500,000

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Revenue - The Organization records deferred revenue when cash payments are received or due in advance of the Organization's performance, including amounts which are refundable. Beginning and ending balances for deferred revenue is reported as follows for the year ended March 31:

	2021	2020
Deferred revenue, beginning of year	\$ 1,185,250	\$ 1,063,370
Deferred revenue, end of year	\$ 1,318,660	\$ 1,185,250

Note Payable - On April 13, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$464,195 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first ten months of interest deferred from the end of the eligible expense period, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Company's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Company. The Company intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, the Company will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and principal and interest payments will be required through the maturity date in April 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

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 grantor restrictions. The Organization has designated, from net assets without donor restrictions, net assets for the endowment (see Note 7).

Net Assets with Donor Restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor 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 restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose has been accomplished (see Note 8).

Revenue Recognition - Contract revenue recognized by the Organization is comprised of contracts committed from various funding agencies for use in the Organization's activities. All funding sources are providing revenue streams to the Organization for the benefit of the members and the communities they serve. Contract revenue is recognized as revenue upon receipt and meeting all conditional requirements of the funding arrangement. Any funds received in advance for which conditions of the agreement have not been met are recognized as refundable advances and then subsequently recognized as revenue upon meeting the conditions of the agreement.

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Membership Dues Revenue - Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing membership to its members. Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term. As a result, deferred revenue (contract liability) and accounts receivable are recorded for any amount for which the Organization has a right to invoice but for which services have not been provided. Membership dues are nonrefundable.

Conferences and Other Revenue (Membership Services Revenue) - Conferences and membership services revenue received is not recognized as revenue until the revenue is earned, which is when the activities or services are provided, and the Organization does not believe it is required to provide additional activities or services. As a result, deferred revenue (contract liability) and accounts receivable are recorded for any amount for which the Organization has a right to invoice but for which services have not been provided.

The following schedule shows the Organization's revenues disaggregated according to the timing of transfer of goods or services for the year ended March 31:

	2021	2020
Contract revenue recognized at a point in time		
Conferences	\$ 230,296	\$ 555,366
Contract revenue recognized over time		
Membership dues	1,505,830	1,464,865
Other revenue	50,746	96,610
Total contract revenue	\$ 1,786,872	\$ 2,116,841

Contribution Revenue (Grant Support) - Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Contributions received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Unconditional contributions expected to be collected within one year are reported at their net realizable value. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the contribution becomes unconditional.

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services and Facilities - Donated services and facilities are recognized as grant support in connection with the Organization's support and administration of the Governor's Office of Foundation Liaison ("OFL").

Donated services, related to a "loaned" executive for the OFL, are recorded as revenue ratably throughout the year at the estimated fair value as the service is provided. Donated services of approximately \$155,000 and \$155,000 were included in grant support for each of the years ended March 31, 2021 and 2020, respectively.

Donated Services and Facilities (Continued) - In addition, the State of Michigan donates office space for the OFL that is recorded as donated facilities monthly based on fair market rental value of the office space. Donated services of approximately \$12,000 and \$22,000 were included in grant support for each of the years ended March 31, 2021 and 2020, respectively.

These revenues were offset by expenses shown on the consolidated statements of activities according to the nature of the donation.

Functional Allocation of Expenses - The consolidated statement of functional expenses presents the natural classification of expenses that are allocated to program or supporting functions of the Organization. Allocated expenses primarily consist of payroll and related benefit costs, professional fees, and general expenses based on salary and wage analysis and management's estimated use of resources.

Income Taxes - CMF and its supporting organizations, CMFSO, and LTG, are not-for-profit organizations exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and are also exempt from similar state and local taxes. Although the Organization was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income." Such income, pursuant to the Internal Revenue Code and related regulations, include investment income. The Organization has been classified as not a private foundation.

Reclassifications - Certain prior year numbers have been reclassified to be in conformity with the current year presentation.

NOTE 2 - NATURE OF ORGANIZATION, RISKS, AND UNCERTAINTIES

The Council of Michigan Foundations ("CMF" or the Organization), an association of foundations and corporations making grants for charitable purposes, was incorporated in 1975 to grow the impact of Michigan philanthropy. Each of the supporting organizations has a separate board of trustees appointed by CMF's Board of Trustees to oversee their grant-making and programming activities.

Learning to Give - Launched in 1997 and converted to a supporting organization of the Council of Michigan Foundations on November 1, 2004, the primary purpose of Learning to Give (LTG) is to help teachers educate youth, ages 5-18, about the charitable nonprofit sector and in developing giving and volunteering skills that will result in a lifetime of civic engagement. The primary tool for accomplishing this purpose is more than 1,700 free resources and lesson plans developed by teachers for teachers and certified to state and national standards that can be accessed at www.learningtogive.org. Effective April 1, 2021, LTG was merged into CMF. The assets transferred from LTG will be used to support the LTG work noted above.

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 2 - NATURE OF ORGANIZATION, RISKS, AND UNCERTAINTIES (continued)

Council of Michigan Foundations Supporting Organizations - The primary purpose of the Michigan Foundations' Supporting Organization is to support the collaborative responses by Michigan's foundation community to address charitable issues in Michigan. There was no activity in 2021 or 2020 related to this organization.

The Organization is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, investments, and grants and contributions receivable. The Organization places its cash with FDIC insured financial institutions. Although such cash balances exceeded the federally insured limits at certain times during the year, they are, in the opinion of management, subject to minimal risk. The Organization has not experienced losses in any of these accounts. Credit risk associated with grants and contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from foundations supportive of the Organization's mission. Investments are maintained with diversified investment managers whose performance is monitored by management of the Organization and the investment committee of the Board of Trustees. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state, and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state, and local tax returns generally remain open for examination by the various taxing authorities for a period of three to four years.

The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our members, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition and results of operations is uncertain.

The Organization evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through June 14, 2021, which is the date the consolidated financial statements were available to be issued.

The Council of Michigan Foundations regularly monitors the liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of CMF's overall investment policy, which covers both endowed and operating assets, the following investment guidelines provide direction for the operating assets.

The objective is to invest the operating fund's assets to achieve a high degree of safety for the principal value of the assets, while earning a reasonable rate of return available in the marketplace at the time of investment. Investments should not be made that could jeopardize the flexibility and liquidity of CMF's operations.

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 3 - LIQUIDITY AND AVAILABILITY

The overall investment objective is to preserve the principal, limit the occurrence of negative returns, and maximize current income, consistent with daily liquidity needs.

The operating funds will be managed based on the timing of cash flow needs.

Six Months or Less

The funds needed to support activities in six months or less will be left in either a checking account or invested in U.S. government-guaranteed money market funds.

More Than Six Months

Funds that will not be needed to support activities for at least six months will be invested in either (1) certificates of deposit not to exceed the FDIC limit at any one bank or (2) short-term funds that meet the following criteria:

- Maximum fund duration not to exceed two years.
- All instruments must be of investment grade quality (BBB- or higher)
- No foreign currency exposure
- No non-US dollar denominated securities
- No high yield securities
- Fund with at least a five-year track record
- Well established, well known, high quality investment firms

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following at March 31:

	2021	2020
Total current assets	\$ 6,882,051	\$ 6,876,777
Less excludable items: prepaid expenses	(141,713)	(136,945)
Board designated - CMF Core Services Fund	1,092,661	822,251
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,832,999	\$ 7,562,083

CMF's endowment funds consist of donor restricted endowments and board designated endowments. While the majority of the board designated funds have been set aside for specific purposes, CMF has funds available for supporting general operations.

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

At March 31, investments are reported in the consolidated statement of financial position as follows:

	2021	2020
Investments - current	\$ 1,647,928	\$ 1,608,378
Assets held in endowment funds		
Investments - noncurrent	31,624,013	23,280,195
	\$ 33,271,941	\$ 24,888,573

The Organization is required to disclose amounts within a framework established for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the valuation hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2021 and 2020.

The Investment Fund for Foundations (TIFF) Multi-Asset/Centerstone Funds: Shares held in the funds are valued at the net asset value (NAV) of shares held by the fund at year end. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities then divided by the number of shares outstanding. Management relies on advice from its investment consultant and takes into consideration audited financial information to determine overall reasonableness of the recorded value. This fund is not actively traded in the active over-the-counter markets.

Private Equity Investments: Private equity investments consist of mutual funds consisting of private equity limited partnerships. Mutual funds are valued at the NAV of shares held by the fund at year end. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities then divided by the number of shares outstanding. Management relies on advice from its investment consultant and takes into consideration audited financial information to determine overall reasonableness of the recorded value.

Community Capital Management (CCM) Bond Fund: Shares held in the bond fund are valued at the net asset value (NAV) of shares held by the fund at year end. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities then divided by the number of shares outstanding. Management relies on advice from its investment consultant and takes into consideration audited financial information to determine overall reasonableness of the recorded value.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Company are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

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

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

From time to time, changes in valuation techniques may result in reclassification of an investment's assigned level within the hierarchy.

The following is a market value summary by the level of the inputs used, as of March 31, in evaluating the Organization's assets carried at fair value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

Assets at Fair Value as of March 31, 2021				
	Level 1	Level 2	Level 3	Total
Investments in fair value hierarchy				
Mutual funds	\$ 17,426,993	\$ -	\$ -	\$ 17,426,993
Investments measured at net asset value				15,844,948
Total investments				\$ 33,271,941

Assets at Fair Value as of March 31, 2020				
	Level 1	Level 2	Level 3	Total
Investments in fair value hierarchy				
Mutual funds	\$ 13,163,582	\$ -	\$ -	\$ 13,163,582
Investments measured at net asset value				11,724,991
Total investments				\$ 24,888,573

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

The following tables set forth additional disclosures of the fair value measurement of investments that calculate net asset value per share (or its equivalent) practical expedient as of March 31:

March 31, 2021				
Investment Ttype	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
TIFF centerstone fund	\$ 14,874,681	\$ -	Daily	None
Private equity investments	462,633	70,000	Daily	None
CCM bond fund	507,634	-	Daily	None
	\$ 15,844,948			

March 31, 2020				
Investment Ttype	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
TIFF centerstone fund	\$ 10,738,448	\$ -	Daily	None
Private equity investments	472,707	70,000	Daily	None
CCM bond fund	513,836	-	Daily	None
	\$ 11,724,991			

NOTE 5 - GRANTS AND CONTRIBUTIONS RECEIVABLE

CMF's grants and contributions receivable consist of unconditional promises by donors to be received. Grants and contributions receivable consist of the following as of March 31:

	2021	2020
Within one year	\$ 2,114,800	\$ 2,095,525
In one to five years	1,440,894	1,810,855
	3,555,694	3,906,380
Less discount to net present value	(8,763)	(11,476)
	\$ 3,546,931	\$ 3,894,904

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 5 - GRANTS AND CONTRIBUTIONS RECEIVABLE (continued)

Grants and contributions receivable greater than one year are discounted 0.37% and 0.37% for the years ended March 31, 2021 and 2020, respectively.

At March 31, 2021, two donors accounted for 76% of total grants and contributions receivable. At March 31, 2020, two donors accounted for 75% of total grants and contributions receivable.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment at March 31 consists of the following:

	<u>Useful Lives</u>	<u>2021</u>	<u>2020</u>
Buildings	15 - 39	\$ 362,144	\$ 362,144
Equipment	3 - 10	657,917	706,552
Furnishings	5	<u>62,058</u>	<u>79,911</u>
		1,082,119	1,148,607
Less accumulated depreciation		<u>(949,013)</u>	<u>(974,523)</u>
Net property and equipment		<u>\$ 133,106</u>	<u>\$ 174,084</u>
Depreciation expense		<u>\$ 67,580</u>	<u>\$ 92,540</u>

NOTE 7 - ENDOWMENT FUNDS

CMF's endowment includes individual funds that are held with donor restrictions. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The principal amounts of these funds have been restricted by their donors to be maintained in perpetuity, whereas the investment income earned on the assets of these funds are held with donor restrictions for the stated purpose of the fund. The endowment funds also include certain net assets without donor restrictions that have been designated for endowment by the Board of Trustees.

Endowments with Donor Restrictions:

Russell G. Mawby Endowment Fund to Improve and Increase Philanthropy

The Russell G. Mawby Endowment Fund to Improve and Increase Philanthropy was established during 1995 to honor Dr. Mawby's contributions to Michigan Philanthropy. Dr. Mawby, former Chairman and CEO of the W.K. Kellogg Foundation, was one of the founders of the Council of Michigan Foundations and served as its first chairman in 1972. The purpose of this Fund is to improve and increase philanthropy by continuing and expanding CMF's efforts to enhance philanthropy and increase charitable resources.

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 7 - ENDOWMENT FUNDS (continued)

Endowments with Donor Restrictions (continued):

Ruth and Russ Mawby Fund for Kids

In December 1995, the W.K. Kellogg Foundation contributed \$500,000 to set up the Ruth and Russ Mawby Fund for Kids, with the expressed purpose of improving and increasing philanthropy through youth involvement with community foundations in the State of Michigan.

William W. Allen Endowment Fund

The purpose of this Fund is to further the understanding of private philanthropy in the federal and state legislative and regulatory matters. The endowment was established with the restricted contributions from the member foundations of CMF given in honor of a former CMF board member who was also the first Government Relations Committee Chairman.

Dorothy A. Johnson Educational Fund

In 1999, the Dorothy A. Johnson Educational Fund was established to honor the founding President and CEO of the Council of Michigan Foundations for her 25 years of service to philanthropy and volunteerism in Michigan and nationwide. The purpose of this fund is to support two objectives: speakers for CMF's Annual Conference and specialized educational seminars for CMF members.

Michigan Community Foundations' Youth Project Endowment Fund

In April 2001, the CMF Board of Trustees established the Michigan Community Foundations' Youth Project Endowment Fund through a contribution from the W.K. Kellogg Foundation. The purpose of this fund is to provide technical assistance to the 86 community foundation youth advisory committees throughout Michigan that were established through the Kellogg Youth Challenge Program.

Margaret Ann Reicker Leadership Endowment Fund

In recognition of 26 years of service as a founding Trustee and Chair of the Council of Michigan Foundations, the Margaret Ann Reicker Leadership Fund was established in September of 2002. The purpose of this fund is to support CMF's leadership role in increasing, enhancing and improving philanthropy in Michigan.

William C. Richardson Endowment Fund

In recognition of former W.K. Kellogg Foundation CEO Dr. William Richardson's service to philanthropy in Michigan and his leadership in advancing the engagement of philanthropy in public policy, the W.K. Kellogg Foundation made a gift to establish this fund. The purpose of this Fund is to support the ongoing involvement in a fellowship role at CMF by students or graduates from Michigan colleges or universities, who are interested in pursuing careers in the nonprofit sector and public policy.

Carl F. Reitz Fund for Investment Education Endowment Fund

In recognition of Mr. Reitz's long time service to CMF and philanthropy in Michigan, the Besser Foundation made a gift to establish this fund which was matched by \$25,000 from CMF. The purpose of this fund is to support ongoing investment education opportunities for staff and trustees of Michigan foundations.

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 7 - ENDOWMENT FUNDS (continued)

Endowments with Donor Restrictions (continued):

Robert S. Collier Public Policy Endowment Fund

In 2018, the Robert S. Collier Public Policy Endowment Fund was established to honor retiring President and CEO of the Council of Michigan Foundations for his 45 years of service to philanthropy. The purpose of this fund is to continue Rob's passion for government relations and public policy in the State of Michigan. The work will focus on critical policy issues facing the field of philanthropy, as well as the important issues facing the people and communities in Michigan.

William S. White Fund for Innovations in Community Philanthropy

To celebrate the legacy of Mr. William S. White, a founder of CMF and Chairman of the Charles Stewart Mott Foundation (Mott), a permanent endowment fund to support innovations in community philanthropy was established with an initial \$1 million gift from Mott. Mr. White's work as President, CEO and Chairman of the Mott Foundation was devoted to pursuing new and effective grantmaking that has been impactful not only to its hometown of Flint, Michigan, but also to many other communities and regions across the globe.

Learning to Give Fund

In February 2006, the W.K. Kellogg Foundation awarded an endowment grant to secure the work of Learning to Give by providing free teacher prepared and tested lesson plans and other learning resources available at www.learningtogive.org for teachers, parents, students, and others interested in promoting philanthropy education for youth in grades K-12.

Board Designated Endowment Funds:

Board Designated - Community Foundation Fund

On October 12, 1995, the Michigan Community Foundations' Youth Project's (MCFYP), now known as the Michigan Community Foundations Venture (MCFV), Board of Trustees established the community Foundation Endowment Fund from the interest earned on the grant dollars received from the W.K. Kellogg Foundation to establish the Kellogg Youth Challenge. In October 1999, MCFYP transferred this fund to the Council of Michigan Foundations. The purpose of this fund is to support CMF staff providing technical assistance for Michigan community foundations.

Board Designated - Community Foundation Technology Fund

In February 2003, the CMF Board Trustees established the Community Foundation Technology Fund from the accumulated interest earnings and repaid loans from the W.K. Kellogg Foundation Computer Grant in accordance with the original grant proposal. The purpose of this fund is to help support the ongoing technology needs of community foundations in Michigan.

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 7 - ENDOWMENT FUNDS (continued)

Board Designated Endowment Funds (continued):

Board Designated - CMF Core Services Fund

In May 2008, an amount was transferred from the accumulated core services surplus fund balance to establish this fund. In July 2014 CMF transferred an additional amount into this fund from the sale proceeds of the upstairs suite of the Grand Haven office. The purpose of this fund is to support and enhance core services provided to CMF members.

Board Designated - CMF Family Foundation Fund

In May 2012, the CMF Board of Trustees established the CMF Family Foundation Fund from a gift in memory of Mary Gretchen Belloff of the Edyth Bush Charitable Foundation. The purpose of this fund is to support activities serving family foundations.

Interpretation of Relevant Law

The Organization has interpreted the Michigan 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 absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) any accumulations to the endowment made in accordance with direction of applicable donor instruments at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

From time to time, certain donor-restricted endowment funds may have fair values less than the accumulated gifts. The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At March 31, 2021, there were no underwater endowments reported. At March 31, 2020, funds with original gift values of \$4,306,176, fair values of \$3,988,594, and deficiencies of \$317,582 were reported in net assets with donor restrictions.

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 7 - ENDOWMENT FUNDS (continued)

The Organization maintained the following endowment funds as of March 31, 2021:

	Without Donor Restriction	With Donor Restrictions		Total
		Accumulated Investment Gains	Original Gifts in Perpetuity by Donor	
Donor-restricted endowment funds				
CMF				
Russel G. Mawby Fund	\$ -	\$ 1,506,438	\$ 1,012,893	\$ 2,519,331
Ruth and Russ Mawby Fund for Kids	-	1,026,239	503,609	1,529,848
William W. Allen Fund	-	206,968	70,537	277,505
Dorothy A. Johnson Education Fund	-	532,701	983,127	1,515,828
Michigan Community Foundations' Youth Project Fund	-	977,895	1,055,505	2,033,400
Margaret Ann Riecker Leadership Fund	-	896,408	1,022,482	1,918,890
William C. Richardson Fund	-	188,843	400,000	588,843
Carl F. Reitz Fund for Investment Education	-	22,466	50,000	72,466
Robert S. Collier Public Policy Fund	-	467,368	1,387,638	1,855,006
Truth, Racial Healing & Transformation Fund	-	56,498	252,176	308,674
William S. White Fund	-	267,003	1,054,000	1,321,003
	-	6,148,827	7,791,967	13,940,794
LTG: Learning to Give Fund	-	686,237	3,000,000	3,686,237
CMF board designated endowment funds				
Community Foundation Fund	12,528,028	-	-	12,528,028
Community Foundation Technology Fund	866,686	-	-	866,686
CMF Core Services Fund	1,092,661	-	-	1,092,661
CMF Family Foundation Fund	16,904	-	-	16,904
	14,504,279	-	-	14,504,279
	<u>\$ 14,504,279</u>	<u>\$ 6,835,064</u>	<u>\$ 10,791,967</u>	<u>\$ 32,131,310</u>

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 7 - ENDOWMENT FUNDS (continued)

The Organization maintained the following endowment funds as of March 31, 2020:

	Without Donor Restriction	With Donor Restrictions		Total
		Accumulated Investment Gains	Original Gifts in Perpetuity by Donor	
Donor-restricted endowment funds				
CMF				
Russel G. Mawby Fund	\$ -	\$ 870,943	\$ 1,012,893	\$ 1,883,836
Ruth and Russ Mawby Fund for Kids	-	618,421	503,609	1,122,030
William W. Allen Fund	-	137,199	70,537	207,736
Dorothy A. Johnson Education Fund	-	163,486	983,127	1,146,613
Michigan Community Foundations' Youth Project Fund	-	491,290	1,055,505	1,546,795
Margaret Ann Riecker Leadership Fund	-	425,662	1,022,482	1,448,144
William C. Richardson Fund	-	44,543	400,000	444,543
Carl F. Reitz Fund for Investment Education	-	2,412	50,000	52,412
Robert S. Collier Public Policy Fund	-	17,996	1,380,638	1,398,634
Truth, Racial Healing & Transformation Fund	-	(28,935)	252,176	223,241
William S. White Fund	-	(103,731)	1,054,000	950,269
	-	2,639,286	7,784,967	10,424,253
LTG: Learning to Give Fund	-	(184,916)	3,000,000	2,815,084
CMF board designated endowment funds				
Community Foundation Fund	9,440,928	-	-	9,440,928
Community Foundation Technology Fund	641,102	-	-	641,102
CMF Core Services Fund	822,251	-	-	822,251
CMF Family Foundation Fund	12,229	-	-	12,229
	10,916,510	-	-	10,916,510
	<u>\$ 10,916,510</u>	<u>\$ 2,454,370</u>	<u>\$ 10,784,967</u>	<u>\$ 24,155,847</u>

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 7 - ENDOWMENT FUNDS (continued)

Changes in endowment net assets for the years ended March 31, 2021 and 2020 are as follows:

	Without Donor Restriction	With Donor Restrictions		Total
		Accumulated Investment Gains	Original Gifts in Perpetuity by Donor	
Endowment fund net assets, beginning of year - April 1, 2020	\$ 10,916,510	\$ 2,454,370	\$ 10,784,967	\$ 13,239,337
Investment return, net	4,107,385	4,954,748	-	4,954,748
Contributions and other income	5,645	-	7,000	7,000
Appropriated for expenditure and spent	<u>(525,768)</u>	<u>(574,054)</u>	<u>-</u>	<u>(574,054)</u>
Endowment fund net assets, end of year - March 31, 2021	<u>\$ 14,503,772</u>	<u>\$ 6,835,064</u>	<u>\$ 10,791,967</u>	<u>\$ 17,627,031</u>
		With Donor Restrictions		
	Without Donor Restriction	Accumulated Investment Gains	Original Gifts in Perpetuity by Donor	Total
Endowment fund net assets, beginning of year - April 1, 2019	\$ 12,147,483	\$ 3,882,640	\$ 9,468,291	\$ 13,350,931
Investment return, net	(732,423)	(906,103)	-	(906,103)
Contributions and other income	7,300	-	1,316,676	1,316,676
Appropriated for expenditure and spent	<u>(505,850)</u>	<u>(522,167)</u>	<u>-</u>	<u>(522,167)</u>
Endowment fund net assets, end of year - March 31, 2020	<u>\$ 10,916,510</u>	<u>\$ 2,454,370</u>	<u>\$ 10,784,967</u>	<u>\$ 13,239,337</u>

Return Objectives and Risk Parameters

The Organization's investment and spending policies for endowment assets attempts to provide a predictable stream of funding to supported programs. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that meet or exceed a benchmark that includes the Consumer Price Index +5%.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Organization 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 Organization targets a diversified asset allocation that places greater emphasis on equity - based investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year up to 4.50% of its endowment fund's average fair value over the prior 20 quarters through September 30 of the preceding fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment.

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes for the year ended March 31:

	2021	2020
CMF		
Subject to expenditure for specified purpose		
Diversity, equity and inclusion	\$ 672,243	\$ 1,230,701
Environmental projects	556,613	818,024
Fellowship programs	468,111	745,142
Education	256,544	767,817
Government relations	718,499	990,218
Transformation	108,124	251,885
Early childhood	385,051	-
Other	78,576	52,930
	3,243,761	4,856,717
Subject to passage of time	1,207,100	900,000
Endowment funds - appropriated and spent	13,940,794	10,424,253
Total CMF	18,391,655	16,180,970
LTG		
Subject to expenditure for specified purpose		
Fellowship program	22,128	25,768
Ambassador program	17,244	33,940
Other	-	3,201
	39,372	62,909
Endowment funds - appropriated and spent	3,686,237	2,815,084
Total LTG	3,725,609	2,877,993
Total net assets with donor restrictions	\$ 22,117,264	\$ 19,058,963

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended March 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Non-endowed assets released		
CMF		
Satisfaction of purpose restrictions		
Diversity, equity and inclusion	933,458	\$ 1,375,479
Environmental projects	282,804	1,303,149
Fellowship programs	643,048	532,789
Education	676,773	631,511
Government relations	558,723	557,842
Transformation	543,761	-
Health related	438,500	-
Other	<u>177,859</u>	<u>15,754</u>
	4,254,926	4,416,524
Expiration of time restrictions	<u>292,900</u>	<u>200,000</u>
Total CMF	<u>4,547,826</u>	<u>4,616,524</u>
LTG		
Satisfaction of purpose restrictions		
Fellowship programs	3,640	5,170
Ambassador program	16,695	31,456
Other	<u>3,201</u>	<u>-</u>
Total LTG	<u>23,536</u>	<u>36,626</u>
Total non-endowed assets released	<u>4,571,362</u>	<u>4,653,150</u>
Endowment net assets appropriated for expenditure and spent		
CMF	429,054	404,472
LTG	<u>145,000</u>	<u>151,000</u>
Total net assets appropriated for expenditure and spent	<u>574,054</u>	<u>555,472</u>
Total net assets released from restrictions	<u>\$ 5,145,416</u>	<u>\$ 5,208,622</u>

**COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 9 - LEASE COMMITMENTS

The Organization leases facilities under agreements with maturities ranging from December 2020 through August 2023. These non-cancelable leases have been classified as operating leases. Rental expense for these operating leases was \$65,515 and \$63,181 for the years ended March 31, 2021 and 2020, respectively.

The Organization also leases certain office equipment under an operating lease agreement which matures in July 2022. Rental expense for the lease was \$13,507 and \$7,553 for the years ended March 31, 2021 and 2020, respectively.

The following is a schedule of annual future minimum lease payments required under operating leases with initial or remaining non-cancelable lease terms in excess of one year as of March 31, 2021:

<u>March 31,</u>	
2022	\$ 75,377
2023	<u>12,363</u>
	<u>\$ 87,740</u>

NOTE 10 - ANNUITY PLAN

CMF has established a tax-deferred annuity plan that covers substantially all employees and enables eligible employees to contribute a portion of their salary to the plan, subject to an annual limitation as prescribed by federal tax regulations. CMF also contributes, for the benefit of each employee, an amount equal to 8% of each eligible employee's salary, plus an additional dollar for dollar match up to 2% of the eligible employee's annual salary. CMF recognized contribution expense of \$295,246 and \$239,139 for the years ended March 31, 2021 and 2020, respectively, related to the plan.

NOTE 11 - CONTINGENCY

In December 2015 CMF purchased monthly short-term disability insurance to offer the benefit to full time benefit employees. Previously, employees earned 40 hours of full pay benefit for each year of service, up to a maximum of thirteen weeks. CMF grandfathered into the policy the full pay employees that had accumulated a benefit under the old policy, leaving a maximum potential liability of \$73,000. Management believes the likelihood of incurring and paying the liability for this benefit is remote based on the past history. Therefore, the liability has not been reflected in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
MARCH 31, 2021
(with comparative totals for March 31, 2020)

	Council of Michigan Foundations	Learning to Give	Eliminations	Consolidated Totals	
				2021	2020
ASSETS					
Current assets					
Cash and cash equivalents	\$ 2,817,431	\$ 160,179	\$ -	\$ 2,977,610	\$ 3,035,929
Investments	1,647,928	-	-	1,647,928	1,608,378
Current portion of grants and contributions receivable	2,114,800	-	-	2,114,800	2,095,525
Prepaid expenses and other assets	141,713	-	-	141,713	136,945
Total current assets	6,721,872	160,179	-	6,882,051	6,876,777
Assets held in endowment funds					
Cash and cash equivalents	419,292	87,500	-	506,792	875,655
Investments	28,025,276	3,598,737	-	31,624,013	23,280,195
Grants and contributions receivable, net of current portion	1,432,131	-	-	1,432,131	1,799,379
Net property and equipment	131,813	1,293	-	133,106	174,084
TOTAL ASSETS	\$ 36,730,384	\$ 3,847,709	\$ -	\$ 40,578,093	\$ 33,006,090

	Council of Michigan Foundations	Learning to Give	Eliminations	Consolidated Totals	
				2021	2020
LIABILITIES AND NET ASSETS					
LIABILITIES					
Current liabilities					
Accounts payable	\$ 122,885	\$ -	\$ -	\$ 122,885	\$ 169,728
Grants payable	308,750	-	-	308,750	39,500
Deferred revenue	1,318,660	-	-	1,318,660	1,185,250
Note payable	464,195	-	-	464,195	-
Other liabilities	149,529	-	-	149,529	91,723
Total current liabilities	2,364,019	-	-	2,364,019	1,486,201
Net assets					
Without donor restrictions					
Undesignated	1,470,431	122,100	-	1,592,531	1,544,416
Board designated	14,504,279	-	-	14,504,279	10,916,510
Total net assets without donor restrictions	15,974,710	122,100	-	16,096,810	12,460,926
With donor restrictions	18,391,655	3,725,609	-	22,117,264	19,058,963
Total net assets	34,366,365	3,847,709	-	38,214,074	31,519,889
TOTAL LIABILITIES AND NET ASSETS	\$ 36,730,384	\$ 3,847,709	\$ -	\$ 40,578,093	\$ 33,006,090

COUNCIL OF MICHIGAN FOUNDATIONS AND SUPPORTING ORGANIZATIONS
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2021
(with comparative totals for the year ended March 31, 2020)

	Council of			Consolidated Totals	
	Michigan Foundations	Learning to Give	Eliminations	2021	2020
SUPPORT, REVENUES, AND GAINS					
Membership dues	\$ 1,505,830	\$ -	\$ -	\$ 1,505,830	\$ 1,464,865
Grant support	3,567,049	6,681	-	3,573,730	6,202,414
Conferences	230,296	-	-	230,296	555,366
Other revenue	50,706	40	-	50,746	96,610
Investment return, net	8,085,072	1,015,152	-	9,100,224	(1,630,712)
TOTAL SUPPORT, REVENUES, AND GAINS	13,438,953	1,021,873	-	14,460,826	6,688,543
EXPENSES					
Salaries and benefits	3,898,632	188,490	-	4,087,122	3,272,358
Occupancy	138,880	2,945	-	141,825	145,170
Telecommunications	42,632	-	-	42,632	53,465
Depreciation	41,452	26,128	-	67,580	92,540
Technology	80,035	12,885	-	92,920	58,334
Dues and sponsorship	50,793	-	-	50,793	72,786
Communications and publications	44,033	4,088	-	48,121	85,452
Professional services	1,467,410	38,774	-	1,506,184	1,259,333
Travel and trainings	51,335	(150)	-	51,185	246,693
Conference and meetings	301,534	-	-	301,534	596,254
Overhead to special projects	(6,048)	6,048	-	-	-
Grants	1,338,103	-	-	1,338,103	2,260,155
Other	37,053	1,589	-	38,642	49,854
TOTAL EXPENSES	7,485,844	280,797	-	7,766,641	8,192,394
CHANGE IN NET ASSETS	5,953,109	741,076	-	6,694,185	(1,503,851)
NET ASSETS, beginning of year	28,413,256	3,106,633	-	31,519,889	34,592,462
NET ASSETS, end of year	\$ 34,366,365	\$ 3,847,709	\$ -	\$ 38,214,074	\$ 33,088,611