Canton Community Foundation, Inc.
d/b/a The Local Impact Alliance
Financial Statements
June 30, 2022

With Comparative Totals
For the Year Ended June 30, 2021

Canton Community Foundation, Inc.
d/b/a The Local Impact Alliance
Table of Contents
June 30, 2022

Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Canton Community Foundation, Inc.
d/b/a The Local Impact Alliance
Canton, Michigan

Opinion

We have audited the accompanying financial statements of Canton Community Foundation, Inc. d/b/a The Local Impact Alliance (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Canton Community Foundation, Inc. d/b/a The Local Impact Alliance as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Canton Community Foundation, Inc. d/b/a The Local Impact Alliance and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Canton Community Foundation, Inc. d/b/a The Local Impact Alliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

33762 Schoolcraft Road, Livonia, Michigan 48150-1506
734-427-2030 Fax 734-427-3004 CND@CNDCPA.com www.CNDCPA.com

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Canton Community Foundation, Inc. d/b/a The Local Impact Alliance's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Canton Community Foundation, Inc. d/b/a The Local Impact Alliance's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Canton Community Foundation, Inc. d/b/a The Local Impact Alliance's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cole, Newton & Duran CPAs

Cole, Newton & Duran
Livonia, Michigan
November 22, 2022

Canton Community Foundation, Inc.
d/b/a The Local Impact Alliance
Statement of Financial Position
June 30, 2022
With Comparative Totals for June 30, 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	$ 523,349	$ 383,455
Contributions receivable, net	22,325	15,928
Prepaid expenses	1,150	-
Total current assets	546,824	399,383
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	10,076	13,578
OTHER ASSETS		
Investments	4,617,464	5,192,501
TOTAL ASSETS	$ 5,174,364	$ 5,605,462

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 54,567	$ 22,442
Grants and scholarships payable	169,700	103,400
Total current liabilities	224,267	125,842
OTHER LIABILITIES		
Loans payable	-	21,400
Funds held as agency endowments	665,367	780,387
	665,367	801,787
NET ASSETS		
Without donor restrictions	4,188,234	4,547,375
With donor restrictions	96,496	130,458
Total net assets	4,284,730	4,677,833
TOTAL LIABILITIES AND NET ASSETS	$ 5,174,364	$ 5,605,462

Canton Community Foundation, Inc.
d/b/a The Local Impact Alliance
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2022
With Comparative Totals for the Year Ended June 30, 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
SUPPORT AND REVENUE				
Contributions	$ 926,617	$ 69,649	$ 996,266	$ 732,766
Less amounts received from agencies	(9,250)	-	(9,250)	(1,650)
Less costs of direct benefits to donors	(187,432)	-	(187,432)	(174,099)
Contribution income from affiliate acquistion	10,897	-	10,897	-
Program revenue	17,205	-	17,205	17,597
Investment income	(796,921)	-	(796,921)	1,082,838
Less income on amounts held for agencies	115,512	-	115,512	(162,976)
Admin revenue from amounts held for agencies	8,200	-	8,200	7,543
Special events income	108,120	-	108,120	28,288
Special events income, gifts in kind	15,320	-	15,320	12,650
Less costs of direct benefits to donors	(53,298)	-	(53,298)	(20,167)
Miscellaneous	22,118	-	22,118	20,723
Subtotal	177,088	69,649	246,737	1,543,513
Net assets released from restrictions	103,611	(103,611)	-	-
Total Support and Revenue	280,699	(33,962)	246,737	1,543,513
FUNCTIONAL EXPENSES				
Program	508,986	-	508,986	530,402
Less amounts granted to agencies	(556)	-	(556)	(16,534)
	508,430	-	508,430	513,868
Management and general	78,116	-	78,116	67,188
Fundraising	53,294	-	53,294	41,708
Total functional expenses	639,840	-	639,840	622,764
Increase (Decrease) in Net Assets	(359,141)	(33,962)	(393,103)	920,749
Net Assets at Beginning of Year	4,547,375	130,458	4,677,833	3,757,084
Net Assets at End of Year	$ 4,188,234	$ 96,496	$ 4,284,730	$ 4,677,833

Canton Community Foundation, Inc.
d/b/a The Local Impact Alliance
Statement of Functional Expenses
For the Year Ended June 30, 2022
With Comparative Totals for the Year Ended June 30, 2021

	Program Services								
	Scholarship Programs	Grant Programs	Future Fit Program	Other Programs	Total Program Services	Management and General	Fundraising	Total Expenses	2021 Total Expenses
Bad debt expenses	$ -	$ -	$ -	$ -	$ -	$ 150	$ -	$ 150	$ 316
Bank charges and credit card fees	-	-	-	-	-	-	9,473	9,473	8,029
Computer, website and internet	907	742	248	1,442	3,339	2,337	1,002	6,678	9,284
Depreciation	476	389	130	756	1,751	1,226	525	3,502	3,502
Grants	-	230,184	-	-	230,184	-	-	230,184	320,275
Insurance	551	451	150	877	2,029	1,420	608	4,057	3,291
Marketing and development	443	370	110	644	1,567	1,741	525	3,833	2,232
Meeting and conferences	183	150	50	291	674	771	502	1,947	1,595
Membership and publications	22	22	22	139	205	3,000	75	3,280	3,477
Professional fees	1,088	174	58	338	1,658	13,975	372	16,005	14,294
Program Expenses	2,279	5,040	27,588	22,545	57,452	-	-	57,452	23,457
Rent	998	816	272	1,588	3,674	2,572	1,104	7,350	8,400
Scholarships	150,142	-	-	-	150,142	-	-	150,142	108,517
Special events	-	-	-	-	-	-	9,578	9,578	1,048
Supplies, postage and printing	589	482	160	940	2,171	1,520	650	4,341	4,043
Telephone	309	253	84	491	1,137	842	391	2,370	2,549
Wages and related expenses	14,244	11,655	3,885	22,663	52,447	48,562	28,489	129,498	108,455
Total expenses	$ 172,231	$ 250,728	$ 32,757	$ 52,714	$ 508,430	$ 78,116	$ 53,294	$ 639,840	$ 622,764

Canton Community Foundation, Inc.
d/b/a The Local Impact Alliance
Statement of Cash Flows
For the Year Ended June 30, 2022
With Comparative Totals for the Year Ended June 30, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (393,103)	$ 920,749
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation	3,502	3,502
Unrealized loss (gain) on investments	906,080	(996,029)
(Increase) decrease in assets:		
Receivables	(6,397)	(14,003)
Prepaid expenses	(1,150)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	32,125	3,778
Grants and scholarships payable	66,300	(10,325)
Funds held as agency endowment	(115,019)	140,549
Net cash provided by operating activities	492,338	48,221
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	-	(6,146)
Purchase of investments	(1,029,745)	(1,444,059)
Sale of investments	698,701	1,486,306
Net cash (used in) provided by investing activities	(331,044)	36,101
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	-	21,400
PPP loan forgiveness	(21,400)	-
Net cash (used in) provided by investing activities	(21,400)	21,400
NET INCREASE IN CASH AND CASH EQUIVALENTS	139,894	105,722
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	383,455	277,733
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 523,349	$ 383,455
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -

NOTE 1 – Nature of Activities

The Local Impact Alliance, a DBA of the Canton Community Foundation, Inc. hosts several major initiatives in the Western Wayne County region including: The Canton Community Foundation, The Community Foundation of Plymouth, The Westland Community Foundation, Eagles for Children, The Giving Hope Women's Giving Circle, and the Coalition Against Hunger. The Local Impact Alliance serves the communities of Canton, Plymouth, Westland and surrounding communities by promoting community education, arts, music, and other cultural initiatives; lessening the burdens of government; promoting conservation and environmental protection; combating community deterioration; maintaining public buildings, monuments, or works; promoting and highlighting community resources and history; and developing human resource support systems. The Foundation's support comes primarily from investment, individual donors' contributions, and fundraising activities. More information can be found on the Foundation's website: localimpactalliance.org.

NOTE 2 – Summary of Significant Accounting Policies

Basis of accounting – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial statement presentation – Financial statement presentation follows requirements of the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Foundation is required to report information regarding its financial position and activities according to two classes of net assets as follows:

> Net assets without donor restrictions consist of resources that are not restricted by donor-imposed stipulations.
>
> Net assets with donor restrictions consist of resources of which the use by the Foundation is limited by donor-imposed stipulations.

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair value of financial instruments – FASB guidance on fair value measurements defines fair value, establishes a framework for measuring fair value, and expands disclosure of fair value measurements. The guidance applies to all assets and liabilities that are measured and reported on a fair value basis. The carrying amounts of financial instruments, including cash, cash equivalents, receivables, payables and accruals, approximate fair value due to the short-term maturity of these instruments.

Contributions and contributions receivable – Contributions are recognized as revenue when the donor makes an unconditional promise to give to the Foundation. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as assets released from restrictions. The Foundation uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Management believes that all promises to give are fully collectible at June 30, 2022 and 2021.

Cash and cash equivalents – Cash and cash equivalents are defined as cash on hand, demand deposits in banks, short-term investments that are readily convertible to cash, and investments with original maturities of three months or less. However, short-term investments with maturities at the date of purchase of three months or less, which are subject to investment management direction, are treated as investments rather than cash.

NOTE 2 – Summary of Significant Accounting Policies (continued)

Investments – Investments in marketable securities with readily determinable fair values, and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities and changes in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

Furniture and equipment – Furniture and equipment is recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of the assets. Upon sale or retirement, the cost and accumulated depreciation is eliminated from the respective accounts, and a gain or loss, if any, is recorded in the statement of activities and changes in net assets.

Tax status – The Foundation has been classified as a not-for-profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for Federal income taxes has been made. The Foundation is no longer subject to U.S. Federal tax examinations for years ended before June 30, 2019. Management has evaluated FASB ASC 740, *Income Taxes*, and has concluded it has no uncertain positions.

Allocation of functional expenses – The Foundation presents their expenses by functional classification, which shows the amount spent for program-related activities. Expenses that can be identified with a specific program are charged directly to that program. Program expenses that cannot be identified with a specific program require allocation on a reasonable basis that is consistently applied. Expenses that are allocated are wages and related expenses, insurance, supplies, postage, printing, telephone, meetings, conferences, marketing, development, depreciation, and rent, which are allocated on the basis of estimates of time and effort. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Foundation. Although the method of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Subsequent events – Management has evaluated events and transactions for potential recognition or disclosure through the date of the auditors' report, which was the first date the financial statements were available to be issued.

Upcoming Accounting Pronouncements – FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organizations' year ending June 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the financial statements would be to capitalize the value and obligations related to the leases identified in Note 8.

New Accounting Pronouncements – In September 2020, FASB issued ASU No. 2020-17, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, knows as gifts in kind. Contributed nonfinancial assets will be reported by category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. See Note 10 for information on contributed nonfinancial assets.

NOTE 2 – Summary of Significant Accounting Policies (continued)

Compensated absences – Employees receive paid time off (PTO) based upon length of employment. PTO earned in a fiscal year is available to be utilized by an employee in the subsequent fiscal year. At the end of a fiscal year, PTO is determined and recorded as a liability for that fiscal year. The liability is included in accounts payable and accrued expenses on the statement of financial position. Unused PTO at the end of a fiscal year does not accumulate and is not carried over to the following year. Payments are made for unused PTO if an employee resigns or is terminated before the end of the fiscal year. The PTO liability is included in accounts payable and accrued expenses on the statement of financial position.

Grants and scholarships payable – Grant and scholarship funds which have been approved and are either required or expected to be paid out during the next year are reported as liabilities at year-end.

NOTE 3 – Concentrations and Credit Risks

Cash – The Foundation maintains its cash balances in at multiple financial institutions, including banks and credit unions, where balances are insured by The Federal Deposit Insurance Corporation (FDIC) and The National Credit Union Administration (NCUA), respectively. Deposits in one bank or credit union are insured up to $250,000. Balances held at the credit union have an additional $100,000 of insurance provided by a private insurer. At times during the year, balances on deposit at any one financial institution may exceed the insured limit. The uninsured balances at June 30, 2022, and 2021 were $2,603 and $0, respectively. The Foundation has not experienced any losses with respect to uninsured cash balances.

Investments – The Foundation maintains cash, cash equivalents, mutual funds, and equity securities in brokerage accounts which are generally not covered under the FDIC; however, certain cash and securities in the brokerage account are guaranteed by the Security Investor Protection Corporation (SIPC) up to $500,000, which includes a $250,000 limit for cash. Market losses are not covered by the SIPC. The balance in the brokerage account may exceed insured limits. Uninsured balances in brokerage accounts at June 30, 2022, and 2021, were $4,105,318 and $4,681,527, respectively. The Foundation has not experienced any losses with respect to uninsured balances.

Revenue – For the year ended June 30, 2022, the Foundation had a concentration in contribution revenue from four donors totaling $354,326, which made up approximately 36% of the total contribution revenue. For the year ended June 30, 2021, the Foundation had a concentration in contribution revenue from five donors totaling $275,217, which made up approximately 38% of the total contribution revenue.

NOTE 4 – Furniture and Equipment

Furniture and equipment consisted of the following at June 30,

	2022	2021
Furniture and fixtures	$ 25,683	$ 26,048
Computers and software	57,136	57,136
	82,819	83,184
Less accumulated depreciation	(72,743)	(69,606)
Total property and equipment, net	$ 10,076	$ 13,578

Depreciation expense was $3,502 for each of the years ended June 30, 2022, and 2021.

NOTE 5 – Investments

The market value of the investments consisted of the following at June 30,

	2022	2021
Cash in banks	$ 12,145	$ 66,440
Money market funds	6,395	10,974
Equities	2,426,042	790,219
Mutual funds	2,172,882	4,324,868
	$ 4,617,464	$ 5,192,501

Returns on investments are as follows:

	2022	2021
Interest, dividends, and capital gain distributions	$ 272,915	$ 138,289
Plus (less) amounts on investments held for other agencies	(61,116)	(20,797)
Realized and unrealized gains (losses)	(1,041,607)	973,393
Plus (less) amounts on investments held for other agencies	172,481	(146,480)
Investment management expenses	(28,229)	(28,845)
Plus (less) amounts on investments held for other agencies	4,147	4,302
Total	$ (681,409)	$ 919,862

Investment risks – Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values in the near term could materially affect the amounts reported in the accompanying financial statements.

NOTE 6 – Funds Held for Agencies

The bylaws of the Foundation and the agency fund agreements include a variance provision, giving the Board of Directors the power to vary the use of funds in compliance with a restriction, if the restriction is unnecessary, undesirable, or incapable of fulfillment, or is not consistent with the Foundation's goal of serving the charitable needs of the community of Canton, Michigan, and surrounding areas. The Foundation maintains variance power and legal ownership of agency funds, and as such, continues to report the funds as assets of the Foundation. However, following the requirements of the Not-for-Profit Entities Topic of the FASB ASC, a liability has been established for the fair value of the funds as of June 30, 2022, and 2021, which is generally equivalent to the present value of future payments expected to be made to the not-for-profit organizations that are the ultimate recipients and established the funds. In order to present the full scope of the Foundation, operations and agency activity (i.e. contributions, grants, and investment earnings/losses) are included in total for the Foundation in the statement of activities and changes in net assets, with agency activity then separately identified and shown as a reduction to the total for the Foundation. These assets are managed in accordance with the same investment and spending policies as the Foundation's other endowment funds.

NOTE 7 – Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. U.S. GAAP requires the Foundation to disclose the fair value of each of its assets and liabilities based on the level of observable inputs. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date of published net asset value for alternative investments with characteristics similar to a mutual fund.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement falls, in its entirety, is based on the lowest level input that is significant to the fair value measurement. As of June 30, 2022, and 2021, all investments were classified as Level 1. During the years ended June 30, 2022, and 2021, there were no transfers between levels.

NOTE 8 – Lease Commitments

Office space – The Foundation leases office space for operations on a month-to-month rental agreement, with monthly rent of $700. Rent expense was for the years ended June 30, 2022, and 2021 was $7,350 and $8,400, respectively. The Foundation sub-leases, on a month-to-month basis, a portion of its office space for $150 per quarter. Rental income for the years ended June 30, 2022, and 2021 was $600 and $2,700, respectively, and has been included as miscellaneous support within the statement of activities and changes in net assets.

Office equipment – The Foundation leased a copier under a 63-month agreement beginning October 2019, with monthly payments of $175 and additional charges for overuse. Rent expense for the years ended June 30, 2022, and 2021, was $2,302 and $2,102, respectively.

Future minimum lease payments for the copier are as follows:

June 30,		
2023	$	2,102
2024		2,102
2025		1,051
Total	$	5,255

NOTE 9 – Related Parties

The Foundation's Chief Financial Officer is the wife of a board member. Additionally, the Foundation occasionally uses companies related to board members for administrative and fundraising services. These amounts totaled $27,000 and $2,181 for the years ended June 30, 2022 and 2021, respectively.

NOTE 10 – In-Kind Donations

The Foundation received contributed materials, advertising, and other items valued at $15,320 and $12,650 during the years ended June 30, 2022, and 2021, respectively. In-kind donations are reflected in the statement of activities and changes in net assets as special events income, gifts in kind. The value of the donation is based on the amount that the Foundation would be required to spend to purchase the same or similar item. It is the Foundation's policy to use all in-kind donations within their programs or special events unless they are unable to use the item. In that event, they would attempt to monetize the item or donate the item to another nonprofit.

NOTE 11 – Special Events

The Foundation held special events which resulted in net revenue as follows for the years ended June 30,

	2022	2021
Special events income	$ 108,120	$ 28,288
Special events income, gifts in kind	15,320	12,650
Direct Expenses	(62,876)	(21,215)
Net special event income	$ 60,564	$ 19,723

NOTE 12 – Paycheck Protection Program Loan

The Foundation was granted loans pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES act which was enacted March 27, 2020. The Consolidated Appropriations Act of 2021 extended the program, allowing for a second round of funding. The loans bear interest at a rate of 1%. Funds from the loans may only be used for payroll costs, costs used to continue group health care benefits, rent, utilities, and interest on debt obligations in place before February 15, 2020. Under the terms of the PPP, certain amounts of the loans may be forgiven by the Small Business Administration (SBA) if they are used for qualifying expenses as described in the CARES Act and extended by the Consolidated Appropriations Act. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with payments deferred for the first ten months.

On April 11, 2020, the Foundation was granted a loan of $19,635 under the PPP. This loan was forgiven by the SBA on December 11, 2020.

On January 17, 2021, the Foundation obtained a second PPP loan in the amount of $21,400. This loan was forgiven by the SBA on August 17, 2021.

The loan forgiveness and related interest that was also forgiven on each of the two PPP loans has been included as miscellaneous support within the statement of activities and changes in net assets.

NOTE 13 – Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following time or purpose as of June 30,

	2022	2021
Subject to expenditure for specified purpose:		
Veterans' Park	$ 3,745	$ 946
Canton Cares Fund	38,758	28,318
Greater Plymouth Service Project	33,074	33,074
Future Fit Programming	1,962	-
Donor specific project restrictions	14,790	59,120
	92,329	121,458
Subject to time restrictions	4,167	9,000
Total	$ 96,496	$ 130,458

The Foundation satisfied the following time or purpose restrictions as of June 30,

	2022	2021
Subject to expenditure for specified purpose:		
Canton Cares Fund	$ 7,393	$ 6,663
Ann Arbor Community Foundation Support	9,000	12,500
Website	-	645
Future Fit	28,038	-
Donor specific project completion	59,180	23,621
Total released from restrictions	$ 103,611	$ 43,429

NOTE 14 – Net Assets without Donor Restrictions

The Foundation's net assets without donor restrictions are comprised as follows:

	2022	2021
Operating reserves	$ 341,950	$ 430,236
Board designated - non-endowment funds	1,261,770	1,215,359
Board designated - endowment funds	2,584,514	2,901,780
	$ 4,188,234	$ 4,547,375

The Foundation's net assets without donor restrictions include endowments that could be classified as donor-restricted endowments, except that the Foundation has variance power over those assets. Therefore, the Board treats these funds as board-designated endowments, and they are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 14 – Net Assets without Donor Restrictions (continued)

Interpretation of relevant law – The Board of the Foundation follows the Uniform Prudent Management of Institution Funds Act (UPMIFA), which is designed to help ensure the long-term preservation of the corpus of endowed funds. As a result of this law and variance power provision rights, the Foundation classifies within unrestricted net assets (1) the original value of gifts donated to the designated endowment, (2) the original value of subsequent gifts to the designated endowment, and (3) accumulations to the designated endowment. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. Accounting standards require investment earnings on donor restricted net assets held in perpetuity subject to UPMIFA to be classified as donor restricted net assets until they are appropriated for expenditure by the Foundation. The Foundation has not had any donor restricted contributions to be held in perpetuity and is not currently underwater.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate board-designated endowment funds.

- The duration and preservation of the fund
- The purpose of the Foundation and the 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 Foundation
- The investment policies of the Foundation

The summary of changes in endowment fund assets is as follows:

	Without Donor Restrictions	
	For the year ended June 30, 2022	For the year ended June 30, 2021
Endowment fund net assets - beginning of year	$ 2,901,780	$ 2,243,392
Contributions	321,287	242,734
Investment earnings - net of investment expenses	(453,135)	592,132
Grants and scholarships	(138,250)	(132,079)
Administrative expenses	(47,168)	(44,399)
Endowment fund net assets - end of year	$ 2,584,514	$ 2,901,780

Return objective and risk parameters – The Foundation has adopted investment and spending policies for its net assets that attempt to provide a predictable stream of funding to programs supported by its net assets while seeking to maintain its purchasing power. Under this policy, as approved by the Board, the Foundation has four objectives (1) preserve and grow the assets of the Foundation, (2) balance long-term grown with appropriate risk and liquidity, (3) achieve market returns, and (4) comply with applicable laws, rules, and regulations.

Strategies employed for achieving objectives – To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a broadly diversified asset allocation model with performance benchmarks based on each asset class.

NOTE 14 – Net Assets without Donor Restrictions (continued)

Spending policy and how the investment objective relate to spending policy – The Foundation has a policy of appropriating for programming/granting distributions 4.5% of its endowed investment pool's average fair value over the prior 12 quarters through June 30 of the preceding fiscal year in which the distribution is planned. Investment management and administrative fees are not included in the 4.5% appropriation. In establishing this board-approved policy, the Foundation expects the current spending policy to allow its net assets and any additions to the net assets to grow annually while providing for current support of programming.

NOTE 15 – Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date.

	2022	2021
Financial assets at year-end	$ 5,174,364	$ 5,605,462
Less those unavailable for general expenditures within one year:		
Property and equipment, net of accumulated depreciation	10,076	13,578
Net assets with donor time and purpose restrictions	96,496	130,458
Funds held as agency endowments	665,367	780,387
Other earmarked funds	103,000	97,000
Board designated net assets	3,846,284	4,117,139
	4,721,223	5,138,562
Financial assets available to meet cash needs for general expenditure, liablities, and other obligtions within one year	$ 453,141	$ 466,900

The operating budget is developed in March for the subsequent fiscal year that begins July 1. The Finance and Investment Committee reviews the budget and makes its recommendations to the board of directors. The board of directors approves the budget in May prior to the July 1 beginning of the subsequent fiscal year. In addition to the operating budget, a cash budget is developed identifying the sources of cash for operations. Those sources are contributions, program revenue, fund fees, and spending from the operating endowment.

The Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation holds funds expected to be utilized for operations in a checking account, a money market account, and a mutual fund invested in short-term government obligations.

Estimates of granting cash requirements are made periodically throughout the year. Cash needs for granting are communicated to the Foundation's investment manager who then modifies portfolio holdings to minimize unplanned withdrawals with the objective of minimizing investment losses related to liquidation. Near-term granting needs are held in the Foundation's checking account, money market account, and mutual funds invested in short-term government obligations.

NOTE 16 – Business Combination

On July 20, 2021, the Foundation entered into an affiliation agreement with Westland Community Foundation (WCF) by which WCF transferred to the Foundation all of its assets (solely cash) and the entity converted to having an advisory board over a fund under the Foundation's umbrella. The primary purpose of the agreement was to further the Foundations mission which is to strengthen and promote organized philanthropy in the Western Wayne area and to be more strategic and effective with donor money. There were no liabilities related to the affiliation. Total assets contributed to the Foundation were $10,897 which have been included in the statement of activities and changes in net assets as contribution income from affiliate acquisition.