

Michigan Community Foundations' Youth Project

Project Update

Program Summary

The Michigan Community Foundations' Youth Project (MCFYP) is a statewide program designed to build community foundation capacity, to establish youth as philanthropists, to build permanent and growing funds within each community to meet local youth needs, and to expand and extend community foundation service to cover the State so that every donor has access to a community foundation.

MCFYP is funded by the W.K. Kellogg Foundation and provides challenge grants, technical assistance, leadership training, mini-grants, and conferences to Michigan community foundations and their Youth Advisory Committees. MCFYP supports youth as existing resources and decision-makers in communities, and establishes important statewide ties to service, volunteerism, philanthropy and service-learning.

Overview

The W.K. Kellogg Foundation has granted \$49 million to Michigan community foundations through the Council of Michigan Foundations over three grant periods:

1988-1991	\$ 2 million
1991-1996	\$35 million
1996-2000	\$12 million

A total of \$5.4 million continues to be available to community foundations as challenge grants. The Charles Stewart Mott Foundation has provided a companion grant to support technical assistance to Michigan's community foundations from 1988-1995.

The Michigan Community Foundations' Youth Project and the Council of Michigan Foundation's 52 member community foundations (and their 28 affiliates) are pleased to continue to report that the project is stimulating fundamental and positive change in the long term structure of local philanthropy in the State of Michigan.

Geographic Service

During 1995 and 1996 we have continued our substantial progress in the geographic reach of community foundation service. 74 Michigan counties, of the 83 total, are now served. This compares to 63 from last year. Nine other counties have active organizing committees and/or are negotiating affiliate relationships with neighboring community foundations. Of the 15 counties of the Upper Peninsula all are now served by community foundations. This development has been led by our part-time Upper Peninsula consultant, George Tomasi, who retired June 30, 1996. As mentioned later in this report, new full time staff have been hired to replace George.

Organizational Strength

The viability of community foundations to serve their communities is measured by secondary measurements such as asset size, grantmaking dollars, and professionalization. These indicators show rapid growth. Responding to the challenge, audited assets in the community foundations have grown by 28% from \$564,552,613 in 1994 to \$725,449,270 in 1995. Audited grantmaking has increased by 8%, from \$32,364,240 to \$34,524,367. Staffing has grown from 125 to 136 professional staff with three community foundations adding their first staff members this year.

Technical Assistance

The technical assistance, provided with funds from the W.K. Kellogg Foundation, is critical to sustaining this growing group of community foundations. Two publications have been written this year. 40 training sessions have been held with over 1200 attendees. 226 legal questions have been answered for 39 community foundations. 138 on-site consultations have been completed. Mini-grants totaling \$49,360 have been given to 54 community foundations.

Youth Project

There are now 72 community foundations and affiliates with active youth committees involving 1,300 young people in philanthropy. Eighteen community foundations have raised the full match providing the young people in each community with the interest on \$1 million for grantmaking for programs for youth.

Youth committees have now made over \$2.6 million in 1,708 grants for local youth needs. 159 young people attended leadership camp during the summer of 1995, while 425 young people attended a one-day Regional Workshop held in four locations in the spring and fall of 1995. Over one half of the primary group leaders at leadership camp are former Youth Advisory Committee members.

The community foundations feel the lessons they are learning about youth philanthropy are important and, they asked to hold a national conference to disseminate information to national funders, out-of-state community foundations and youth serving organizations interested in replicating MCFYP. This conference was held July 25 - 27, 1996 at the Amway Grand Plaza in Grand Rapids, MI and, as mentioned later in this report, showcased all of the related initiatives which spin in harmony with this project.

There is an excellent relationship between this project, Campus Compact, the Michigan Community Service Commission, and other youth and philanthropic initiatives.

Community foundations are also experiencing "alumnae" of the youth committees becoming donors to the community foundation and advisors to Youth Advisory Committees.

"YOUTH MAKING A DIFFERENCE"
National Youth Philanthropy Conference
REPORT SUMMARY

The National Youth Philanthropy Conference was held at the Amway Grand Plaza Hotel in Grand Rapids, Michigan on July 25 - 27, 1996. More than 800 enthusiastic participants, including nearly 600 youth, attended the conference entitled "Youth Making a Difference." Community foundation representatives from 25 states and Canada, national funders, youth-serving organizations, and Michigan Youth Advisory Committee (YAC) members, and their advisors came to share and learn about the tremendous success of the Michigan Community Foundation Youth Project (MCFYP) and other models for engaging youth in philanthropy. Special speakers included Bob Love of Chicago Bulls and Jeffrey Canada, a leading expert on violence prevention programs.

The Detroit Pistons joined the MCFYP Statewide Youth Board in honoring YAC members and their advisors, in three award categories: Innovative Community Foundation/YAC Awards, Exemplary YAC Member Awards, and Outstanding YAC Advisor Awards. Awards went to Jeannie Ringleberg, Phillip Wahtola, Diana Economy, Marieo Henry, Omar Sims, Cheryl Elliot, and Lorriane Krieg. YACs receiving awards included Margquette Community Foundation Youth Advisory Committee, Leleanau Youth Advisory Committee under the Grand Traverse Regional Community Foundation, and Community Foundation for Muskegon County Youth Advisory Committee. The recipients will be recongnized during half-time at a Detroit Pistons game on October 27. Plans are underway for the second annual Community Service Awards.

Released during the National Conference were three new CMF publications highlighting MCFYP. They include:

- *"Get Into Action"*, a brochure developed to introduce MCFYP and the concept of youth as philanthropist;
- *"Growing Community Foundations/ Empowering Youth"*, a publication authored by Karin Tice, Ph.D., the evaluator on MCFYP, that presents lessons learned and recommendations for replication of MCFYP;
- *"Guidelines and Resources for Establishing a Youth Advisory Committee"*, , a resource manual for community foundations or organizations that wish to establish Youth Advisory Committees authored by Terry Langston, Youth Program Director.

Press coverage was substantial, including a Christian Science Monitor feature.

Other Related Initiatives

Upper Peninsula Initiative

Special initiatives to organize the Upper Peninsula have been extremely successful. There are now ten community foundations with 8 geographic component funds which assures that all residents in the Upper Peninsula now have access to a community foundation. The Upper Peninsula Community Foundation, which currently has four affiliates, serves as a "holding company" should any of the very small U.P. communities chose to affiliate with a larger entity.

As the final application cycle for MCFYP approach (Spring, 1997) two issues have become evident in the growth and expansion of community foundations in the Upper Peninsula. First, many of the rural community foundations do not have the ability to organize in time to take advantage of the challenge program. Second, a number of the smaller community foundations are having difficulties raising the needed operating funds for a part-time staff. A portion of the second W.K. Kellogg Foundation grant (P0029713) has been designated to provide support for fund development assistance for the rural community foundations and for financial incentives for smaller community foundations to merge with larger, neighboring community foundations. Two full time staff have been retained in 1996 to help address these needs. Specialized fund development training is being provided by the Indiana Center on Philanthropy. The Kellogg Youth Initiative Partnership serving Marquette and Alger counties continues to support the development of this U.P.-wide infrastructure for philanthropy.

Computer Project

To date 33 community foundations have had FIMS installed while 5 are waiting for installation, by August 1996. A new concept to provide centralized Financial Information Management System (FIMS) service for community foundations in the Upper Peninsula will be piloted beginning in the fall of 1996. The Marquette Community Foundation and the Community Foundation for Delta County will serve as computer HUBS for satellite community foundations throughout the Upper Peninsula, initially with the Baraga County Community Foundation and the Dickinson County Community Foundation. If successful, this concept will be replicated in the lower peninsula. Using existing funds in the computer grant the consultant will be retained through June 1997 to assist the community foundations.

Youth Violence Prevention Challenge Grant

This initiative is part of a \$210,000 grant from the C. S. Mott Foundation to work with foundations and corporations in Michigan to stimulate violence prevention strategies. YACs and other community foundations and youth serving organizations that attended the National Youth Philanthropy Conference are eligible for a grant of up to \$1,000 to match their own funds in an equal amount.

Partnership for National Service - Service as Strategy Initiative

As part of the \$110,000 grant received from the Partnership for National Service, \$20,000 is earmarked for twenty \$1,000 matching grants to YACs for projects involving youth in community service through AmeriCorps or another entity. Other activities included in this grant support the ongoing service efforts of the AmeriCorps programs operating with the geographic service area of four Michigan community foundations.

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**MCFYP
Challenge Grant Update**

The following charts describe by round the progress being made on the challenge.

As of October 1996:

208 challenges have been approved to 52 community foundations and 29 geographic component funds;

\$26,877,139 in challenge grants have been paid;

\$ 4,674,500 in challenge grants have been authorized and are still outstanding;

Remaining challenge date for requests is: April 1, 1997

Challenges requested will have until March 31, 1998 to raise the required matching funds.

Running Total:

\$37,000,000*	Total Challenge grant funds
<u>(26,877,139)</u>	Challenges paid
10,122,861	Remaining
<u>(4,674,500)</u>	Authorized and outstanding
5,488,361	Remaining

* Includes \$4 million challenge grant funds from WKKF III.

WKKF / MCFYP CHALLENGE GRANTS
Totals by Community Foundation as of October 1996

COMMUNITY FOUNDATION	Approved	Gran Amount Paid
Albion Civic Foundation	\$112,500	\$92,500
Alger County	\$45,000	\$45,000
Allegan Foundation	\$1,000,000	\$975,000
Ann Arbor Area Community Foundation	\$1,000,000	\$750,000
*Athens Community Foundation	\$30,000	\$0
Baraga County Community Foundation	\$130,000	\$30,000
Barry County Community Foundation	\$287,500	\$112,500
<i>The Battle Creek Community Foundation</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>
<i>Bay Area Community Foundation</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>
*Bedford Community Foundation	\$95,000	\$65,000
Berrien Community Foundation, Inc.	\$500,000	\$200,000
*Big Rapids Area Community Foundation	\$85,000	\$85,000
Branch County Community Foundation	\$630,000	\$480,000
Buchanan Area Foundation	\$260,000	\$235,000
Cadillac Area Community Foundation	\$393,700	\$343,700
<i>Capital Region Community Foundation</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>
<i>Charlevoix County Community Foundation</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>
*Clio Fund	\$130,000	\$12,000
*Coopersville Area Foundation	\$100,000	\$75,000
Community Foundation for Delta County	\$297,000	\$172,000
Dickinson County Area Community Foundatio	\$250,000	\$150,000
*Eaton County Community Fund	\$20,000	\$0
Community Heritage Foundation of Eaton Rap	\$50,000	\$25,000
*Fenton Fund	\$227,500	\$127,500
<i>Community Foundation of Greater Flint</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>
*Forest Park Area Community Fund	\$25,000	\$0
Four County Foundation	\$112,500	\$37,500
The Fremont Area Foundation	\$629,500	\$629,500
*Grand Blanc Fund	\$112,500	\$70,500
<i>Grand Haven Area Community Foundation</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>
<i>The Grand Rapids Foundation</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>
<i>Grand Traverse Regional Community Found</i>	<i>\$1,500,000</i>	<i>\$1,000,000</i>
Gratiot County Community Foundation	\$100,000	\$50,000
Greenville Area Foundation	\$172,939	\$135,939
<i>Hillsdale County Community Foundation</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>
<i>Community Foundation of Holland/Zeeland</i>	<i>\$1,200,000</i>	<i>\$1,000,000</i>
*Homer Area Community Foundation	\$212,500	\$187,500

WKKF / MCFYP CHALLENGE GRANTS

Totals by Community Foundation as of October 1996

(continued)

COMMUNITY FOUNDATION	Approved Gran	Amount Paid
*Hudsonville Community Foundation	\$30,000	\$10,000
*Ionia County Community Foundation	\$110,000	\$10,000
*Ishpeming Community Fund	\$50,000	\$25,000
<i>Jackson Community Foundation</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>
<i>Kalamazoo Foundation</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>
Leelanau Township Foundation, Inc.	\$190,000	\$150,000
*Ludington Area Foundation	\$125,000	\$75,000
M&M Area Community Foundation	\$127,500	\$37,500
Mackinac Island	\$40,000	\$25,000
Marquette Community Foundation	\$125,000	\$105,000
Marshall Community Foundation	\$1,000,000	\$995,500
<i>Midland Foundation</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>
Community Foundation of Monroe County	\$125,000	\$50,000
Mt. Pleasant Community Foundation	\$550,000	\$500,000
<i>Community Foundation for Muskegon Coun</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>
*Negaunee Community Fund	\$50,000	\$25,000
Community Foundation for Northeast MI	\$1,000,000	\$884,000
*Norway Area Community Fund	\$25,000	\$25,000
*Oceana County Community Foundation	\$315,000	\$175,000
*Osceola Community Foundation	\$112,000	\$112,000
*Otsego County Community Foundation	\$85,000	\$0
*Paradise Community Fund	\$10,000	\$0
Petoskey/Harbor Springs Area Community Fo	\$854,000	\$587,000
Greater Rochester Area Community Foundatio	\$165,000	\$115,000
<i>Saginaw Community Foundation</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>
Sanilac Area Community Foundation	\$175,000	\$50,000
*Sault Ste. Marie Area Community Fund	\$75,000	\$0
Schoolcraft County Community Foundation	\$20,000	\$10,000
Shiawassee Foundation	\$500,000	\$0
<i>Community Foundation for Southeastern MI</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>
<i>Community Foundation of St. Clair County</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>
*St. Ignace Area Community Fund	\$72,500	\$37,500
Sturgis Community Foundation	\$350,000	\$250,000
<i>The Battle Creek Community Foundation</i>	<i>\$1,000,000</i>	<i>\$1,000,000</i>
The Fremont Area Foundation	\$629,500	\$629,500
*Wyoming Community Foundation	\$25,000	\$0
Zeeland Foundation (see CF of Holland/Zeelan	\$537,500	\$537,500
TOTALS	\$33,181,139	\$28,506,639

Bold and italics represents \$1 million challenge paid.

Bold represents application for the full \$1 million challenge.

* indicates affiliates or geographic component funds.

Council of
MICHIGAN
FOUNDATIONS

Suite 3/One South Harbor Avenue/P.O. Box 599/Grand Haven, MI 49417/(616) 842-7080/FAX (616) 842-1764

Date: October 11, 1996

To: Supporting Organization Committee
Maureen H. Smyth, Chair
Laura A. Davis
Jack Hopkins
Mariam C. Noland, ex-Officio
Dorothy A. Johnson ex- Officio

From: David R. Lindberg

Re: MCFYP Financial and Investment Report

Enclosed is the Michigan Community Foundations' Youth Project Ernst and Young LLP audit report for the years ended March 31, 1996 and 1995, along with the Investment Portfolio Performance report for the twelve months ended June 30, 1996.

Report of Independent Auditors

Board of Trustees
Michigan Community Foundations' Youth Project

We have audited the accompanying balance sheets of the Michigan Community Foundations' Youth Project (MCFYP) as of March 31, 1996 and 1995, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of MCFYP management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MCFYP at March 31, 1996 and 1995, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note A to the financial statements, MCFYP restated and changed the presentation of its financial statements as a result of adopting Statements of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*, and No. 117, *Financial Statements of Not-for-Profit Organizations*.

Ernst & Young LLP

May 8, 1996

Michigan Community Foundations' Youth Project

Balance Sheets

	March 31	
	1996	1995
	<i>(Restated)</i>	
Assets		
Cash	\$ 3,557	\$ 15,147
Investments, at market value <i>(Note B)</i>	15,255,907	15,349,940
Grants receivable <i>(Note C)</i>	5,992,335	9,750,551
Accrued interest receivable	167,176	175,953
Other assets	72,436	106,201
Total assets	<u>\$21,491,411</u>	<u>\$25,397,792</u>
Liabilities and net assets		
Liabilities:		
Accounts payable	\$ 2,000	
Grants payable	350,000	\$ 162,000
Due to Council of Michigan Foundations	57,962	
Total liabilities	<u>409,962</u>	<u>162,000</u>
Net assets <i>(Note A)</i>:		
Unrestricted:		
Undesignated	261,747	120,586
Board designated	1,233,970	197,459
	<u>1,495,717</u>	<u>318,045</u>
Temporarily restricted	19,585,732	24,917,747
Total net assets	<u>21,081,449</u>	<u>25,235,792</u>
Total liabilities and net assets	<u>\$21,491,411</u>	<u>\$25,397,792</u>

See accompanying notes to financial statements.

Michigan Community Foundations' Youth Project

Statements of Activities and Changes in Net Assets

Year ended March 31, 1996

	Unrestricted	Temporarily Restricted	Total
Support and revenues			
Grant support		\$ 643,984	\$ 643,984
Conferences	\$ 44,867		44,867
Publications	1,151		1,151
Software installation fees	7,000		7,000
Investment income, net of fees	1,124,654		1,124,654
	<u>1,177,672</u>	<u>643,984</u>	<u>1,821,656</u>
Net assets released from restriction	5,852,143	(5,852,143)	
Total support and revenues	<u>7,029,815</u>	<u>(5,208,159)</u>	<u>1,821,656</u>
Expenses			
Grants	5,110,533		5,110,533
Programming/administrative	741,610		741,610
Total expenses	<u>5,852,143</u>		<u>5,852,143</u>
Changes in net assets	<u>1,177,672</u>	<u>(5,208,159)</u>	<u>(4,030,487)</u>
Net assets at beginning of year	318,045	24,917,747	25,235,792
Transfers to Council of Michigan Foundations (Note E)		(123,856)	(123,856)
Net assets at end of year	<u>\$1,495,717</u>	<u>\$19,585,732</u>	<u>\$21,081,449</u>

See accompanying notes to financial statements.

Michigan Community Foundations' Youth Project

Statements of Activities and Changes in Net Assets (Restated)

Year ended March 31, 1995

	Unrestricted	Temporarily Restricted	Total
Support and revenues			
Grant support		\$ 9,674,670	\$ 9,674,670
Conferences	\$ 17,389		17,389
Publications	2,795		2,795
Software installation fees	15,000		15,000
Investment income, net of fees	747,861		747,861
	<u>783,045</u>	<u>9,674,670</u>	<u>10,457,715</u>
Net assets released from restriction	6,681,314	(6,681,314)	
Total support and revenues	<u>7,464,359</u>	<u>2,993,356</u>	<u>10,457,715</u>
Expenses			
Grants	5,925,917		5,925,917
Programming/administrative	755,397		755,397
Total expenses	<u>6,681,314</u>		<u>6,681,314</u>
Changes in net assets	<u>783,045</u>	<u>2,993,356</u>	<u>3,776,401</u>
Net assets at beginning of year	127,102	21,924,391	22,051,493
Transfers to Council of Michigan Foundations (Note E)	(592,102)		(592,102)
Net assets at end of year	<u>\$ 318,045</u>	<u>\$24,917,747</u>	<u>\$25,235,792</u>

See accompanying notes to financial statements.

Statements of Cash Flows

	Year ended March 31	
	1996	1995
	<i>(Restated)</i>	
Operating activities		
Changes in net assets	\$(4,030,487)	\$ 3,776,401
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Unrealized gain on investments	(113,215)	
Grants receivable	3,758,216	(1,465,205)
Other assets	42,542	(282,154)
Amounts due to member organizations		(131,713)
Accounts payable	2,000	
Grants payable	188,000	(1,038,000)
Due to Council of Michigan Foundations	57,962	(98,147)
Other		(10,680)
Net cash provided by (used in) operating activities	(94,982)	750,502
Investing activities		
Purchase of investments	(13,647,078)	(21,135,528)
Proceeds from sale of investments	13,854,326	20,961,553
Net cash provided by (used in) investing activities	207,248	(173,975)
Financing activities		
Transfer to Council of Michigan Foundations	(123,856)	(592,102)
Decrease in cash	(11,590)	(15,575)
Cash at beginning of year	15,147	30,722
Cash at end of year	<u>\$ 3,557</u>	<u>\$ 15,147</u>

() Denotes reduction in cash.

See accompanying notes to financial statements.

Notes to Financial Statements

March 31, 1996 and 1995

Note A—Summary of Significant Accounting Policies**Organization**

The Michigan Community Foundations' Youth Project (MCFYP) was incorporated in November 1993 as a supporting organization to the Council of Michigan Foundations (CMF). MCFYP was formed for the primary purpose of administering a project that commenced in 1988, which was funded by the W. K. Kellogg Foundation. MCFYP is aimed at encouraging youth development in local communities while strengthening community foundation leadership and grant-making capacity. CMF had acted as administrator of the original project, with all grant monies received from the W. K. Kellogg Foundation being distributed to community foundation members under restrictions defined by the grant agreement.

MCFYP has a separate Board of Trustees appointed by CMF's Board of Trustees to oversee the grant-making activities of MCFYP. Since its incorporation, the W. K. Kellogg Foundation has committed to transfer approximately \$32,500,000 (\$24,700,000 of which has been received through fiscal 1996) to the supporting organization for the complete cost of administering MCFYP and its grant-making activities.

MCFYP received an additional \$2,600,000 grant from the W. K. Kellogg Foundation to provide funds for the computerization of Michigan's community foundations, support for foundations which assume responsibility for assisting small affiliate community foundations in their development, and extended support for the youth project, including camp subsidies and national leadership conference funding.

An administrative services agreement exists between CMF and MCFYP. The administrative agreement requires CMF to provide executive, management, administrative and other such services that the supporting organization may require. The charges for these services, \$741,610 and \$755,397 for the years ended March 31, 1996 and 1995, respectively, are reflected in MCFYP's statements of activities and changes in net assets.

Michigan Community Foundations' Youth Project

Notes to Financial Statements (continued)

Note A—Summary of Significant Accounting Policies (continued)**Investments**

Investments consist of money market funds, U.S. Government securities and mutual funds. All investments are carried at estimated fair market value, using quoted market prices when available. Realized gains and losses and unrealized increases or decreases resulting from changes in the market value of investments are included annually in investment income in the statements of activities and changes in net assets. The realized gain or loss on the sale of investments is the difference between the proceeds received and the basis of specific investments sold.

MCFYP's Board of Trustees has designated that investment income earned on project assets will be used to fund community foundation programming beyond the year 2000.

Change in Accounting Principles and Presentation

During fiscal 1996, MCFYP adopted Statements of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, and No. 117, *Financial Statements of Not-for-Profit Organizations*, and applied these standards retroactively. SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions or the lack thereof (i.e., unrestricted, temporarily restricted or permanently restricted). SFAS No. 116 requires that unconditional promises received from donors be recorded as receivables and revenues in the year in which the promise is received. Promises made (e.g., grants) by MCFYP are conditional and are recorded as an expense and a liability when the condition is met by the recipient.

MCFYP restated its net asset balances (formerly fund balances) as of April 1, 1994 and adopted the new classifications for the fiscal 1995 financial statements to conform with the accounting and financial reporting requirements of SFAS No. 116 and No. 117. The adoption of SFAS No. 117 changed the classifications, terminology, format and overall presentation of the financial statements. In addition, the adoption of SFAS No. 116 and No. 117 increased the change in net assets previously reported for the year ended March 31, 1995 by approximately \$2,900,000 and increased the April 1, 1994 net asset balance by approximately \$22,100,000.

Notes to Financial Statements (continued)

Note A—Summary of Significant Accounting Policies (continued)**Net Asset Classifications**

The two net asset groups used for reporting purposes in the accompanying financial statements are as follows:

Unrestricted Net Assets—Reflect assets which have not been restricted as to use by donors. Certain of these assets have been designated by the Board to be used for a specific purpose.

Temporarily Restricted Net Assets—Reflect contributed assets whose use by MCFYP has been limited by donors for a specific time period or purpose.

Reclassifications

Certain amounts in the fiscal 1995 financial statements have been reclassified for comparative purposes to conform with the presentation used in the fiscal 1996 financial statements.

Note B—Investments

Investments are presented in the financial statements at their aggregate market value and are composed of the following:

	1996		1995	
	Cost	Market	Cost	Market
U.S. Government securities	\$ 9,944,036	\$ 9,997,515	\$10,662,109	\$10,630,020
Equity index fund investments	440,337	467,984		
Money market investments	4,790,408	4,790,408	4,719,920	4,719,920
Totals	<u>\$15,174,781</u>	<u>\$15,255,907</u>	<u>\$15,382,029</u>	<u>\$15,349,940</u>

Notes to Financial Statements (continued)

Note C—Grants Receivable

MCFYP's grants receivable consist of unconditional promises receivable as follows:

	March 31	
	1996	1995
Receivable in less than one year		\$ 4,400,000
Receivable in one to five years	\$7,793,098	7,793,098
	<u>7,793,098</u>	<u>12,193,098</u>
Less present value discount at prime (8.25% and 9% at March 31, 1996 and 1995, respectively)	(1,800,763)	(2,442,547)
Net contributions receivable	<u>\$5,992,335</u>	<u>\$ 9,750,551</u>

An unconditional promise represents a promise made by grantors/contributors to give specified amounts to MCFYP in the future which are not contingent on MCFYP performing any specific substantive actions (e.g., raising matching amounts).

Note D—Federal Tax Status

The Internal Revenue Service has ruled that MCFYP is a public charity, exempt from federal income tax, as described under Section 501(c)(3) of the Internal Revenue Code, and is classified as a supporting organization as specified under the provisions of Section 509(a)(3) of the Internal Revenue Code.

Note E—Transfers to Council of Michigan Foundations

Transfers to the Council of Michigan Foundations in 1996 represent amounts used to automate the community foundation resource files and to reimburse expenses related to certain conferences, as provided for by funds from the W. K. Kellogg Foundation. Transfers to CMF in 1995 represent amounts used to purchase additional office space, make necessary renovations and complete the computerization of CMF's offices.

**Michigan Community Foundations Youth Project
Investment Portfolio Performance
June 30, 1996**

	<u>Quarter Ending 9/30/95</u>	<u>Quarter Ending 12/31/95</u>	<u>Quarter Ending 3/31/96</u>	<u>Quarter Ending 6/30/96</u>	<u>Previous 12 Months</u>
NBD Woodward Money Fund	1.37%	1.44%	1.29%	1.20%	5.30%
NBD Woodward Equity Index	6.41%	5.38%	5.31%	4.04%	21.14%
NBD Woodward Short Bond	N/A	N/A	N/A	0.99%	N/A
US Treasury Securities	1.41%	1.27%	1.37%	1.41%	5.46%
<u>Bench Mark</u>					
S&P 500	7.94%	6.02%	5.37%	4.48%	23.81%