

PORTAGE HEALTH FOUNDATION
AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020

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PARTNERS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Portage Health Foundation
400 Quincy Street – P.O. Box 299
Hancock, MI 49930

We have audited the accompanying consolidated financial statements of Portage Health Foundation (a nonprofit organization) and affiliates, which comprise the consolidated statements of financial position as of December 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Portage Health Foundation and affiliates, as of December 31, 2021 and 2020, and the consolidated changes in its net assets, functional expenses 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 Portage Health Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 Portage Health Foundation's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 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 consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Portage Health Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Portage Health Foundation's ability to continue as a going concern for a reasonable period of time.

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

Anderson, Tackman & Company, PLLC
Certified Public Accountants
Marquette, MI

September 14, 2022

PORTAGE HEALTH FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 620,138	\$ 500,269
Pledges receivable	57,000	17,100
Prepaid expenses	10,646	9,929
TOTAL CURRENT ASSETS	<u>687,784</u>	<u>527,298</u>
Non-current portion of pledges receivable	150,000	19,000
Investment securities, at fair value	76,797,460	69,329,972
Equity investment	7,952,027	7,952,027
Property and equipment, net	91,728	71,775
TOTAL ASSETS	<u>\$ 85,678,999</u>	<u>\$ 77,900,072</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 55,334	\$ 38,817
Payroll liabilities	3,315	5,908
Accrued payroll	39,597	25,955
Grants payable	52,968	653,385
TOTAL CURRENT LIABILITIES	<u>151,214</u>	<u>724,065</u>
Non-current portion of grants payable	28,000	-
TOTAL LIABILITIES	<u>179,214</u>	<u>724,065</u>
NET ASSETS		
Without donor restrictions	85,145,065	76,919,064
With donor restrictions	354,720	256,943
TOTAL NET ASSETS	<u>85,499,785</u>	<u>77,176,007</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 85,678,999</u>	<u>\$ 77,900,072</u>

See Accompanying Notes and Independent Auditor's Report

PORTAGE HEALTH FOUNDATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the years ended December 31, 2021 and 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and other support:		
Contributions	\$ 533,737	\$ 820,437
Program income	199,366	9,660
Interest income	258	778
Federal grant	292,502	20,179
Investment income-net of fees	1,530,315	1,104,537
Grant refund	602,371	-
Other income (loss)	18,547	2,868
In-Kind contributions	10,417	16,246
Portage Equity Joint Venture gain (loss)	-	60,985
Unrealized gain (loss) on investment securities	3,498,323	8,029,781
Realized gain (loss) on investment securities	4,629,463	852,869
Total revenues and other support	11,315,299	10,918,340
Expenses:		
Program expenses	2,946,207	2,827,012
Management and general expenses	870,062	681,537
Fundraising expenses	67	5,000
Total expenses	3,816,336	3,513,549
Net assets released from restriction:		
Satisfaction of safe communities & recreation	130,699	166,296
Satisfaction of mental & behavioral health	62,700	500
Satisfaction of education and scholarships	53,500	22,450
Satisfaction of Giving Tuesday	443,209	394,514
Satisfaction of access to care	28,705	2,000
Satisfaction of poverty	8,000	-
Release of satisfied pledge obligation	225	1,770
Total net assets released from restriction	727,038	587,530
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	8,226,001	7,992,321
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	824,178	607,206
Investment income-restricted	637	-
Net assets released from restrictions	(727,038)	(587,530)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTION	97,777	19,676
INCREASE IN NET ASSETS	8,323,778	8,011,997
Net assets at beginning of year	77,176,007	69,164,010
NET ASSETS AT END OF YEAR	\$ 85,499,785	\$ 77,176,007

See Accompanying Notes and Independent Auditor's Report

PORTAGE HEALTH FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2021

2021

	PROGRAM SERVICES						SUPPORTING SERVICES			
	Stop the Roar of Hunger	Mental & Behavioral Health	Poverty Initiative	Education & Scholarships	Safe Communities & Recreation	Copper Country Senior Meals, Inc	Total Program Services	Management and General	Fundraising	Total
Grant awards	\$ 84,448	\$ 500,784	\$ 17,908	\$ -	\$ -	\$ -	\$ 518,100	\$ -	\$ -	\$ 2,091,159
Personnel costs	169,046	36,332	-	-	-	-	156,120	555,515	-	1,073,615
Food	-	-	-	-	-	-	31,751	-	-	156,120
Kitchen supplies	-	-	-	-	-	-	1,665	-	-	31,751
Delivery supplies	-	-	-	-	-	-	5,383	-	-	1,665
Advertising and promotion	3,347	-	-	50	186	-	10,883	46,170	-	49,753
Professional fees	-	-	-	-	-	-	13,155	111,942	-	122,825
Office expenses	199	-	-	32	32	6,492	19,876	17,462	-	37,538
Dues and subscriptions	1,731	-	-	-	-	-	4,053	8,917	-	12,970
Education/staff and board development	-	-	96	-	-	-	96	8,293	-	8,389
IT maintenance/management	-	-	-	-	-	-	39,599	13,848	-	13,875
Rent expense	-	-	-	-	-	-	27	42,315	-	81,914
Insurance	-	-	-	-	-	-	-	10,372	-	10,372
Travel/relationship development	1,038	145	6,661	-	-	-	7,844	7,044	-	14,888
Meetings/lunches	-	-	-	265	-	-	265	5,353	-	5,318
Computer hardware/software	-	-	-	-	-	-	5,125	4,797	-	9,922
Depreciation	-	-	-	-	-	-	3,215	6,972	-	10,187
In-kind expenses	-	-	-	-	-	-	10,417	-	-	10,417
Utilities	-	-	-	-	-	-	7,876	-	-	7,876
Small equipment	-	-	-	-	-	-	2,465	-	-	2,465
Mileage Expense	-	-	-	-	-	-	28,033	-	-	28,033
Miscellaneous	-	-	-	-	-	-	4,054	-	-	4,053
Event coordination	-	-	-	-	-	-	-	30,862	-	34,917
TOTAL FUNCTIONAL EXPENSES	\$ 259,809	\$ 537,261	\$ 24,665	\$ 379,910	\$ 415,258	\$ 699,876	\$ 2,946,207	\$ 870,062	\$ 67	\$ 3,816,336

See Accompanying Notes and Independent Auditor's Report
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PORTAGE HEALTH FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2020

2020

	PROGRAM SERVICES										SUPPORTING SERVICES		
	Stop the Roar of Hunger	Mental & Behavioral Health	Poverty Initiative	Education & Scholarships	Safe Communities & Recreation	Access to Care	Copper Country Senior Meals, Inc	Total Program Services	Management and General	Fundraising	Total		
Grant awards	\$ 106,368	\$ 579,059	\$ 225	\$ 80,312	\$ 1,305,746	\$ 578,773	\$ 11,433	\$ 2,650,583	\$ 444,509	\$ -	\$ 2,650,583		
Personnel costs	136,963	-	-	-	-	-	7,455	148,396	-	-	592,905		
Food	-	-	-	-	-	-	543	7,455	-	-	7,455		
Kitchen supplies	-	-	-	-	-	-	543	4,270	-	-	543		
Advertising and promotion	2,315	1,755	-	-	200	-	535	535	27,039	-	31,309		
Professional fees	-	-	-	-	-	-	909	3,896	91,436	-	91,971		
Office expenses	785	1,362	-	-	840	-	-	3,896	35,837	-	39,733		
Dues and subscriptions	1,826	-	-	-	-	-	-	1,826	5,459	-	7,285		
Educator/staff and board development	1,720	-	-	-	-	-	-	1,720	1,206	-	2,926		
IT maintenance/management	-	-	-	-	-	-	-	-	5,758	-	5,758		
Rent expense	-	-	-	-	-	-	2,650	2,650	36,980	-	39,630		
Insurance	-	-	-	-	-	-	-	-	7,837	-	7,837		
Travel/relationship development	1,466	-	-	-	-	-	-	-	5,799	-	7,281		
Meetings/lunches	-	406	-	-	-	16	-	406	2,944	-	3,350		
Computer hardware/software	-	-	-	-	-	-	-	-	4,125	-	4,125		
Depreciation	-	-	-	-	-	-	-	-	8,076	-	8,076		
In-kind expenses	-	-	-	-	-	-	96	96	-	-	96		
Utilities	-	-	-	-	-	-	1,511	1,511	-	-	1,511		
Millage Expense	-	-	-	-	-	-	644	644	-	-	644		
Miscellaneous	-	-	-	-	-	-	881	881	-	-	881		
Event coordination	-	-	-	-	-	-	118	118	4,532	-	4,650		
TOTAL FUNCTIONAL EXPENSES	\$ 251,543	\$ 582,582	\$ 225	\$ 80,312	\$ 1,306,786	\$ 578,789	\$ 26,775	\$ 2,827,012	\$ 681,537	\$ 5,000	\$ 3,513,549		

See Accompanying Notes and Independent Auditor's Report

PORTAGE HEALTH FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 8,323,778	\$ 8,011,997
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	10,187	8,172
(Increase) Decrease in prepaid expenses	(717)	(1,837)
(Increase) Decrease in pledges receivable	(170,900)	14,200
Increase (Decrease) in accounts payable	16,517	19,496
Increase (Decrease) in grants payable	(572,417)	287,195
Increase (Decrease) in accrued payroll liabilities	(2,593)	1,845
Increase (Decrease) in accrued payroll	13,642	25,955
In-kind contributions, net of expenses	-	(14,735)
Investment income, net of fees	(1,530,952)	(1,104,537)
Net unrealized and realized gains on investment accounts	<u>(8,127,786)</u>	<u>(8,882,650)</u>
Total Adjustments	<u>(10,365,019)</u>	<u>(9,646,896)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(2,041,241)	(1,634,899)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment returns withdrawn for operations	2,220,000	2,016,125
Investment management fees	(28,750)	(25,000)
(Gain) Loss on joint venture equity investments	-	(60,985)
Purchase of fixed assets	<u>(30,140)</u>	<u>(31,124)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	2,161,110	1,899,016
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	<u>119,869</u>	<u>264,117</u>
Cash and cash equivalents, beginning of year	<u>500,269</u>	<u>236,152</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 620,138</u>	<u>\$ 500,269</u>
NON CASH INVESTING ACTIVITIES		
Non-cash contributions	\$ 10,417	\$ 16,246
Acquisition of subsidiary	\$ -	\$ 52,530
Gain (Loss) on joint venture equity investments	\$ -	\$ 60,985

See Accompanying Notes and Independent Auditor's Report

PORTAGE HEALTH FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Portage Health Foundation is a Michigan non-profit corporation. Its charitable purpose is to make grants, scholarships, donations, program or mission-related investments, and other similar expenditures in furtherance of its mission. Portage Health Foundation's mission is to positively influence a healthier community through enhanced philanthropy and community collaboration.

Copper Country Senior Meals, Inc. (CCSM) is a Michigan non-profit membership corporation whose purpose is to provide nutritious meals to senior citizens in Houghton and Keweenaw Counties, delivered either to their home or in a congregate setting. Copper Country Senior Meals, Inc. also provides meals for the local Head Start program.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Acquisition

On December 14, 2020, Portage Health Foundation (fiscal year end 12/31), along with Portage Legacy, Inc. (the sole member of Copper Country Senior Meals, Inc.) and Copper Country Senior Meals, Inc. (fiscal year end 6/30) adopted a plan of merger providing for the ostensible merger of Copper Country Senior Meals, Inc., with and into Portage Health Foundation. The merger was necessary due to CCSM's need for financial support in order to continue providing senior citizens with meal services. As of December 14, 2020, Copper Country Senior Meals, Inc. will operate as a membership-based corporation, of which Portage Health Foundation, Inc. is the sole member. The net assets of CCSM of \$52,530 were treated as a contribution from Portage Legacy, Inc.

Consolidation Policy

The accompanying consolidated financial statements include accounts of Portage Health Foundation, Inc. and its wholly-owned subsidiary Copper Country Senior Meals, Inc. (CCSM) (collectively, "the Foundation"). All significant intercompany accounts and transactions have been eliminated.

Basis of Presentation

The consolidated financial statements include the accounts of Portage Health Foundation and CCSM and have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide").

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation's Board of Directors ("the Board") may designate assets without restrictions for specific operational purposes from time to time (Note 1).

Net assets with donor restrictions - Net assets that are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

PORTAGE HEALTH FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Net Assets with Donor Restrictions:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 256,943	\$ 237,267
Additional restricted donations	824,178	607,206
Investment income-restricted	637	-
Amount released from restrictions	<u>(727,038)</u>	<u>(587,530)</u>
Ending balance of assets with donor restrictions	<u>\$ 354,720</u>	<u>\$ 256,943</u>

Cash and Cash Equivalents

Cash and cash equivalents are comprised of demand deposits and time deposits with original maturities of three months or less. The carrying value of cash and cash equivalents approximates fair market value because of the short maturities of those financial statements.

Property and Equipment

Capital purchases are comprised of furniture, fixtures, equipment, software, leasehold improvements, etc. that meet two criteria: 1) a useful life of more than one year, and 2) cost more than \$2,500, the threshold determined by the Board. Capital assets are recorded using cost basis if purchased, and fair value if donated. Provisions for depreciation are computed using the straight-line method over the estimated useful lives of the assets.

Fair Value Measurements

The Financial Accounting Standards Board ("FASB") issued ASC Topic 820 which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Assets and liabilities, subject to the standard, measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date.

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value require significant management judgment or estimation.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets.

PORTAGE HEALTH FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments consist primarily of assets invested in money market funds, mutual funds and exchange traded funds. Investments in marketable securities are reported at fair value in the statements of financial position. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is included in the consolidated statements of activities as increases (decreases) in net assets without donor restrictions. Investments received as gifts are recorded at fair value at the time of the donation and sold as soon as possible. Investment returns are presented net of foreign taxes of \$20,203 and \$12,029 paid during the years ended December 31, 2021 and 2020, respectively.

Portage Health Foundation's investment securities are subject to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

The extent of the impact of the coronavirus (COVID-19) outbreak on the financial performance of the Foundation's investments will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Foundation's investment results may be materially adversely affected.

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated asset.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Grants Payable

Grant expenditures are accrued when they are approved by the Board. Grants payable consist of \$52,968 payable in 2022 and 28,000 payable in 2023 and beyond, as presented in the consolidated statements of financial position.

Income Tax Status

Both CCSM and Portage Health Foundation are not-for-profit organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Both entities file Form 990 with the Internal Revenue Service. The Foundation believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Foundation's financial position, results of activities, or cash flows. Portage Health Foundation's returns are generally no longer subject to examination by the Internal Revenue Service for years before 2018, while CCSM's returns are generally no longer subject to examination by the Internal Revenue Service for years before 2017.

Estimates

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

PORTAGE HEALTH FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2021 and 2020 were \$49,753 and \$31,309, respectively.

Donated Services and Gifts In-Kind

For the years ended December 31, 2021 and 2020 the organization recorded In-kind contributions of services, materials and building space. Donated services are reported as contributions when the services (a) create or enhance non-financial assets or (b) would be purchased if they had not been provided by contribution, and (c) require specialized skills and are provided by individuals possessing those skills. Gifts in-kind are detailed in the table below:

	<u>2021</u>	<u>2020</u>
Donated Services	\$ -	\$ 14,735
Donated Goods	1,237	-
Donated use of Facilities	9,180	1,511
Total	<u>\$ 10,417</u>	<u>\$ 16,246</u>

Donated services, including volunteer hours, that do not meet the criteria for recognition in the financial statements were estimated to be \$24,271 for the fiscal year ending December 31, 2021.

Related Party Transactions

During 2020 and 2021, Portage Health Foundation provided grants in the amount of \$19,311 and \$31,530 respectively to its wholly owned subsidiary Copper Country Senior Meals, Inc. These grants consisted of community donations to the Portage Health Foundation via the Giving Tuesday program totaling \$13,311 and \$21,726 along with matching grants in the amounts of \$6,000 and \$9,803. During 2021, Portage Health Foundation also provided unrestricted grant awards in the amount of \$175,000 to Copper Country Senior Meals to support their operations. These grants have been removed from the total grant awards listed in the Consolidated Statements of Activities as an intercompany transaction. The corresponding grant revenues related to Copper Country Senior Meals have also been removed from the Consolidated Statements of Activities as an intercompany transaction.

Subsequent Events

Subsequent events have been evaluated through the date of the accompanying independent auditor's report, September 14, 2022, which is the date the financial statements were available to be issued.

PORTAGE HEALTH FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the consolidated statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for the Foundation for Fiscal year 2022. Early adoption is permitted. The Foundation is currently evaluating the new guidance and has not determined the impact this standard may have on its consolidated financial statements.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements. During the preparation of the current year consolidated financial statements, it was discovered that prior year restricted contributions were overstated by \$1,500, unrestricted contributions were understated by \$1,500, restricted grant awards were understated by \$27,292, and unrestricted grant awards were overstated by \$27,292. Net assets without donor restrictions was increased by \$28,792, and net assets with donor restrictions was decreased by \$28,792.

NOTE C - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation has financial assets consisting of cash and cash equivalents and investments available within one year of the consolidated statements of financial position date of December 31, 2021 and 2020, to meet cash needs for general expenditures. These financial asset are comprised as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 620,138	\$ 500,269
Investments	<u>76,797,460</u>	<u>69,329,972</u>
Total financial assets	\$ 77,417,598	\$ 69,830,241
Less: amounts restricted for certain purposes	<u>(354,720)</u>	<u>(256,943)</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 77,062,878</u>	<u>\$ 69,573,298</u>

Donor restricted pledges receivable are subject to implied time restrictions, the portion of which is expected to be collected within one year are classified as current on the consolidated statements of financial position. The Foundation maintains financial assets consisting of cash and cash equivalents on hand to meet 60 days of normal operating expenses, which are on average, approximately \$425,000. The Board approves an annual budget that allows withdrawal of investment returns for current operations. In doing so, the Foundation structures financial assets to be available as general expenditures and liabilities become due.

PORTAGE HEALTH FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

NOTE D - CASH

Custodial Credit Risk - Deposits

The Foundation's cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of at December 31, 2021 and 2020 the Foundation had the following book and bank balances of cash and cash equivalents and the amounts uninsured and insured by the FDIC are outlined in the table below.

	<u>12/31/2021</u>	<u>12/31/2020</u>
Cash - book balance	\$ 620,138	\$ 500,269
Cash - bank balance	\$ 547,473	\$ 567,015
Cash - not insured or collateralized	\$ 249,017	\$ 238,653
Cash - FDIC insured	\$ 298,456	\$ 328,362

NOTE E - PLEDGES RECEIVABLE

In 2016 the Foundation, along with local law enforcement agencies, announced a community-wide partnership formed to financially support an increased Upper Peninsula Substance Enforcement Team, known as UPSET West. The team will provide an increased level of narcotics enforcement to combat the growth of drug abuse and drug-related crime in the region. There are unconditional promises to give in support of this partnership. An unconditional promise is a promise to give that depends only on the passage of time or demand by the promise for performance. There is no allowance for doubtful pledges, as all outstanding pledges are considered collectible.

During the fiscal year ending December 31, 2021, the Foundation received a pledge to establish a permanent endowment fund. The details to this endowment are included in Note I.

Unconditional promises to give consist of the following as of December 31, 2021:

	<u>< 1 Year</u>	<u>1-5 Years</u>	<u>> 5 Years</u>
UPSET West	\$ 57,000	\$ 80,000	\$ -
Endowment fund receivable	-	70,000	-
TOTAL	\$ 57,000	\$ 150,000	\$ -

NOTE F - INVESTMENT SECURITIES

The Foundation has established an investment policy, approved by the Board of Directors. The policy states that the purpose of the Foundation's investment portfolio is to provide support for operations as well as providing capital for mission related expenditures. The investment policy is based on a diversified portfolio structured to be consistent with the Foundation's investment objectives and risk tolerances in a way that efficiently balances the tradeoff between return, risk and liquidity.

The cost, fair value, and unrealized appreciation (depreciation) of investment securities at December 31, 2021 are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money market funds	\$ 2,973,902	\$ 2,973,902	\$ -
Mutual funds	51,401,153	73,241,782	21,840,629
Exchange traded funds	1,943,310	581,776	(1,361,534)
TOTAL	\$ 56,318,365	\$ 76,797,460	\$ 20,479,095

PORTAGE HEALTH FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

NOTE F - INVESTMENT SECURITIES (CONTINUED)

The cost, fair value, and unrealized appreciation (depreciation) of investment securities at December 31, 2020 are as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money market funds	\$ 1,107,681	\$ 1,107,681	\$ -
Mutual funds	49,408,545	66,875,024	17,466,479
Exchange traded funds	1,838,939	1,347,267	(491,672)
TOTAL	\$ 52,355,165	\$ 69,329,972	\$ 16,974,807

Fair Value

The following tables present information about the Foundation's investments measured at fair value on a recurring basis.

	Fair Value at December 31, 2021			
	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 2,973,902	\$ -	\$ 2,973,902	\$ -
Mutual funds - bonds	17,332,612	17,332,612	-	-
Mutual funds - stocks	55,909,170	55,909,170	-	-
Exchange traded funds	581,776	581,776	-	-
TOTAL INVESTMENTS	\$ 76,797,460	\$ 73,823,558	\$ 2,973,902	\$ -

	Fair Value at December 31, 2020			
	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 1,107,681	\$ -	\$ 1,107,681	\$ -
Mutual funds - bonds	16,639,219	16,639,219	-	-
Mutual funds - stocks	50,235,805	50,235,805	-	-
Exchange traded funds	1,347,267	1,347,267	-	-
TOTAL INVESTMENTS	\$ 69,329,972	\$ 68,222,291	\$ 1,107,681	\$ -

The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

NOTE G - EQUITY INVESTMENT

The Foundation uses the equity method to account for investments in companies if the investment provides the Foundation the ability to exercise significant influence over operating and financial policies of the investee. The Foundation's judgment regarding the level of influence over each equity method investment includes considering key factors such as ownership interest, representation on the board of directors and participation in policy-making decisions.

On December 1, 2013, the entities of Portage Health, Inc., Copper Country Apothecaries, Inc., Portage Physician Practices, Inc., Portage Home Health, Portage Hospice, Portage Pointe, LifePoint Holdings, LLC, and Portage Holding Company, LLC (hereinafter referred to as the "Joint Venture") became parties to a Joint Venture Contribution Agreement to operate a community hospital. As part of the transaction, Portage Health, Inc., Copper Country Apothecaries, Inc., and Portage Physician Practices, Inc. contributed certain assets, primarily Portage Health Hospital, to the Joint Venture in exchange for cash consideration and all of the Class A Units of the Joint Venture.

PORTAGE HEALTH FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

NOTE G - EQUITY INVESTMENT (CONTINUED)

Upon completion of the joint venture transaction, Portage Health, Inc. assigned the units and cash received to the Foundation to be administered under the charitable agreed purpose specified in the Charitable Assets Agreement between the Michigan Department of Attorney General and the Foundation. The Class A Units represent a 20% equity interest in the Joint Venture, which had been accounted for under the equity method of accounting prior to fiscal year 2020. During fiscal year 2020, the Foundation determined that it no longer possessed the ability to exercise significant influence over the joint venture's operating and financial policies, thus the investment in the joint venture will be recorded prospectively under the cost method of accounting. By switching to the cost method of accounting from the equity method of accounting, any earnings or losses that relate to the ownership retained by the Foundation that were previously accrued shall remain as part of the carrying amount of the investment in the joint venture.

ASC 321-10-35-2 states that an entity may elect to measure equity investments without readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer. The joint venture equity investment will be measured at cost due to the lack of observable price changes in orderly transactions for identical or similar investments of the same issuer.

Condensed financial information from the unaudited financial statements of the Joint Venture as of the last date to which the Foundation determined that it possessed the ability to exercise significant influence over the joint venture's operating and financial policy is as follows:

Summary of Consolidated Balance Sheets

	3/31/2020
Assets	
Current assets	\$ 13,060,422
Noncurrent assets	46,946,027
Total assets	\$ 60,006,449
Liabilities and Equity	
Current liabilities	\$ 5,199,186
Noncurrent liabilities	15,047,128
Equity	39,760,135
Total liabilities and equity	\$ 60,006,449

Summary of Consolidated Income Statements

	2020
Revenue	\$ 18,185,226
EBITDA	\$ 1,604,842
Net income (loss)	\$ 304,919

Foundation's Equity (20% of above Equity) \$ 7,952,027

During 2017, the Foundation notified the joint venture that it intends to exercise its put option to sell its interest in the joint venture. There are several steps to this process, including having an audit of the joint venture, obtaining an appraisal of the fair market value of the joint venture, and other conditions of the put agreement that must be satisfied in order to complete the proposed sale.

The carrying value of \$7,952,027 was the value of the investment using the equity method as of 3/31/20, which was the final date at which the Foundation determined it possessed the ability to exercise significant influence over the Joint Venture's operating and financial policies.

PORTAGE HEALTH FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

NOTE G - EQUITY INVESTMENT (CONTINUED)

The fair value of the Joint Venture has not been estimated after 3/31/20, as there are no events or changes in circumstances that may have a significant adverse effect on the fair value and it is not practicable to estimate the fair value.

NOTE H - PROPERTY AND EQUIPMENT

The composition of property and equipment at cost is as follows:

	2021	2020
Furniture and equipment	\$ 104,547	\$ 74,406
Leasehold improvements	46,837	46,837
	151,384	121,243
Less accumulated depreciation	(59,656)	(49,468)
TOTAL	\$ 91,728	\$ 71,775

Depreciation expense for each of the years ending December 31, 2021 and 2020 was \$10,187 and \$8,076.

NOTE I - ENDOWMENT FUNDS

The Foundation's endowment includes both donor-restricted endowment and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Foundation is subject to the Michigan Uniform Prudent Management of Institutional Funds Act (MIUPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Foundation's Board of Directors has interpreted MIUPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary.

As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted MIUPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with MIUPMIFA, the Foundation considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the Foundation.

PORTAGE HEALTH FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

NOTE I - ENDOWMENT FUNDS (CONTINUED)

The board has entered into a fiscal agent agreement with the Ontonagon County Cancer Association (OCCA), an Ontonagon, Michigan based non-profit organization to support cancer related services, screenings, wellness and health related support services within Ontonagon County. The Foundation has agreed to receive and hold all funds specific to the support of the OCCA, and together with any net income earned on the investment of these funds, establish a restricted account to hold the funds and to make funds available for distribution upon receipt of invoices from OCCA. Contributions from OCCA to the Foundation are recorded in net assets with donor restrictions, however, due to the lack of a donor-imposed restriction on the investment earnings of the funds, the earnings are reported under net assets without donor restrictions..

During the fiscal year 2021, the Foundation received a pledge to set up a permanent endowment scholarship fund. One-hundred percent of the annual distributions from the fund, net of applicable administrative fees, will be available to eligible graduates of the Ontonagon Area High School, located in Ontonagon Michigan. The donor, intends to make \$10,000 annual cash contributions, of which, \$6,000 will be applied to the endowment each year until such time that the endowment can support the issuance of \$2,000 scholarships, or reaches a principal value of no less than \$50,000 in the principal corpus of the fund. During the establishment period, \$4,000 of the annual \$10,000 contribution will be retained by the Foundation for the issuance of two \$2,000 scholarships.

Endowment net assets consisted of the following as of December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	TOTAL
Endowment net assets-beginning of year	\$ 22,049	\$ 75,000	\$ 97,049
Donor-restricted endowment funds, perpetual in duration-original gift amount	-	90,000	90,000
Investment Returns:			
Board designated	13,732	-	13,732
Donor-restricted	-	637	637
Appropriation of endowment assets for expenditure	-	(36,000)	(36,000)
Endowment net assets-end of year	<u>\$ 35,781</u>	<u>\$ 129,637</u>	<u>\$ 165,418</u>

Commingling of Funds

It is the policy of the Board of Directors that the Foundation may commingle the assets of the endowment funds for investment purposes with the assets of any other fund or funds which the Foundation holds and administers, provided that the separate identity of the endowment fund, and the distributions therefrom, are at all times maintained. Earnings will be calculated on a yearly basis in accordance with the Foundation's established fiscal year.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable state law requires the Foundation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of December 31, 2021 and 2020. The Foundation has interpreted Michigan Uniform Prudent Management of Institutional Funds Act (MIUPMIFA) and applicable state trust law to permit spending from underwater endowments in accordance with prudent measures required under law.

PORTAGE HEALTH FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

NOTE I - ENDOWMENT FUNDS (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested with the objective of earning a net annualized return of 8.0%. Asset allocations are targeted to produce expected returns consistent with this target using long term historical returns of assets classes as a guide. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on long-term equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a total return spending policy approved by the Board of Directors that allows the operating fund to receive and recognize investment earnings originating from the endowment funds. The Board of Directors approved spending policy during a normal capital market and operating environment with an annual distribution amount of 4.00% to be determined using a 4-year moving average which shall be calculated using the average trailing 16 quarter-end general fund portfolio closing market values as of September 30th of the current calendar year; "average" is the total sum of 16 most recent quarter-end general fund portfolio market values divided by 16. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE J - ACCUMULATED PAID TIME OFF

Regular, full-time employees are eligible for paid time off (PTO). New hires begin accruing PTO hours each pay period according to the following schedule:

Anniversary years 1 and 2:	15 days/year (.0577 hours per pay period)
Anniversary years 3 and 4:	20 days/year (.077 hours per pay period)
Anniversary years 5 and 6:	23 days/year (.088 hours per pay period)
Anniversary years 7+:	25 days/year (.961 hours per pay period)

PTO does not carry over from one year to the next. Therefore, any unused PTO at the end of an employee's anniversary year is forfeited without pay.

NOTE K - ALLOCATION OF FUNCTIONAL EXPENSES

The costs of providing grants, donations, meal delivery and scholarships have been summarized on a functional basis in the statement of activities and changes in net assets and detailed in the statement of functional expenses. Expenses are directly attributed to the program or supporting functions. All other general expenses are allocated to management functions of the organization. Fundraising expenses are directly identifiable and are charged to their applicable functional category.

PORTAGE HEALTH FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021

NOTE L - RETIREMENT PLAN

The Foundation established the Portage Health Foundation 401(k) Plan effective September 1, 2014. Eligible participants may make elective deferral contributions and receive matching and profit sharing contributions on the first day of each plan quarter, coincident with or next following the date the employee attains age 18, and completes 480 hours of service in a 3-month period, provided the employee is still employed at the end of that period. If the service requirement is not met in the first consecutive period of months, the employee will be eligible to participate upon completion of one year of service with a minimum of 1,000 hours. Matching the contributions, profit sharing contributions, and qualified non-elective contributions are determined at the discretion of the Foundation. Profit sharing contributions of 8% of compensation were made on behalf of eligible participants for the Plan years ending December 31, 2021 and 2020, with retirement expenses totaling \$42,722 and \$26,516, respectively.

NOTE M - OPERATING LEASE

The Foundation currently leases office space under an updated operating agreement. The current operating lease, dated January 2020 is set to expire on January 31, 2023. The lease requires monthly payments of \$3,500 beginning in February 2020 with annual increases of 1%. Total rent expense was \$42,315 for the year ended December 31, 2021, and \$36,980 for the year ended December 31, 2020. Future minimum rental commitments under this operating lease are \$42,809 for the year ended 2022, and \$3,606 for the year 2023. There are no options to extend or terminate the lease.

Copper Country Senior Meals leases space from LifePoint Hospital pursuant to an agreement dated April 1, 2015. The lease calls for annual rent of \$31,800 due in monthly installments of \$2,650. At the end of the lease period, March 31, 2019, CCSM had the option to renew the lease at one year intervals. The landlord may specify an increase in rent with each renewal term not to exceed the percentage increase in the consumer price index during the previous twelve month period. CCSM also leases kitchen space from Calumet Housing Commission pursuant to an agreement dated September 1, 2017. The lease calls for annual rent of \$7,800 due in monthly installments of \$650. At the end of the lease period, CCSM has the option to renew the lease at one year intervals. A written sixty-day notice is required of either party to terminate the lease. Total rent expense was \$39,599 for the year ended December 31, 2021. There are no future minimum rental commitments under these operating leases.

	<u>2021</u>	<u>2020</u>
Portage Health Foundation	\$ 42,315	36,980
Copper Country Senior Meals	<u>39,599</u>	<u>2,650</u>
Consolidated total	<u>\$ 81,914</u>	<u>39,630</u>

SUPPLEMENTARY INFORMATION



ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

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PARTNERS

Daniel E. Bianchi, CPA
Michael A. Grentz, CPA
William C. Sheltrow, CPA

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Directors of the
Portage Health Foundation
400 Quincy Street – P.O. Box 299
Hancock, MI 49930

We have audited the consolidated financial statements of Portage Health Foundation and affiliates (a nonprofit organization) as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated September 14, 2022, which contained an unmodified opinion on those consolidated financial statements, as listed in the table of contents. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The Statements of Consolidated Operating Resources and Expenses – Modified Cash Basis Compared to Budget, Consolidated Schedule of Grant Awards – Cash Basis, Consolidated Schedule of Grant Awards Payable, and Consolidated Schedule of Donor Restricted Net Assets are presented for purposes of additional analysis and are 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 audit 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.

Anderson, Tackman & Company, PLC
Certified Public Accountants
Marquette, MI

September 14, 2022

PORTAGE HEALTH FOUNDATION
CONSOLIDATED STATEMENTS OF OPERATING RESOURCES
AND EXPENSES-MODIFIED CASH BASIS
COMPARED TO BUDGET

For the years ended December 31, 2021 and 2020

	2021		2020	
	Actual	Budget	Actual	Budget
RESOURCES				
Revenues				
Contributions without donor restrictions	\$ 533,737	\$ 50,000	\$ 820,437	\$ 550,000
Contributions with donor restrictions - cash basis	653,278	350,000	621,406	297,000
Grants refunded	602,371	-	-	-
Federal grants	292,502	-	20,179	-
Program revenue	199,366	-	9,660	-
Other income	18,547	-	2,868	-
Other Resources				
Investment returns withdrawn for current operations	2,220,000	2,945,204	2,016,125	2,241,111
TOTAL RESOURCES	4,519,801	3,345,204	3,490,675	3,088,111
PROGRAM EXPENSES				
Grant awards without donor restrictions - cash basis	1,391,932	2,110,144	1,765,255	1,519,350
Grant awards with donor restrictions - cash basis	675,756	144,000	598,131	637,356
Total Grant Awards	2,067,688	2,254,144	2,363,386	2,156,706
Personnel Costs				
Salaries & wages	437,476	174,140	136,103	163,500
Health Insurance	34,064	24,000	-	40,800
401(k) plan	11,401	4,120	1,280	6,200
Life & disability insurance	-	2,000	-	302
Payroll tax expense	35,159	14,800	11,013	13,080
Total Personnel Costs	518,100	219,060	148,396	223,882
Advertising and Promotion				
Promotion/advertising/sponsor	1,083	-	2,815	-
Graphic design/production	2,500	-	1,455	-
Total Advertising and Promotion	3,583	-	4,270	-
Professional Fees				
Purchased services	10,883	-	535	-
Total Professional Fees	10,883	-	535	-
Office Expenses				
Postage and mailing services	689	-	-	-
Office supplies	5,145	-	2,943	3,000
Telephone/internet	7,518	-	170	3,600
Bank service charges	6,524	-	783	-
Total Office Expenses	19,876	-	3,896	6,600
Other Expenses				
Food supplies	156,120	-	7,455	-
Kitchen supplies	31,751	-	543	-
Delivery supplies	1,665	-	-	-
Dues and subscriptions	4,053	-	1,826	2,500
Education/staff and board development	96	-	1,720	2,000

See Accompanying Notes and Independent Auditor's Report

PORTAGE HEALTH FOUNDATION
CONSOLIDATED STATEMENTS OF OPERATING RESOURCES
AND EXPENSES - MODIFIED CASH BASIS
COMPARED TO BUDGET (CONTINUED)
For the years ended December 31, 2021 and 2020

	2021		2020	
	Actual	Budget	Actual	Budget
PROGRAM EXPENSES (CONTINUED)				
Other Expenses (Continued)				
Rent Expense	39,599	-	2,650	-
Travel/relationship development	7,844	-	1,482	-
IT maintenance/management	27	-	-	-
Meetings/luncheons	265	-	406	-
Depreciation	3,215	-	96	-
In-Kind	10,417	-	1,511	-
Utilities	7,876	-	644	-
Computer hardware/software	5,125	-	-	-
Small equipment	2,465	-	-	-
Mileage	28,033	-	881	-
Miscellaneous	4,054	-	118	-
Total Other Expenses	302,605	-	19,332	4,500
TOTAL PROGRAM EXPENSES	2,922,735	2,473,204	2,539,815	2,391,688
MANAGEMENT AND GENERAL EXPENSES				
Personnel Costs				
Salaries & wages	388,364	322,540	301,978	246,500
Health insurance	95,230	117,000	87,745	97,488
401(k) plan	31,321	27,090	25,236	19,720
Life & disability insurance	5,721	4,600	4,827	7,200
Professional recruitment	3,900	500	-	1,500
Payroll tax expense	30,979	27,420	24,723	18,856
Total Personnel Costs	555,515	499,150	444,509	391,264
Advertising and Promotion				
Promotion/advertising/sponsor	33,271	60,000	18,480	30,000
Graphic design/production	8,605	30,000	7,829	20,000
Web design/maintenance	4,294	5,000	730	7,500
Total Advertising and Promotion	46,170	95,000	27,039	57,500
Professional Fees				
Legal fees	73,634	50,000	42,516	30,000
Accounting	31,777	19,000	43,837	15,000
Investment management fees	28,750	25,000	25,000	25,000
Retirement fund management fees	1,481	-	963	-
Audit fees	5,050	1,000	4,120	4,000
Total Professional Fees	140,692	95,000	116,436	74,000
Office Expenses				
Postage and mailing services	1,489	2,000	1,505	2,000
Printing and copying	-	1,500	-	1,500
Office supplies	10,773	5,000	24,065	1,000

See Accompanying Notes and Independent Auditor's Report

PORTAGE HEALTH FOUNDATION
CONSOLIDATED STATEMENTS OF OPERATING RESOURCES
AND EXPENSES - MODIFIED CASH BASIS
COMPARED TO BUDGET (CONTINUED)
For the years ended December 31, 2021 and 2020

	2021		2020	
	Actual	Budget	Actual	Budget
MANAGEMENT AND GENERAL EXPENSES (CONTINUED)				
Office Expenses (Continued)				
Telephone/internet	4,475	6,000	3,784	2,400
Bank service charges	725	500	6,483	500
Total Office Expenses	17,462	15,000	35,837	7,400
Other Expenses				
Dues and subscriptions	8,917	15,000	5,459	7,500
Education/staff and board development	8,293	15,000	1,206	10,000
IT maintenance/management	13,848	10,000	5,758	5,000
Rent expense	42,315	42,350	36,980	37,200
Liability insurance	10,372	9,500	7,837	9,500
Travel/relationship development	7,044	10,000	5,799	7,500
Conference/convention	-	-	-	5,000
Meetings/luncheons	5,553	12,000	2,944	8,500
Computer hardware/software	4,797	15,000	4,125	6,000
Depreciation	6,972	15,500	8,076	15,000
Investment account fees	-	1,000	-	-
Miscellaneous	30,864	500	4,532	1,500
Total Other Expenses	138,975	145,850	82,716	112,700
TOTAL MANAGEMENT AND GENERAL EXPENSES	898,814	850,000	706,537	642,864
FUNDRAISING EXPENSES				
Personnel Costs				
Salaries & wages	-	-	-	26,906
Health insurance	-	-	-	3,600
401(k) plan	-	-	-	2,145
Life & disability insurance	-	-	-	266
Payroll tax expense	-	-	-	2,142
Total Personnel Costs	-	-	-	35,059
Office Supplies	-	-	-	1,000
Event coordination	67	22,000	5,000	17,500
TOTAL FUNDRAISING EXPENSES	67	22,000	5,000	53,559
TOTAL EXPENSES	3,821,616	3,345,204	3,251,352	3,088,111
NET OPERATING RESOURCES/(EXPENSES)	\$ 698,185	\$ -	\$ 239,323	\$ -

See Accompanying Notes and Independent Auditor's Report

PORTAGE HEALTH FOUNDATION
CONSOLIDATED SCHEDULE OF GRANT AWARDS - CASH BASIS
For the year ended December 31, 2021

GRANT AWARDS

AHA Process - Poverty Reduction Professional Development	\$ 17,908
Food Initiative	
Local Farms	6,000
City of Hancock	5,000
Keweenaw Family Resource Center	1,000
L'Anse St. Vincent Depaul Society	2,000
Trinity Lutheran Church	2,000
Main Street Calumet	18,211
Finlandia University	2,000
Lake Linden Farmer's Market	640
Michigan Farmer's Market Association	200
Horizon High School	500
Feeding America	23,800
Michigan Technological University-Food Study	36,510
Supplies	10,386
Safe Communities & Recreation	
Quincy Franklin Townships-VFD	5,000
Stanton Township including VFD	28,200
Chassell Township	22,974
Houghton County Sheriff	34,107
Calumet-VFD	2,500
Calumet Township	12,500
Laurium-VFD	3,789
City of Hancock	32,000
Hancock Public Schools	14,300
City of Houghton-VFD	3,000
L'Anse Township-VFD	5,000
Lake Linden-VFD	1,875
Ontonagon Area Schools	3,000
Village of Baraga	20,000
Grant Township	4,950
Allouez Township-EMS	5,000
McMilan Township-EMS	5,000
Dollar Bay Fire Department	5,000
Canal Run	2,554
Right Start Kids Academy	3,000
Human Trafficking Presentations	4,890
Village of Lake Linden	1,000
Keweenaw Family Resource Center	3,000
Superior Search & Rescue	32,500
Ahmeek Village volunteer fire department	7,722
Keweenaw Land Trust	3,000
Copper Country Audobon	2,000
Bay Cliff Health Camp	15,000
City of Houghton (UPSET West)	129,389

See Accompanying Notes and Independent Auditor's Report

PORTAGE HEALTH FOUNDATION
CONSOLIDATED SCHEDULE OF GRANT AWARDS - CASH BASIS (CONTINUED)
For the year ended December 31, 2021

Mental & Behavioral Health	
School based trauma/resiliency training for local schools	235,000
Great Lakes Recovery Center	2,500
Dial Help	250,000
Western UP Health	975
UP Kids - Big Brothers Big Sisters	107,144
Supplies	12,308
Flood Relief	
Relief payments to individuals & contractors	7,920
Scholarships	
Gogebic Community College	24,500
Michigan Tech Fund	64,700
Finlandia University	25,500
Indiana University-Purdue	1,000
Northern Michigan University	13,000
Michigan Technological University	15,000
Saginaw Valley State University	1,000
University of Michigan	3,000
University of Wisconsin Green Bay	2,500
Advanced Welding Institution	1,000
Indiana University East	1,000
Portage Lake District Library	3,500
North West Technical College	1,000
James Bogan Health Scholarship	2,500
Carp Lake Township	200
Michigan State University	2,500
Rochester Institute of Technology	3,500
Aveda Arts & Science Institution	1,000
Yale University	5,000
U.P. Medical Education Corporation	50,000
Supplies	306
Access to Care/Giving Tuesday	
Little Brothers Friends of the Elderly	50
Houghton County 4-H	3,000
Alzheimer's Association	3,000
Copper Country Habitat for Humanity	14,412
Copper Country Audubon	1,000
Catholic Social Services	3,000
Calumet Art Center	2,000
Keweenaw Land Trust	2,000
R. Decker Nursing Excellence Award (Tammy Pertile)	200
Superior Health Foundation	50,000
Great Lakes Recovery Center	4,000
Camp Josh	5,000
Ahmeek Village volunteer fire department	4,799
Baraga County Shelter Home	31,666
Barbara Kettle Gundlach Shelter Home	58,854

See Accompanying Notes and Independent Auditor's Report

PORTAGE HEALTH FOUNDATION
CONSOLIDATED SCHEDULE OF GRANT AWARDS - CASH BASIS (CONTINUED)
For the year ended December 31, 2021

Access to Care/Giving Tuesday (Continued)	
U.P. Kids	36,122
Copper Country Angel Mission	24,376
Copper Harbor Trails Club	29,458
Calumet Township fire and rescue	10,028
Dan Schmidt Gift of Music	13,395
Dial Help	30,220
Friends of the Porkies	9,426
Keweenaw Family Resource Center	29,488
Keweenaw Nordic Ski Club	18,943
Keweenaw Random Acts of Community Kindness	10,454
Mercy EMS	6,917
Ontonagon County Cancer Association	19,190
Simple Kindness for Youth	34,104
Superior Search and Rescue	14,608
Swedetown Trails Club	31,104
31 Backpacks	58,145
Omega House	128,971
Holiday Gas Cards	3,800
TOTAL GRANT AWARDS	<u>\$ 2,067,688</u>

See Accompanying Notes and Independent Auditor's Report

PORTAGE HEALTH FOUNDATION
CONSOLIDATED SCHEDULE OF GRANT AWARDS PAYABLE
For the year ended December 31, 2021

	Safe Communities/ Recreation	Mental & Behavioral Health	Scholarships	Food Initiative	Access to Care	Administration/ General	TOTAL
GRANTS PAYABLE AT BEGINNING OF YEAR	629,535	-	-	23,800	-	50	653,385
Pledged Awards Payments	125,290 (707,562)	250,000 (250,000)	230,390 (198,390)	24,502 (48,302)	1,705	- (50)	631,887 (1,204,304)
GRANTS PAYABLE AT END OF PERIOD	\$ 47,263	\$ -	\$ 32,000	\$ -	\$ 1,705	\$ -	\$ 80,968
Payment Schedule	\$ 47,263	\$ -	\$ 4,000	\$ -	\$ 1,705	\$ -	\$ 52,968
2022	\$ -	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ 4,000
2023	\$ -	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ 4,000
2024	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
2025-2030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PORTAGE HEALTH FOUNDATION
CONSOLIDATED SCHEDULE OF DONOR RESTRICTED NET ASSETS
For the year ended December 31, 2021

	Safe Communities & Recreation	Ontonagon County Cancer Association	Mental & Behavioral Health	Education & Scholarships	Giving Tuesday	Access to Care	Poverty	Other	TOTAL
DONOR RESTRICTED NET ASSETS AT BEGINNING OF YEAR	\$ 115,718	\$ 75,000	\$ 31,500	\$ 17,500	\$ -	\$ 9,000	\$ 8,000	\$ 225	\$ 256,943
CHANGES IN DONOR RESTRICTED NET ASSETS									
Contributions	57,564	-	31,200	105,000	443,209	19,705	-	-	656,678
Investment income	-	-	-	637	-	-	-	-	637
New pledges promised in 2021:									
2021	49,500	-	-	-	-	-	-	-	49,500
2022	45,500	-	-	-	-	-	-	-	45,500
2023	22,500	-	-	-	-	-	-	-	22,500
2024	25,000	-	-	-	-	-	-	-	25,000
2025	25,000	-	-	-	-	-	-	-	25,000
Net assets released from restriction:									
Satisfaction of safe communities & recreation	(130,699)	-	-	-	-	-	-	-	(130,699)
Satisfaction of mental & behavioral health	-	-	(62,700)	-	-	-	-	-	(62,700)
Satisfaction of education & scholarships	-	-	-	(53,500)	-	-	-	-	(53,500)
Satisfaction of Giving Tuesday	-	-	-	-	(443,209)	-	-	-	(443,209)
Satisfaction of access to care	-	-	-	-	-	(28,705)	(8,000)	-	(28,705)
Satisfaction of poverty	-	-	-	-	-	-	(8,000)	-	(8,000)
Release of satisfied pledge obligation	-	-	-	-	-	-	-	(225)	(225)
INCREASE (DECREASE) IN DONOR RESTRICTED NET ASSETS	94,365	-	(31,500)	52,137	-	(9,000)	(8,000)	(225)	97,777
DONOR RESTRICTED NET ASSETS AT END OF PERIOD	\$ 210,083	\$ 75,000	\$ -	\$ 69,637	\$ -	\$ -	\$ -	\$ -	\$ 354,720

See Accompanying Notes and Independent Auditor's Report