COPPER SHORES COMMUNITY HEALTH FOUNDATION

AUDITED FINANCIAL STATEMENTS

For the Years Ended December 31, 2025, and 2024

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ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
102 W. Washington St. Suite 109 Marquette, MI 49855 (906) 225-1166 www.atcomqt.com

PARTNERS
Michael A. Grentz, CPA
William C. Sheltrow, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Copper Shores Community Health Foundation
400 Quincy Street, 5th Floor
Hancock, Michigan 49930

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Copper Shores Community Health Foundation (a non-profit organization, the Foundation), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the 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 opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 the 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our

opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2026, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Anderson, Tackman & Company, PLC
Certified Public Accountants

August 31, 2026

Copper Shores Community Health Foundation

STATEMENTS OF FINANCIAL POSITION

December 31, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 191,380	$ 962,482
Pledges receivable	20,100	58,600
Grants receivable	283,598	340,728
Prepaid expenses	263,889	83,927
TOTAL CURRENT ASSETS	758,967	1,445,737
NON-CURRENT ASSETS:		
Non-current portion of pledges receivable	51,200	74,800
Investment in securities, at fair value	81,499,133	76,139,894
Equity investment	7,952,027	7,952,027
Property and equipment, net	3,280,577	908,171
Right of use asset - office lease	54,330	48,671
Security deposits	4,075	3,875
TOTAL NON-CURRENT ASSETS	92,841,342	85,127,438
TOTAL ASSETS	$ 93,600,309	$ 86,573,175
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Bank overdraft	$ 239,265	$ -
Accounts payable	80,718	62,195
Payroll liabilities	7,353	6,837
Accrued payroll	113,695	97,155
Accrued PTO	29,756	-
Current portion of long-term debt	-	5,236
Current portion of lease obligation - operating	21,592	45,042
Grants payable	358,235	1,455,649
TOTAL CURRENT LIABILITIES	850,614	1,672,114
LONG-TERM LIABILITIES:		
Notes payable	-	66,202
Non-current portion of grants payable	12,000	116,000
Long-term lease obligations - operating	32,738	3,629
TOTAL LONG-TERM LIABILITIES	44,738	185,831
TOTAL LIABILITIES	895,352	1,857,945
NET ASSETS:		
Without donor restrictions	91,811,840	84,047,682
With donor restrictions	893,117	667,548
TOTAL NET ASSETS	92,704,957	84,715,230
TOTAL LIABILITIES AND NET ASSETS	$ 93,600,309	$ 86,573,175

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

Copper Shores Community Health Foundation

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT:						
Contributions:						
Contributions of cash and other financial assets	$ 21,037	$ 1,705,675	$ 1,726,712	$ 42,958	$ 1,273,430	$ 1,316,388
Contributions of nonfinancial assets	43,685	-	43,685	524,833	-	524,833
Government grants and contracts-federal	939,579	-	939,579	940,822	-	940,822
Government grants and contracts-state	370,378	-	370,378	382,793	-	382,793
Special events (net of direct costs of $50,418 and $30,184)	12,905	-	12,905	5,343	-	5,343
Program income	3,750	-	3,750	6,150	-	6,150
Interest income	12,645	-	12,645	9,019	-	9,019
Investment income-net of fees & taxes	2,058,341	-	2,058,341	1,857,703	-	1,857,703
Other income	7,446	-	7,446	5,642	-	5,642
Gain (loss) on disposal of assets	109,339	-	109,339	(852)	-	(852)
Realized gain (loss) on investment securities	2,756,958	-	2,756,958	15,534,544	-	15,534,544
Unrealized gain (loss) on investment securities	6,860,177	50,664	6,910,841	(7,902,178)	33,035	(7,869,143)
Net assets released from restrictions	1,530,770	(1,530,770)	-	1,264,108	(1,264,108)	-
Total revenue, gains, and other support	14,727,010	225,569	14,952,579	12,670,885	42,357	12,713,242
Expenses:						
Program expenses	4,854,950	-	4,854,950	5,135,785	-	5,135,785
Fundraising	105,201	-	105,201	-	-	-
Management and general expenses	2,002,701	-	2,002,701	1,568,508	-	1,568,508
Total expenses	6,962,852	-	6,962,852	6,704,293	-	6,704,293
CHANGE IN NET ASSETS	7,764,158	225,569	7,989,727	5,966,592	42,357	6,008,949
Net assets, beginning of year	84,047,682	667,548	84,715,230	78,081,090	625,191	78,706,281
NET ASSETS, END OF YEAR	$ 91,811,840	$ 893,117	$ 92,704,957	$ 84,047,682	$ 667,548	$ 84,715,230

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

Copper Shores Community Health Foundation

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2025

	Program Services						Supporting Services		
	Community Counseling & Wellness	Nutrition Education & Food Security	Outreach & Education	Victim Support	Meals On Wheels	Total Program Services	Fundraising	Management and General	Total
EXPENSES:									
Grant awards	$ 1,577,464	$ 60,000	$ 218,405	$ 6,611	$ -	$ 1,862,480	$ -	$ -	$ 1,862,480
Personnel costs	145,182	93,926	603,373	253,667	887,091	1,983,239	98,303	1,207,748	3,289,290
Food	-	43,472	-	-	393,128	436,600	-	-	436,600
Supplies	393	36,073	18,432	4,580	59,612	119,090	46	25,086	144,222
Vehicle expense	-	-	-	-	3,199	3,199	-	-	3,199
Other program expenses	-	-	4,188	1,044	14,927	20,159	-	-	20,159
Advertising and promotion	250	7,640	3,416	-	2,798	14,104	-	80,129	94,233
Professional fees	8,089	-	8,176	9,251	3,233	28,749	-	400,579	429,328
Office expenses	9,033	121	9,436	12,580	10,462	41,632	388	41,421	83,441
Dues and subscriptions	757	155	259	4,745	3,150	9,066	-	8,838	17,904
Staff education/training and board development	-	72	4,562	5,974	460	11,068	75	559	11,702
IT maintenance/management	-	-	-	-	-	-	-	29,693	29,693
Lease expense	500	40	29,066	24,525	217	54,348	-	44,833	99,181
Insurance	-	-	-	-	-	-	-	46,077	46,077
Licenses	510	339	31	-	2,075	2,955	-	1,746	4,701
Travel/relationship development	-	907	7,017	7,885	922	16,731	770	4,158	21,659
Meetings/luncheons	558	2,362	18,471	1,102	5,957	28,450	981	15,381	44,812
Conference/convention	-	-	205	3,163	-	3,368	-	175	3,543
Computer hardware/software	1,099	-	751	5,956	2,742	10,548	4,638	47,049	62,235
Depreciation	1,987	1,988	5,664	6,745	35,768	52,152	-	17,924	70,076
Repairs and maintenance	1,832	295	343	410	17,023	19,903	-	1,344	21,247
In-kind expenses	-	-	170	-	23,010	23,180	-	-	23,180
Interest expense	-	-	-	-	-	-	-	3,315	3,315
Utilities	1,644	538	5,110	5,295	18,693	31,280	-	5,647	36,927
Small furniture and equipment	62	1,604	96	3,659	2,757	8,178	-	9,582	17,760
Mileage expense	52	403	24,534	6,452	43,286	74,727	-	4,992	79,719
Miscellaneous	(269)	-	-	-	13	(256)	-	6,425	6,169
TOTAL FUNCTIONAL EXPENSES	$ 1,749,143	$ 249,935	$ 961,705	$ 363,644	$ 1,530,523	$ 4,854,950	$ 105,201	$ 2,002,701	$ 6,962,852

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

Copper Shores Community Health Foundation

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2024

	Program Services						Supporting Services		
	Community Counseling & Wellness	Nutrition Education & Food Security	Outreach & Education	Victim Support	Meals On Wheels	Total Program Services	Fundraising	Management and General	Total
EXPENSES:									
Grant awards	$ 1,555,967	$ 35,000	$ 494,759	$ 4,819	$ 155	$ 2,090,700	$ -	$ -	$ 2,090,700
Personnel costs	260,092	-	538,414	301,001	970,654	2,070,161	-	1,007,428	3,077,589
Food	-	107	-	-	419,995	420,102	-	-	420,102
Supplies	1,272	8,169	29,114	2,154	45,096	85,805	-	13,218	99,023
Vehicle expense	-	-	-	-	-	-	-	-	-
Other program expenses	-	32,469	4,515	-	330	37,314	-	-	37,314
Advertising and promotion	-	-	3,158	1,871	1,271	6,300	-	75,910	82,210
Professional fees	7,622	-	1,392	-	-	9,014	-	190,186	199,200
Office expenses	3,244	37	9,271	11,733	6,614	30,899	-	45,597	76,496
Dues and subscriptions	5,590	-	10,421	6,322	7,036	29,369	-	38,078	67,447
Staff education/training and board development	1,243	-	3,680	6,487	765	12,175	-	34,906	47,081
IT maintenance/management	281	-	281	282	109	953	-	29,570	30,523
Lease expense	-	-	32,700	25,443	11,665	69,808	-	47,740	117,548
Insurance	-	-	-	-	-	-	-	19,132	19,132
Licenses	-	-	31	-	-	31	-	-	31
Travel/relationship development	1,015	3,931	26,617	16,389	15,677	63,629	-	7,326	70,955
Meetings/luncheons	-	-	15,666	2,231	1,466	19,363	-	15,216	34,579
Conference/convention	70	-	925	70	-	1,065	-	1,615	2,680
Computer hardware/software	-	-	1,737	1,259	198	3,194	-	15,121	18,315
Depreciation	-	-	494	6,539	21,109	28,142	-	11,601	39,743
Repairs and maintenance	1,230	-	-	-	14,845	16,075	-	6,348	22,423
In-kind expenses	-	-	-	-	23,160	23,160	-	-	23,160
Interest expense	1,008	-	-	-	-	1,008	-	2,949	3,957
Utilities	3,866	-	3,418	3,776	24,528	35,588	-	-	35,588
Small furniture and equipment	-	-	620	185	34,786	35,591	-	-	35,591
Mileage expense	1,922	262	2,218	1,653	31,755	37,810	-	1,374	39,184
Miscellaneous	-	-	60	51	8,418	8,529	-	5,193	13,722
TOTAL FUNCTIONAL EXPENSES	$ 1,844,422	$ 79,975	$ 1,179,491	$ 392,265	$ 1,639,632	$ 5,135,785	$ -	$ 1,568,508	$ 6,704,293

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

Copper Shores Community Health Foundation

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 7,989,727	$ 6,008,949
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	70,076	39,743
Non-cash donation of building and land, including closing costs	-	(503,646)
(Gain) Loss on disposal of assets	(109,339)	852
(Increase) Decrease in pledges receivable	62,100	(7,808)
(Increase) Decrease in grants receivable	57,130	(171,140)
(Increase) Decrease in prepaid expenses	(179,962)	1,297
(Increase) Decrease in right of use asset-office lease	(5,659)	78,587
(Increase) Decrease in security deposits	(200)	-
Increase (Decrease) in bank overdrafts	239,265	-
Increase (Decrease) in accounts payable	18,523	115,523
Increase (Decrease) in accrued payroll liabilities	516	(5,072)
Increase (Decrease) in accrued payroll	16,540	23,811
Increase (Decrease) in accrued PTO	29,756	-
Increase (Decrease) in lease obligation-operating	5,659	(78,587)
Increase (Decrease) in grants payable	(1,201,414)	587,269
Investment income, net of fees & taxes	(2,058,341)	(1,857,703)
Net unrealized and realized gains on investment accounts	(9,667,799)	(7,665,401)
Total Adjustments	(12,723,149)	(9,442,275)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(4,733,422)	(3,433,326)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment returns withdrawn for operations	6,366,901	4,118,574
Investment management fees	-	(5,000)
Proceeds of sale of fixed assets	223,877	-
Purchase of fixed assets and construction in progress	(2,557,020)	(219,629)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	4,033,758	3,893,945
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	(71,438)	(4,954)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(71,438)	(4,954)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(771,102)	455,665
Cash and cash equivalents, beginning of year	962,482	506,817
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 191,380	$ 962,482
NON CASH INVESTING ACTIVITIES		
Non-cash contribution of building and land, including closing costs	$ -	$ 503,646
Non-cash contributions	$ 43,685	$ 22,910
Interest expense	$ 3,315	$ 3,265

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

NOTE A – ORGANIZATION:

Nature of Business

Copper Shores Community Health Foundation (the Foundation) formally changed its name from Portage Health Foundation as of June 6, 2023. Copper Shores Community 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. Copper Shores Community Health Foundation's mission is to positively influence a healthier community through enhanced philanthropy and community collaboration.

The following is a brief description of the Foundation's programs:

Community Counseling & Wellness - The Foundation provides outpatient counseling, mental health concierge services, and prevention and mental health wellness education support for individuals and families, including those recovering from sexual assault, violent crimes, and other trauma.

Nutrition Education & Food Security Programming - Improving access to locally grown and healthful food within our community as well as educational resources and tools to promote sustainable changes to eating and lifestyle habits for all.

Outreach & Education - The Foundation uses evidence-based training and programming to educate copper country residents of all ages on a variety of topics. The program offers training to address substance abuse prevention, suicide prevention, parenting classes and trainings with community partners to assist first responders, as well as follow up for individuals at risk of suicide and family support services. The Foundation also helps community members struggling with poverty through the Copper Shores Bridges, provides a free 17-week program to assist individuals in improving stability, workshops to educate the community about the complexities of poverty, and in-depth personal financial coaching.

Victim Support - Supports victims of any crime. Resources provided include Child Advocacy Center to minimize trauma to the child during the process of child abuse investigations, suicide survivors on call support to those in the community who lose someone to suicide and sexual assault response for victims of sexual assault, including specially trained nurses.

Meals on Wheels Program - Meals on Wheels program provides home-delivered and congregate meal services designed to provide 33 percent of the daily nutritional requirements of individuals.

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NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The financial statements of Copper Shores Community Health Foundation 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.

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.

The change in net assets with donor restrictions as of December 31, 2025, and 2024 are as follows:

	2025	2024
Beginning balance	$667,548	$625,191
Additional restricted donations	1,705,675	1,273,430
Restricted investment income	50,664	33,035
Amount released from restrictions	(1,530,770)	(1,264,108)
Ending balance	$893,117	$667,548

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 building, land, furniture, fixtures, equipment, software, building improvements, 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, based on the estimated useful lives of the related assets as follows:

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Class of Property	Useful Life (in Years)
Buildings and improvements	15-39
Leasehold improvements	7-40
Furniture and equipment	5-15

Depreciation expense for each of the years ending December 31, 2025, and 2024 was $70,076 and $39,743.

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 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 income or loss are presented net of foreign taxes of $15,941 and $21,602 paid during the years ended December 31, 2025, and 2024, respectively.

The 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 reasonable 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 financial statements.

Revenue Recognition

Contributions of Cash and Other Financial Assets - Contributions are either unconditional or conditional, depending on whether a gift both (1) specifies a "barrier or hurdle" that the recipient must overcome to be entitled to the resources, and (2) releases the donor from its obligation to transfer resources (or if assets are advanced, a right to demand their return) if the barrier or hurdle is not achieved. An agreement that contains both is a conditional contribution. An agreement that omits one or both is unconditional. 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 statements of activities as net assets released from restrictions.

Contributions of Nonfinancial Assets - Contributed nonfinancial assets are recorded at their estimated fair value on the date received. For the years ended December 31, 2025, and 2024, contributions of nonfinancial assets recognized within the statement of activities and changes in net assets included:

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

	2025	2024	Utilization in Programs/Activities
Donated use of facilities	$23,010	$23,160	Meals on Wheels
Silent auction and raffle items	20,675	-	Outreach & Education, Fundraising
Real estate (bargain purchase)	-	501,673	All Programs/Activities
TOTAL	$43,685	$524,833	

Donated volunteer services are in the form of unpaid volunteers who assist the Foundation in carrying out its purpose, mostly for activities related to crime victim services, crisis unit and meal deliveries. 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. Donated services, including volunteer hours, which do not meet the criteria for recognition in the financial statements, totaled $1,957, and $1,812 for the fiscal years ending December 31, 2025, and 2024.

The contributed use of facilities is valued based on current market rental rates for similar properties in the same geographic area.

Silent auctions and raffle items consisted primarily of donated goods, including gift cards, certificates, merchandise and experiences. These items were valued based on stated face values, retail values, observable market prices for similar items.

On April 19, 2024, the Foundation acquired two parcels of real estate located in Hancock, Michigan, through a bargain purchase transaction. The property, which includes land and a building, was purchased for $1. Based on the State Equalized Value (SEV) of $250,837 and applying a standard multiplier of 2.0 (commonly used to approximate market value in the state of Michigan), the fair value of the property was estimated at $501,674. The resulting difference of $501,673 was recognized as a contribution of nonfinancial assets in the statement of activities and changes in net assets.

No external appraisal was obtained; therefore, management used the SEV method to estimate fair value based on local real estate practices. The property is not subject to any donor-imposed restrictions and is currently held for program use.

Substantially all contributed nonfinancial assets received during the years ended December 31, 2025, and 2024 were utilized by the Foundation. No contributed nonfinancial assets were subject to donor-imposed restrictions during either fiscal year.

Government Grants and Contracts - The Foundation's revenues from Federal and State government grants and contracts are generally recognized as services are provided.

Program Services - Revenues from contracts with customers consist of crisis intervention, outpatient counseling, family support, student success coaching, and victim assistance service fees recorded as program service revenue. Revenue is recognized when control of the promised goods or service is transferred to customers, in an amount that reflects the consideration the Foundation expects to be entitled to in exchange for those goods or services.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The crisis intervention, outpatient counseling, family support, and victim assistance services are primarily contracted by local schools to support youth who are not able to access these services by other means due to insurance, financial, or other barriers. The Foundation also provides on-call sexual assault nurse examiner (SANE) nursing services to local hospitals. Each contract typically has a duration of one year.

The services are considered to be a single performance obligation. Performance obligations are satisfied at the point at which the service is provided. The transaction price is determined based on the hourly rate outlined within each contract.

Grants Payable

Grant expenditures are accrued when they are approved by the Board and the related obligation becomes unconditional. At December 31, 2025, grants payable totaled $370,235, of which $358,235 is payable in 2026 and $12,000 payable in 2027 and beyond, as presented in the statements of financial position.

At December 31, 2024, grants payable totaled $1,571,649 of which $1,455,649 was payable in 2025 and $116,000 payable in 2026 and beyond, as presented in the statements of financial position.

Leases

Under ASC 842, the Foundation determines if a contract is a leasing arrangement at inception. If an arrangement contains a lease, the Foundation performs a lease classification test to determine if the lease is an operating lease or a finance lease. Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. Operating and finance lease liabilities are recognized on the commencement date of the lease based on the present value of the future lease payments over the lease term and are included in long-term liabilities and current liabilities on the statement of financial position. ROU assets are valued at the initial measurement of the lease liability, plus any indirect costs or rent prepayments, and reduced by any lease incentives and any deferred lease payments. Finance ROU assets are recorded on the face of the statement of financial position and are amortized over the lease term. To determine the present value of lease payments on lease commencement, the Foundation uses the implicit rate when readily determinable. The Foundation has elected to use a risk-free rate as the discount rate on all classes of underlying assets when an implicit rate is not readily available. Lease terms include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense is recognized on a straight-line basis over the life of the lease and is included within operating expenses on the statement of activities and changes in net assets.

Income Taxes

The Foundation is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Form 990 is filed 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. The Foundation's returns are generally no longer subject to examination by the Internal Revenue Service for years before 2022.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Estimates

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

Advertising

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2025, and 2024 were $94,233 and $82,210, respectively.

Reclassifications

Certain reclassifications have been made to the 2024 financial statement presentation to correspond to current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through August 31, 2026, of the accompanying independent auditor's report, which is the date the financial statements were available to be issued.

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 statements of financial position date of December 31, 2025, and 2024, to meet cash needs for general expenditures. These financial assets are comprised as follows:

	2025	2024
Cash and cash equivalents	$191,380	$962,482
Contributions and grants receivable	354,898	474,128
Investments	81,499,133	76,139,894
Total financial assets	82,045,411	77,576,504
Less: amounts restricted for certain purposes	(893,117)	(667,548)
Financial assets available to meet cash needs for general expenditures	$81,152,294	$76,908,956

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 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 $1,139,000 for 2025 and $1,014,000 for 2024. 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.

NOTE D – CASH:

Custodial Credit Risk - Deposits

Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. Such balances with any one institution may, at times, be in excess of federally insured amounts (currently $250,000 per depositor). At December 31, 2025, and 2024, 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.

	2025	2024
Cash - book balance	($47,885)	$962,482
Cash - bank balance	$455,441	$738,331
Cash - not insured or collateralized	$205,441	$488,331
Cash - FDIC insured	$250,000	$250,000

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. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are normally recorded at present value of their estimated future cash flows, however, the Foundation has not made the adjustments for estimated future cash flows because it determines the amounts to be immaterial to the financial statements.

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 J.

Unconditional promises to give consist of the following as of December 31, 2025:

	< 1 Year	1-5 Years	> 5 Years
UPSET West	$ 10,100	$ 21,200	$ -
Endowment fund receivable	10,000	30,000	-
TOTAL	$ 20,100	$ 51,200	$ -

Unconditional promises to give consist of the following as of December 31, 2024:

	< 1 Year	1-5 Years	> 5 Years
UPSET West	$ 48,600	$ 34,800	$ -
Endowment fund receivable	10,000	40,000	-
TOTAL	$ 58,600	$ 74,800	$ -

NOTE F – INVESTMENTS:

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, 2025, are as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash equivalents	$225,579	$225,579	$-
Money market funds	2,767,487	2,767,487	-
Mutual funds	50,038,270	56,822,080	6,783,810
Exchange traded funds	16,823,793	21,683,987	4,860,194
TOTAL	$69,855,129	$81,499,133	$11,644,004

The cost, fair value, and unrealized appreciation (depreciation) of investment securities at December 31, 2024, are as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash equivalents	$232,186	$232,186	$-
Money market funds	3,207,109	3,207,109	-
Mutual funds	48,439,305	50,844,413	2,405,108
Exchange traded Funds	19,528,131	21,856,186	2,328,055
TOTAL	$71,406,731	$76,139,894	$4,733,163

The following schedule summarizes the Foundation's return on long-term investments and its classification in the statement of activities and changes in net assets for the years ended December 31, 2025, and 2024:

	2025	2024
Interest and dividends	$ 2,129,282	$ 1,939,305
Investment management fees	(55,000)	(60,000)
Foreign taxes	(15,941)	(21,602)
TOTAL	$ 2,058,341	$ 1,857,703

NOTE G – 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.

NOTE G – FAIR VALUE MEASUREMENTS (Continued):

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.

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

	Fair Value at December 31, 2025			
	Fair Value	Level 1	Level 2	Level 3
Cash equivalents	$225,579	$225,579	$-	$-
Money market funds	2,767,487	-	2,767,487	-
Mutual funds	56,822,080	56,822,080	-	-
Exchange traded funds	21,683,987	21,683,987	-	-
TOTAL	$81,499,133	$78,731,646	$2,767,487	$-

	Fair Value at December 31, 2024			
	Fair Value	Level 1	Level 2	Level 3
Cash equivalents	$232,186	$232,186	$-	$-
Money market funds	3,207,109	-	3,207,109	-
Mutual funds	50,844,413	50,844,413	-	-
Exchange traded funds	21,856,186	21,856,186	-	-
TOTAL	$76,139,894	$72,932,785	$3,207,109	$-

NOTE H – 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.

NOTE H – EQUITY INVESTMENT (Continued):

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.

Upon completion of the joint venture transaction, Portage Health, Inc. assigned the units and cash received to the Foundation to be administered under the agreed charitable 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 an equity investments without a 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

NOTE H – EQUITY INVESTMENT (Continued):

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.

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 I – PROPERTY AND EQUIPMENT:

A summary of the changes in property and equipment is as follows:

	Balance at 12/31/2024	Additions	Disposals	Balance at 12/31/2025
Land	$100,867	$-	$10,000	$90,867
Land improvements	-	29,775	-	29,775
Construction in progress	145,150	2,314,488	2,459,038	600
Buildings	513,301	-	100,522	412,779
Building improvements	106,008	2,513,610	106,008	2,513,610
Leasehold improvements	46,837	-	-	46,837
Furniture and equipment	200,484	127,307	34,640	293,151
Vehicles	-	30,877	-	30,877
	1,112,647	5,016,057	2,710,208	3,418,496
Less: accumulated depreciation	(204,476)	(70,076)	(136,633)	(137,919)
TOTAL	$908,171	$4,945,981	$2,573,575	$3,280,577

NOTE I – PROPERTY AND EQUIPMENT:

	Balance at 12/31/2023	Additions	Disposals	Balance at 12/31/2024
Land	$10,000	$90,867	$-	$100,867
Land improvements	-	-	-	-
Construction in progress	-	145,150	-	145,150
Buildings	100,522	412,779	-	513,301
Building improvements	106,008	-	-	106,008
Leasehold improvements	46,837	-	-	46,837
Furniture and equipment	245,264	74,479	119,259	200,484
Vehicles	-	-	-	-
	508,631	723,275	119,259	1,112,647
Less: accumulated depreciation	(283,141)	(39,743)	(118,408)	(204,476)
TOTAL	$225,490	$683,532	$851	$908,171

NOTE J – ENDOWMENT FUNDS:

As required by U.S. GAAP, net assets associated with endowment funds 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.

NOTE J – 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 and investment earnings of the funds are recorded in net assets with 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.

On January 3rd, 2023, the Foundation entered into an agreement to establish a permanent endowment fund to support cancer care patient transportation. One hundred percent of the annual distribution from the fund, net of the administrative fee applicable to this portion of the fund, will be used to support the funding of transportation services for patients requiring excessive or financially burdensome travel for cancer related medical care and treatment. The fund is named "Keller Family Community Foundation Ride with Claudia Cancer Transportation Fund" and will be made available to confirmed residents of Baraga, Houghton, Keweenaw and Ontonagon counties that are receiving cancer related medical care and treatment. The fund shall be used to purchase $150 gas only gift cards, provide subsidy for other forms of regularly available commercial and private transportation fees, and purchase ride-vouchers needed to access medical transportation services deemed appropriate to supporting cancer patients in accessing necessary medical care. Patients are limited to no more than two subsidies per 12-month period as determined by financial need. The Foundation shall distribute so much of the assets of the fund as the Foundation deems appropriate, in accordance with its investment and distribution policies.

Endowment net assets consisted of the following as of December 31, 2025:

	Without Donor Restrictions	With Donor Restrictions	TOTAL
Endowment net assets, beginning of year	$ -	$ 282,735	$ 282,735
Donor-restricted endowment funds, perpetual in duration-original gift amount	-	-	-
Investment returns:			
Donor-restricted	-	42,200	42,200
Appropriation of endowment assets for expenditure	-	(2,263)	(2,263)
Endowment net assets, end of year	$ -	$ 322,672	$ 322,672

NOTE J – ENDOWMENT FUNDS (Continued):

Endowment net assets consisted of the following as of December 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	TOTAL
Endowment net assets, beginning of year	$ -	$ 251,499	$ 251,499
Donor-restricted endowment funds, perpetual in duration-original gift amount	-	4,000	4,000
Investment returns:			
Donor-restricted	-	31,136	31,136
Appropriation of endowment assets for expenditure	-	(3,900)	(3,900)
Endowment net assets, end of year	$ -	$ 282,735	$ 282,735

Comingling 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, 2025, and 2024. 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.

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.

NOTE J – ENDOWMENT FUNDS (Continued):

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 K – ACCUMULATED PAID TIME OFF:

All regular part-time and full-time employees are eligible for paid time off (PTO). PTO will be frontloaded into the employees' bank on the first day of the year based on normally scheduled work hours and the following accrual schedule:

		Total Annual PTO Hours Based on Hours Scheduled Per Week			
Years of Service	Accrual Rate Per Hours Worked	10 Hours	20 Hours	30 Hours	40 Hours
1	0.0577	30	60	90	120
2 – 4	0.077	40	80	120	160
5+	.0961	50	100	150	200

In the event that an employee terminates employment with the Foundation, unused PTO will be paid to the employee. PTO can be carried over from year to year, up to 2 weeks of the employee's normally scheduled work hours. If any unused PTO is carried over to the next year, the employee is required to use current-year accrued PTO first before using any PTO carried over. Carry over PTO will not be paid out upon termination. Accrued PTO included in accrued liabilities on the statement of financial position as of December 31, 2025, and 2024 was $29,756 and $0, respectively.

NOTE L – LONG-TERM DEBT:

The Foundation's long-term debt consists of a mortgage with Range Bank in the amount of $71,438 as of December 31, 2024. The mortgage is being repaid in monthly installments of $742.65, including interest at a fixed rate of 5.25% over a 5-year term, with a scheduled balloon payment due on June 19, 2027. The mortgage is secured by the Foundation's property and other assets. During the year ended December 31, 2025, the Foundation paid the mortgage in full. Accordingly, no mortgage debt was outstanding on December 31, 2025.

NOTE M – 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.

NOTE N – RETIREMENT PLAN:

The Foundation established the Copper Shores Community 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, 2025, and 2024, with retirement expenses totaling $145,123 and $147,296, respectively.

NOTE O – OPERATING LEASES:

The Foundation currently leases office space under updated operating agreements. Determination if an arrangement is a lease is made at the inception of a contract and recognized operating lease expense on a straight-line basis over the lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet and are expensed on a straight-line basis.

Operating lease right-of-use assets and lease liabilities as of December 31, 2025, and 2024 are as follows:

	2025	2024
Right-of-use assets:		
Operating lease assets	$54,330	$48,671
Lease liabilities:		
Current operating lease liabilities	21,592	45,042
Noncurrent operating lease liabilities	32,738	3,629
Total operating lease liabilities	$54,330	$48,671

Components of lease expense for the years ended December 31, 2025, and 2024, were as follows:

NOTE O – OPERATING LEASES (Continued):

	2025	2024
Operating lease expense	$68,605	$72,843
Short-term lease expense	30,576	44,705
TOTAL	$99,181	$117,548

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for operating leases as of December 31, 2025, and a reconciliation to operating lease liabilities reported on the statement of financial position:

2026	$23,100
2027	25,200
2028	8,400
Total lease payments	56,700
Less: Interest	(2,370)
Present value of lease liability	$54,330

Lease terms may contain renewal and extension options and early termination features. The weighted average remaining lease term and discount rate on December 31, 2025, were as follows:

Weighted average remaining lease term (years)	2.25
Weighted average discount rate	3.69%

The following summarizes cash paid for operating lease liabilities and other non-cash information.

Cash paid for amounts included in the measurement of lease liabilities.	
Operating cash flows from operating lease	$99,181
Right-of-use-asset obtained in exchange for lease liabilities.	
Operating lease	$71,682

NOTE P – GAIN CONTINGENCY:

The Foundation is the claimant in a breach of contract matter involving Lifepoint Holdings, LLC, a subsidiary of Lifepoint Hospitals. During 2025, the moderator and the State of Michigan Attorney General stipulated that Lifepoint Holdings, LLC failed to satisfy certain capital expenditure requirements established in connection with the capital contribution commitment agreement and determined an award payable to the Foundation of $21,786,091. The award remains subject to further legal proceedings and no receivable or revenue has been recognized in the accompanying financial statements as of December 31, 2025. Management, in consultation with legal counsel, believes the Foundation has strong merits in the matter; however, the ultimate realization and timing of collection remain uncertain.

SUPPLEMENTARY INFORMATION

Copper Shores Community Health Foundation

SCHEDULE OF GRANT AWARDS PAYABLE

For the Year Ended December 31, 2025

	Community Counseling & Wellness	Nutrition Education & Food Security	Outreach & Education	Total
GRANTS PAYABLE AT BEGINNING OF YEAR	$ 1,349,149	$ 222,500	$ -	$ 1,571,649
Pledged Awards	1,426,222	180,950	60,000	1,667,172
Payments	(2,521,136)	(287,450)	(60,000)	(2,868,586)
GRANTS PAYABLE AT END OF PERIOD	$ 254,235	$ 116,000	$ -	$ 370,235
Payment Schedule:				
2026	$ 254,235	$ 104,000	$ -	$ 358,235
2027	$ -	$ 4,000	$ -	$ 4,000
2028	$ -	$ 4,000	$ -	$ 4,000
2029	$ -	$ 4,000	$ -	$ 4,000

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

Copper Shores Community Health Foundation

SCHEDULE OF DONOR RESTRICTED NET ASSETS

For the Year Ended December 31, 2025

	Community Counseling & Wellness	Nutrition Education & Food Security	Outreach & Education	Victim Support	Meals On Wheels	Admin/Other	Total
DONOR RESTRICTED NET ASSETS AT BEGINNING OF YEAR	$ 487,372	$ 98,501	$ 73,809	$ 7,866	$ -	$ -	$ 667,548
CHANGES IN DONOR RESTRICTED NET ASSETS							
Contributions	1,002,028	160,000	193,239	17,716	194,808	136,384	1,704,175
Investment income	44,987	-	5,677	-	-	-	50,664
New pledges promised in 2025:							
2027	500	-	-	-	-	-	500
2028	500	-	-	-	-	-	500
2029	500	-	-	-	-	-	500
Net assets released from restriction:							
Satisfaction of Community Counseling & Wellness	(19,438)	-	-	-	-	-	(19,438)
Satisfaction of Nutrition Education & Food Security	-	-	-	(115,348)	-	-	(115,348)
Satisfaction of Outreach & Education	-	-	(197,239)	-	-	-	(197,239)
Satisfaction of Victim Support	-	(19,661)	-	-	-	-	(19,661)
Satisfaction of Meals On Wheels	-	-	-	-	(194,808)	-	(194,808)
Satisfaction of Giving Tuesday	(984,276)	-	-	-	-	-	(984,276)
INCREASE (DECREASE) IN DONOR RESTRICTED NET ASSETS	44,801	140,339	1,677	(97,632)	-	136,384	225,569
DONOR RESTRICTED NET ASSETS AT END OF PERIOD	$ 532,173	$ 238,840	$ 75,486	$ (89,766)	$ -	$ 136,384	$ 893,117

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

COMPLIANCE SECTION

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
102 W. Washington St. Suite 109 Marquette, MI 49855 (906) 225-1166 www.atcomqt.com

PARTNERS
Michael A. Grentz, CPA
William C. Sheltrow, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of the
Copper Shores Community Health Foundation
400 Quincy Street, 5th Floor
Hancock, Michigan 49930

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Copper Shores Community Health Foundation (a nonprofit organization, the Foundation), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 31, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Board of Directors of the
Copper Shores Community Health Foundation
Hancock, Michigan 49930

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anderson, Tackman & Company, PLC
Certified Public Accountants

August 31, 2026

COMMUNICATIONS SECTION

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
102 W. Washington St. Suite 109 Marquette, MI 49855 (906) 225-1166 www.atcomqt.com

PARTNERS
Michael A. Grentz, CPA
William C. Sheltrow, CPA

Copper Shores Community Health Foundation
Report to Management
For the Year Ended December 31, 2025

To the Board of Directors and Management of the
Copper Shores Community Health Foundation
400 Quincy Street, 5th Floor
Hancock, Michigan 49930

In planning and performing our audit of the financial statements of the Copper Shores Community Health Foundation (the Foundation) as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, Board of Directors, and others within the Foundation, and is not intended to be, and should not be, used by anyone other than these specified parties.

Anderson, Tackman & Company, PLC
Certified Public Accountants

August 31, 2026

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
102 W. Washington St. Suite 109 Marquette, MI 49855 (906) 225-1166 www.atcomqt.com

PARTNERS
Michael A. Grentz, CPA
William C. Sheltrow, CPA

Copper Shores Community Health Foundation
Communication with Those Charged with Governance
For the Year Ended December 31, 2025

August 31, 2026

To the Board of Directors of the
Copper Shores Community Health Foundation
400 Quincy Street, 5th Floor
Hancock, Michigan 49930

We have audited the financial statements of the Copper Shores Community Health Foundation (the Foundation) for the year ended December 31, 2025, and we will issue our report thereon dated August 31, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 15, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in footnotes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2025. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the accumulated depreciation and depreciation expense is based on historical costs and useful lives of the assets. We evaluated the methods, assumptions, and data used to develop the current year's depreciation expense and accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the donated materials as reported in the financial statements is based on historical information for which management had records. We evaluated the methods, assumptions, and data used to develop the donated materials in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accrued payroll is based on a percentage of days in the current fiscal year versus days in the next fiscal year applied to the most recent payroll in the current fiscal year. We evaluated the methods, assumptions, and data used to develop the accrued payroll balances in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accrued paid time off is based on employee pay rates and the various subsidiary ledgers maintained for hour balances. We evaluated the methods, assumptions, and data used to develop the accrued employee benefit balances in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allocation of expenses between program services and other activities is based on program budgets and prior experience. We evaluated the methods, assumptions, and data used to develop the current year's allocation of expenses between program services and other activities in the statement of functional expenses in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the availability of financial asset to meet fiscal year 2026 general expenditures. We evaluated the methods, assumptions, and data used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the equity investment in Portage Health, Inc., Copper Country Apothecaries, Inc. and Portage Physician Practices, Inc. in the notes to the financial statements. Equity investments without readily determinable fair value are recorded at cost. Equity investments are inherently risky and their success depends on market acceptance, operational efficiency, and other key business factors. The companies could fail or not be able to raise additional funds when needed, or they may receive lower valuations with less favorable investment terms than previous financings. These events could cause the investments to become impaired. In addition, financial market volatility could negatively affect the ability to realize value in the investments through liquidity events such as initial public offerings, mergers, and private sales.

Investment securities are measured at fair value as determined by the Foundation. The Foundation uses appropriate valuation techniques based on the available inputs.

The Foundation maintains financial assets consisting of cash and cash equivalents on hand to meet 60 days of normal operating expenses as described in Note C of the Audited Financial Statements. This amount is estimated by management based on average past operating expenses.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 31, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

To the Board of Directors of the
Copper Shores Community Health Foundation

This information is intended solely for the use of the Board of Directors of the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Anderson, Tackman & Company, PLC
Certified Public Accountants