

**CAPITAL REGION COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATION**

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

**YEARS ENDED DECEMBER 31, 2025 AND 2024**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the  
Capital Region Community Foundation  
and Supporting Organization

### Opinion

We have audited the accompanying consolidated financial statements of Capital Region Community Foundation and Supporting Organization (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, 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 financial position of Capital Region Community Foundation and Supporting Organization as of December 31, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits 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 Capital Region Community Foundation and Supporting Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Capital Region Community Foundation and Supporting Organization'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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 Capital Region Community Foundation and Supporting Organization'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 Capital Region Community Foundation and Supporting Organization'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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the 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.

Lansing, Michigan  
June 8, 2026

**CAPITAL REGION COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2025 AND 2024**

	2025	2024
<b>ASSETS</b>		
Cash and cash equivalents	\$ 976,751	\$ 1,543,511
Investments	189,263,788	166,510,672
Promises to give, net of allowance for doubtful accounts and discount	96,849	924,434
Deposits and prepaids	17,980	10,786
Property donation - cemetery lots	93,845	93,845
Furniture and equipment, less accumulated depreciation of \$141,309 and \$134,513 in 2025 and 2024, respectively	11,762	17,263
Operating lease right-of-use assets	90,809	198,601
<b>TOTAL ASSETS</b>	<b>\$ 190,551,784</b>	<b>\$ 169,299,112</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 49,590	\$ 63,460
Accrued salaries and related	14,463	39,944
Grants payable	304,724	256,207
Deferred revenue	-	500
Funds held in agency endowments (see Note 1)	20,825,114	17,227,851
Liabilities associated with gift annuities	37,039	38,300
Operating lease liabilities	90,809	198,601
<b>TOTAL LIABILITIES</b>	<b>21,321,739</b>	<b>17,824,863</b>
<b>NET ASSETS</b>		
Without donor restrictions	169,133,196	150,549,815
With donor restrictions	96,849	924,434
<b>TOTAL NET ASSETS</b>	<b>169,230,045</b>	<b>151,474,249</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 190,551,784</b>	<b>\$ 169,299,112</b>

See notes to consolidated financial statements.

**CAPITAL REGION COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025			2024		
	Without Restrictions	With Restrictions	Total	Without Restrictions	With Restrictions	Total
REVENUES, GAINS (LOSSES), AND OTHER SUPPORT						
Contributions of cash and other financial assets	\$ 3,953,889	\$ 136,615	\$ 4,090,504	\$ 11,396,802	\$ 1,706,615	\$ 13,103,417
Contributions of nonfinancial assets	-	-	-	44,541	-	44,541
Investment return, net	24,791,426	-	24,791,426	15,753,351	-	15,753,351
Revenue from agency contributions to endowments	111,068	-	111,068	107,971	-	107,971
Event revenue	50,500	-	50,500	36,500	-	36,500
Change in value of gift annuities	(1,983)	-	(1,983)	5,149	-	5,149
Net assets released from restrictions	964,200	(964,200)	-	1,240,354	(1,240,354)	-
<b>TOTAL REVENUES, GAINS (LOSSES), AND OTHER SUPPORT</b>	<b>29,869,100</b>	<b>(827,585)</b>	<b>29,041,515</b>	<b>28,584,668</b>	<b>466,261</b>	<b>29,050,929</b>
EXPENSES						
Program expenses						
Grant awards	9,763,412	-	9,763,412	5,670,589	-	5,670,589
Other program expenses	851,614	-	851,614	712,238	-	712,238
Supporting services						
Management and general	664,455	-	664,455	598,587	-	598,587
Fundraising	6,238	-	6,238	6,126	-	6,126
<b>TOTAL EXPENSES</b>	<b>11,285,719</b>	<b>-</b>	<b>11,285,719</b>	<b>6,987,540</b>	<b>-</b>	<b>6,987,540</b>
CHANGE IN NET ASSETS	18,583,381	(827,585)	17,755,796	21,597,128	466,261	22,063,389
NET ASSETS						
Beginning of year	150,549,815	924,434	151,474,249	128,952,687	458,173	129,410,860
End of year	<u>\$ 169,133,196</u>	<u>\$ 96,849</u>	<u>\$ 169,230,045</u>	<u>\$ 150,549,815</u>	<u>\$ 924,434</u>	<u>\$ 151,474,249</u>

See notes to consolidated financial statements.

**CAPITAL REGION COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2025**

	Program Services			Management and General	Fundraising	Total
	Grant Awards	Other Program Expenses	Total			
Salaries and benefits	\$ -	\$ 533,534	\$ 533,534	\$ 490,098	\$ 3,801	\$ 1,027,433
Payroll taxes	-	33,829	33,829	31,075	241	65,145
Legal	-	-	-	4,327	-	4,327
Accounting and financial	-	-	-	21,452	-	21,452
Contracted services	-	42,362	42,362	8,613	-	50,975
Occupancy	-	37,776	37,776	34,701	269	72,746
Armory expenses	-	803	803	737	6	1,546
Insurance	-	9,307	9,307	8,549	66	17,922
Dues and subscriptions	-	3,969	3,969	3,969	-	7,938
Postage	-	749	749	688	5	1,442
Supplies and office printing	-	2,321	2,321	2,132	17	4,470
Telephone	-	741	741	683	5	1,429
Travel and parking	-	1,049	1,049	1,049	525	2,623
Computer and technology	-	32,024	32,024	29,135	226	61,385
Office equipment	-	5,977	5,977	5,491	43	11,511
Professional development	-	5,800	5,800	8,701	-	14,501
Meetings	-	3,185	3,185	6,523	-	9,708
Marketing	-	9,103	9,103	-	-	9,103
Fund development	-	4,139	4,139	-	1,034	5,173
Event expense	-	35,439	35,439	-	-	35,439
Depreciation	-	2,827	2,827	3,968	-	6,795
Grants	6,745,482	-	6,745,482	-	-	6,745,482
Leadership grants - Vibrant	3,017,930	-	3,017,930	-	-	3,017,930
Miscellaneous	-	86,680	86,680	2,564	-	89,244
	<u>\$ 9,763,412</u>	<u>\$ 851,614</u>	<u>\$ 10,615,026</u>	<u>\$ 664,455</u>	<u>\$ 6,238</u>	<u>\$ 11,285,719</u>
Percentage of total expenses			<u>94.06%</u>	<u>5.88%</u>	<u>0.06%</u>	<u>100.00%</u>

See notes to consolidated financial statements.

**CAPITAL REGION COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2024**

	Program Services			Management and General	Fundraising	Total
	Grant Awards	Other Program Expenses	Total			
Salaries and benefits	\$ -	\$ 486,873	\$ 486,873	\$ 438,604	\$ 3,557	\$ 929,034
Payroll taxes	-	30,668	30,668	27,627	224	58,519
Legal	-	-	-	2,997	-	2,997
Accounting and financial	-	1,825	1,825	18,792	-	20,617
Contracted services	-	18,114	18,114	8,188	-	26,302
Occupancy	-	35,929	35,929	32,368	263	68,560
Armory expenses	-	1,389	1,389	1,251	10	2,650
Insurance	-	7,886	7,886	8,200	67	16,153
Dues and subscriptions	-	3,809	3,809	3,810	-	7,619
Postage	-	581	581	524	4	1,109
Supplies and office printing	-	3,853	3,853	2,957	24	6,834
Telephone	-	754	754	680	6	1,440
Travel and parking	-	1,854	1,854	1,853	926	4,633
Computer and technology	-	30,537	30,537	27,510	223	58,270
Office equipment	-	5,617	5,617	4,259	35	9,911
Professional development	-	3,833	3,833	4,848	-	8,681
Meetings	-	2,246	2,246	5,253	-	7,499
Marketing	-	16,436	16,436	-	-	16,436
Fund development	-	3,150	3,150	-	787	3,937
Event expense	-	37,106	37,106	-	-	37,106
Depreciation	-	1,464	1,464	4,890	-	6,354
Grants	5,523,687	-	5,523,687	-	-	5,523,687
Leadership grants - Vibrant	146,902	-	146,902	-	-	146,902
Miscellaneous	-	18,314	18,314	3,976	-	22,290
	<u>\$ 5,670,589</u>	<u>\$ 712,238</u>	<u>\$ 6,382,827</u>	<u>\$ 598,587</u>	<u>\$ 6,126</u>	<u>\$ 6,987,540</u>
Percentage of total expenses			<u>91.35%</u>	<u>8.56%</u>	<u>0.09%</u>	<u>100.00%</u>

See notes to consolidated financial statements.

**CAPITAL REGION COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities		
Change in net assets	<u>\$ 17,755,796</u>	<u>\$ 22,063,389</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	6,795	6,354
Change in allowance for doubtful accounts	(25,800)	14,833
Change in discount	(6,615)	(6,615)
Realized (gain) loss on investments	795,444	627,267
Unrealized (gain) loss on investments	(23,275,248)	(13,778,169)
Contributions of nonfinancial assets - cemetery lots	-	(36,002)
Promises to give	879,965	(454,514)
Deposits	(7,194)	4,040
Operating lease right-of-use-assets	107,792	107,792
Accounts payable	(13,870)	52,719
Accrued salaries and related	(25,481)	8,615
Grants payable	49,895	(197,760)
Deferred revenue	(500)	500
Funds held in agency endowments	3,597,263	1,803,663
Annuity payable	(1,261)	(10,443)
Operating lease liabilities	<u>(107,792)</u>	<u>(107,792)</u>
Total adjustments	<u>(18,026,607)</u>	<u>(11,965,512)</u>
Net cash provided (used) by operating activities	<u>(270,811)</u>	<u>10,097,877</u>
Cash flows from investing activities		
Purchase of equipment	(1,295)	(9,523)
Proceeds from sales of investment securities	18,687,018	11,356,405
Purchases of investment securities	<u>(18,981,672)</u>	<u>(20,589,044)</u>
Net cash used by investing activities	<u>(295,949)</u>	<u>(9,242,162)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(566,760)	855,715
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,543,511</u>	<u>687,796</u>
End of year	<u>\$ 976,751</u>	<u>\$ 1,543,511</u>

See notes to consolidated financial statements.

**CAPITAL REGION COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting and Presentation

The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The consolidated financial statements include the accounts of the Foundation and its supporting organization. All significant intercompany accounts and transactions have been eliminated in consolidation.

Net Assets - All Funds Endowed and Nonendowed

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions* - Net assets available for use in general operations and not subject to donor or grantor restrictions. The bylaws of the Foundation include a variance provision that allows the Board of Trustees of the Foundation to vary the use of substantially all contributions received. The Board of Trustees strives to honor a donor's charitable intent, unless in their sole judgment that intent becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community, or area served by the Foundation. Based on this variance provision, substantially all net assets of the Foundation have been classified as without donor restrictions. The following is a summary of the Foundation's internal classification of total net assets without donor restrictions.

	2025	2024
Undesignated funds	\$ 14,128,216	\$ 9,848,921
Field of interest funds	37,883,544	34,460,920
Designated funds	23,742,505	20,800,611
Donor advised funds	22,011,097	20,433,269
Scholarship funds	17,013,441	15,078,432
Agency funds (received from donors)	54,345,893	49,927,662
Special project - The Nest	8,500	-
Net assets without donor restrictions	\$ 169,133,196	\$ 150,549,815

*Net Assets with Donor Restrictions* - Net assets subject to donor (or grantor) imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose has been accomplished (See Note 10).

Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits held in various checking and savings accounts. Cash amounts included in the investment portfolio (see Note 4) are not considered cash and cash equivalents for purposes of the consolidated statements of cash flows.

**CAPITAL REGION COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Investments

The Foundation carries investments at their fair values in the consolidated statements of financial position. Net investment return or loss is included in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expense.

Promises to Give

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions with donor-imposed time or purpose restrictions are reported as with donor restrictions. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as without donor restrictions.

Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At December 31, 2025 and 2024, the allowance for doubtful accounts was \$3,200 and \$29,000, respectively.

Furniture and Equipment

Furniture and equipment in excess of \$1,000 are stated at cost, if purchased, or at estimated fair value at date of donation. Depreciation is computed on the straight-line method and is based on expected useful lives ranging from three to seven years.

Leases

The Foundation determines whether an arrangement is or contains a lease at inception. On the commencement date, operating leases are recorded as operating lease right-of-use (ROU) assets in the consolidated statement of financial position while finance leases are recorded as finance lease ROU assets. Lease liabilities represent the Foundation's contractual obligation to make lease payments over the lease term.

The lease liability is measured as the present value of the lease payment over the lease term using either the rate implicit in the lease, if it is determinable, or a risk-free rate if the implicit rate is not determinable. Operating ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs and prepayments of rent, less any unamortized lease incentives. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense is recognized on a straight-line basis over the lease term. The Foundation has elected to not recognize a ROU asset and lease liability for leases with an initial term of 12 months or less but includes the expenses associated with short term leases in the consolidated statements of activities.

Funds Held in Agency Endowments

In accordance with generally accepted accounting standards, the Foundation records a liability on the consolidated statement of financial position for funds received from the agency for its endowment. Distributions from Agency endowments are restricted to the Agency, and are subject to the current spending policies of the Foundation.

**CAPITAL REGION COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Annuity Payable

From time to time, the Foundation receives charitable gift annuities. Charitable gift annuities provide for periodic payments during the donor's lifetime. Upon the donor's death, the remaining assets are to be available to the Foundation. Liabilities are recorded for the present value of the amounts expected to be paid to the donor or specified beneficiary over the term of the agreement. The interest rates used to calculate the present value of this liability range from 1.2% to 7.6%, based on the year the annuity was established.

Contribution Revenue

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

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

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

Donated materials are recorded as contributions at their fair value at their date of donation. The Foundation reports the donations as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying consolidated financial statements because no objective basis is available to measure the value of such services.

The Foundation recognized contributed nonfinancial assets within assets and revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Contributed cemetery lots recognized were utilized for the operation of the Foundation and its beneficiaries. In valuing the cemetery lots, the Foundation estimated the fair value of the contributions on the basis of estimates of values that would be received for selling similar products.

Functional Classification of Expenses

The Foundation reports its expenses on the consolidated statement of activities into functional classifications based on direct identification, time (for salaries) and floor space studies. Each category is defined as follows:

*Grant Awards*

Grant awards (contributions to others) are recorded as expenses when they are approved by the Board of Trustees or their designees. Grant awards are presented in the financial statements net of grant refunds.

**CAPITAL REGION COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Functional Classification of Expenses (continued)

*Other Program Expenses*

Program expenses include grant awards as well as administrative expenses for fund management and awarding and monitoring grant expense and for charitable purposes that are not classified as grant awards, including education of the community. Program expenses include the contributed nonfinancial assets and other expenses incurred by such programs as the Youth Action Committee, placemaking projects, and nonprofit consulting on capacity building.

*Management and General*

Management and general expenses include those expenses associated with the administration and management of the Foundation.

*Fundraising*

Fundraising expenses include expenses incurred by soliciting donations for leadership projects (such as parks) or for general purposes (such as the annual appeal letter). Fundraising does not include working with donors to establish funds.

**NOTE 2 - NATURE OF ORGANIZATION, RISKS, AND UNCERTAINTIES**

Capital Region Community Foundation (the Foundation) is a nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and as a nonprivate foundation under Section 509(a)(1) of the Internal Revenue Code of 1986. Therefore, the Foundation is currently exempt from federal income tax on related activities. The Foundation is responsible for charitable funds and the income generated by funds of many donors. In June 2018, Vibrant Communities LLC was formed as a wholly owned subsidiary of the Foundation to manage riverfront development projects or any similar projects in the future.

The mission of the Capital Region Community Foundation (the Foundation) is to lead philanthropic solutions that build vibrant communities in Ingham, Eaton, and Clinton counties.

The Foundation is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Foundation to credit risk consist principally of cash and investments. The Foundation's cash is deposited with FDIC insured financial institutions. Although such cash balances exceeded the federally insured limits at certain times during the year and at year-end, they are, in the opinion of management, subject to minimal risk. Credit risk with respect to investments is limited because of the wide variety of companies and industries.

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

**CAPITAL REGION COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

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

The Foundation evaluates events and transactions that occur after year end for potential recognition or disclosure in the consolidated financial statements. These subsequent events have been considered through June 8, 2026, which is the date the consolidated financial statements were available to be issued.

The Foundation invests in various investment securities. Investment securities are exposed 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 investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated financial statements.

**NOTE 3 - LIQUIDITY AND AVAILABILITY**

The Foundation's primary source of operating revenue is derived from fees on funds. The remainder of revenue is funded by other miscellaneous income without donor restrictions. Fees service the Foundation's programs, operations, administrative, and general expenses necessary to facilitate the Foundation's objectives.

The Foundation's board meets to review the grants awarded and the board investment committee strives to maximize the investment of its available funds. The general investment objective for the Foundation is to generate sufficient long-term growth of capital without undue exposure to risk, to provide a sustainable level of spending distributions, as well as enhance the purchasing power of the investments. The Foundation strives to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenses for administrative, general, and fundraising expenses plus an amount that represents expected grant commitments.

The table below presents financial assets available to meet general expenditures within one year at December 31, in the format required by ASU 2016-14:

	2025	2024
Cash and cash equivalents	\$ 976,751	\$ 1,543,511
Investments	189,263,788	166,510,672
Promises to give	96,849	924,434
Total financial assets at year-end	190,337,388	168,978,617
Less funds held in agency endowments	(20,825,114)	(17,227,851)
Less donor-imposed restricted resources	(96,849)	(924,434)
Less nonendowed donor advised funds	(9,332,965)	(8,724,842)
Less board designated endowment funds	(158,558,606)	(140,688,300)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,523,854	\$ 1,413,190

**CAPITAL REGION COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 4 - INVESTMENTS**

The following table summarizes the cost basis and fair value (carrying value) of investments as of December 31.

	2025		2024	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 1,077,673	\$ 1,077,673	\$ 279,329	\$ 279,329
Certificate of deposits	613,436	613,436	590,355	590,355
Mutual funds - equities	108,771,373	154,576,612	80,315,153	114,008,581
Mutual funds - fixed income	25,941,120	32,996,067	44,678,469	44,589,658
<b>Total</b>	<b>\$ 136,403,602</b>	<b>\$ 189,263,788</b>	<b>\$ 125,863,306</b>	<b>\$ 166,510,672</b>

At December 31, individual investments representing more than 5% of total investments were as follows:

	2025	2024
Vanguard Total Stock Market Fund	\$ 77,423,868	\$ 68,550,353
Doubleline Core Fixed	10,165,707	9,647,819
Vanguard FTSE All-World Ex-US Index Fund	14,872,652	12,183,192
Vanguard Total Bond Market Index Fund	10,125,226	9,642,193
T Rowe Price Overseas	11,022,504	9,111,879

Included in the above investment amounts are \$20,825,114 and \$17,227,851 as of December 31, 2025 and 2024, respectively, of funds held as agency endowments.

Investment return (loss), net for the years ended December 31 consists of the following:

	2025	2024
Interest, dividends and distributions	\$ 5,320,148	\$ 4,540,693
Investment fees	(49,138)	(47,787)
Realized gain (loss) on sales of investments	(795,444)	(627,267)
Unrealized gain (loss) on investments	23,275,248	13,778,169
	27,750,814	17,643,808
Allocated to agency endowments	(2,959,388)	(1,890,457)
<b>Investment return (loss), net</b>	<b>\$ 24,791,426</b>	<b>\$ 15,753,351</b>

**CAPITAL REGION COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 5 - FAIR VALUE MEASUREMENTS**

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

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Foundation's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2025 and 2024.

- *Mutual Funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the plan are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the plan are deemed to be actively traded.
- *Real Estate Investment Trust:* Valued using the market approach based primarily on current appraised values and other market information for similar property.

The following is a market value summary by the level of the inputs used, as of December 31, 2025 and 2024, in evaluating the Foundation's assets carried at fair value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

December 31, 2025	Level 1	Level 2	Level 3	Total
Assets				
Mutual funds				
Equities	\$ 154,576,612	\$ -	\$ -	\$ 154,576,612
Fixed income	32,996,067	-	-	32,996,067
Total assets in the fair value hierarchy	<u>\$ 187,572,679</u>	<u>\$ -</u>	<u>\$ -</u>	187,572,679
Money market funds (recorded at cost)				1,077,673
Certificates of deposit (recorded at cost)				<u>613,436</u>
Total investments				<u>\$ 189,263,788</u>

**CAPITAL REGION COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 5 - FAIR VALUE MEASUREMENTS (continued)**

December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Mutual funds				
Equities	\$ 114,008,581	\$ -	\$ -	\$ 114,008,581
Fixed income	44,589,658	-	-	44,589,658
Real estate investment trust	-	7,042,749	-	7,042,749
Total assets in the fair value hierarchy	<u>\$ 158,598,239</u>	<u>\$ 7,042,749</u>	<u>\$ -</u>	165,640,988
Money market funds (recorded at cost)				279,329
Certificates of deposit (recorded at cost)				<u>590,355</u>
Total investments				<u>\$ 166,510,672</u>

**NOTE 6 - PROMISES TO GIVE**

Unconditional promises to give consist of the following at December 31:

	2025	2024
Unconditional promises to give before unamortized discounts and allowance for uncollectibles	\$ 106,664	\$ 966,664
Less allowance for doubtful accounts	(3,200)	(29,000)
Less unamortized discount	<u>(6,615)</u>	<u>(13,230)</u>
Net unconditional promises to give	<u>\$ 96,849</u>	<u>\$ 924,434</u>
Amounts due in:		
Less than one year	\$ 76,112	\$ 880,556
One to five years	<u>30,552</u>	<u>86,108</u>
Total	<u>\$ 106,664</u>	<u>\$ 966,664</u>

Discount rate was 5% in 2025 and 2024.

**NOTE 7 - RETIREMENT PLAN**

The Foundation has established a Simplified Employee Pension (SEP) Plan. All full-time employees with one year of service are eligible to participate in the plan. During 2025 and 2024, the Foundation contributed approximately \$43,600 and \$44,300, respectively, to the plan.

**CAPITAL REGION COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 8 - LEASE COMMITMENT**

The Foundation has entered into a lease agreement for office space, including a Community Meeting Room.

The Community Room rental payments will be made through a grant from the Foundation and will be used as a meeting place that may be utilized by other like-minded nonprofit organizations.

Rent expense for 2025 and 2024 amounted to approximately \$107,800 and \$108,500, respectively.

Future minimum lease payments required under operational leases that have initial or remaining non-cancelable lease terms in excess of one year at December 31, 2025, are as follows:

<u>Year Ending December 31,</u>	
2026	<u>\$ 98,809</u>
Less present value discount	<u>(8,000)</u>
Total lease liabilities	<u><u>\$ 90,809</u></u>

In June 2025, the Foundation entered into a letter of intent with the Gillespie Group to lease the third floor of the Armory building for three years, effective, November 1, 2026.

**NOTE 9 - BOARD DESIGNATED ENDOWMENTS**

The Foundation's unrestricted net assets include designated endowments that would be classified as donor-restricted endowments except that the Foundation has variance power over these assets. Therefore, the Foundation treats these funds as designated endowments and they are classified and reported based on the existence or absence of donor-restrictions.

Interpretation of Relevant Law

The Foundation has interpreted the principles of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as: (a) assets will be invested prudently in diversified investments that seek growth, as well as income; and (b) appreciation of assets could prudently be spent for the purposes of any endowment fund held by the charitable institution. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate designated endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Foundation and the designated 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 Foundation.
7. The investment policies of the Foundation.

**CAPITAL REGION COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 9 - BOARD DESIGNATED ENDOWMENTS (continued)**

Endowment Funds and Changes Therein

The Foundation maintained the following endowment funds as of December 31:

	2025	2024
Board designated endowments		
Unrestricted funds	\$ 12,886,591	\$ 8,712,248
Field of interest funds	37,883,544	34,460,920
Designated funds	23,742,505	20,800,611
Donor advised funds	12,678,132	11,708,427
Scholarship funds	17,013,441	15,078,432
Agency funds (received from donors)	54,345,893	49,927,662
Special project - The Nest	8,500	-
	<u>158,558,606</u>	<u>140,688,300</u>
Nonendowed donor advised funds	9,332,965	8,724,842
Undesignated net assets	<u>1,241,625</u>	<u>1,136,673</u>
	<u>10,574,590</u>	<u>9,861,515</u>
Net assets without donor restrictions	<u>\$ 169,133,196</u>	<u>\$ 150,549,815</u>

The annual changes in the endowment funds is not significantly different from the consolidated statements of activities for the years ended December 31, 2025 and 2024.

Return Objectives and Risk Parameters

The Foundation's investment and spending policies for endowment assets attempt to provide a predictable stream of funding to programs supported. The spending policy should allow for predictability of spendable fund for budgeting purposes and for steady growth in distributions in support of operations at least equal to the rate of inflation, without endangering the capital value of the fund.

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 of equity securities, fixed income funds, and alternative investments with performance benchmarks on each asset class.

**CAPITAL REGION COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 9 - BOARD DESIGNATED ENDOWMENTS (continued)**

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a spending policy which shall allow for maximum annual distributions equal to 5% of a twelve-quarter rolling average of fund balances. In establishing this policy, the Foundation considered the long-term expected return on its investments. Accordingly, the Foundation expects the current spending policy to allow its net assets to grow over time. This is consistent with the Foundation's objective to maintain the purchasing power of the investments and net assets, as well as to provide additional real growth through new gifts and investment return.

**NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31 are available for the following:

	2025	2024
Subject to passage of time		
Promises to give	\$ 96,849	\$ 924,434

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time specified by the donor for the years ended December 31 as follows:

	2025	2024
Subject to the passage of time		
Promises to give	\$ 964,200	\$ 1,240,354

**NOTE 11 - RELATED PARTY TRANSACTIONS**

Board members of the Foundation are employed at organizations that provide professional services to the Foundation from time to time. These organizations were paid \$15,725, and \$0 for such services in 2025 and 2024.

Furthermore, various board members of the Foundation are employed by organizations that may receive support and scholarships from the Foundation. Board members recuse themselves from voting in any instance that involves their organization of employment. Also, board members and their employers may make contributions to the Foundation on a regular basis.

## **SUPPLEMENTARY INFORMATION**

**CAPITAL REGION COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2025**  
**(with comparative totals for December 31, 2024)**

	Capital Region Community Foundation	Vibrant Communities LLC	Eliminations	Total 2025	Total 2024
<b>ASSETS</b>					
Cash and cash equivalents	\$ 976,751	\$ -	\$ -	\$ 976,751	\$ 1,543,511
Investments	188,675,923	587,865	-	189,263,788	166,510,672
Promises to give, net of allowance for doubtful accounts and discount	96,849	-	-	96,849	924,434
Deposits and prepaids	17,980	-	-	17,980	10,786
Property donation - cemetery lots	93,845	-	-	93,845	93,845
Furniture and equipment, less accumulated depreciation of \$141,309 and \$134,513 in 2025 and 2024, respectively	11,762	-	-	11,762	17,263
Operating lease right-of-use assets	90,809	-	-	90,809	198,601
<b>TOTAL ASSETS</b>	<b>\$ 189,963,919</b>	<b>\$ 587,865</b>	<b>\$ -</b>	<b>\$ 190,551,784</b>	<b>\$ 169,299,112</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 49,590	\$ -	\$ -	\$ 49,590	\$ 63,460
Accrued salaries and related	14,463	-	-	14,463	39,944
Grants payable	304,724	-	-	304,724	256,207
Deferred revenue	-	-	-	-	500
Funds held in agency endowments	20,825,114	-	-	20,825,114	17,227,851
Liabilities associated with gift annuities	37,039	-	-	37,039	38,300
Operating lease liabilities	90,809	-	-	90,809	198,601
<b>TOTAL LIABILITIES</b>	<b>21,321,739</b>	<b>-</b>	<b>-</b>	<b>21,321,739</b>	<b>17,824,863</b>
<b>NET ASSETS</b>					
Without donor restrictions	168,545,331	587,865	-	169,133,196	150,549,815
With donor restrictions	96,849	-	-	96,849	924,434
<b>TOTAL NET ASSETS</b>	<b>168,642,180</b>	<b>587,865</b>	<b>-</b>	<b>169,230,045</b>	<b>151,474,249</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 189,963,919</b>	<b>\$ 587,865</b>	<b>\$ -</b>	<b>\$ 190,551,784</b>	<b>\$ 169,299,112</b>

**CAPITAL REGION COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATION  
CONSOLIDATING STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2025  
(with comparative totals for the year ended December 31, 2024)**

	Capital Region Community Foundation	Vibrant Communities LLC	Eliminations	Total 2025	Total 2024
<b>REVENUES, GAINS (LOSSES), AND OTHER SUPPORT</b>					
Contributions of cash and other financial assets	\$ 1,240,504	\$ 2,850,000	\$ -	\$ 4,090,504	\$ 13,103,417
Contributions of nonfinancial assets	-	-	-	-	44,541
Investment return, net	24,789,324	2,102	-	24,791,426	15,753,351
Revenue from agency contributions to endowments	111,068	-	-	111,068	107,971
Event revenue	50,500	-	-	50,500	36,500
Change in value of gift annuities	(1,983)	-	-	(1,983)	5,149
<b>TOTAL REVENUES, GAINS (LOSSES) AND OTHER SUPPORT</b>	<b>26,189,413</b>	<b>2,852,102</b>	<b>-</b>	<b>29,041,515</b>	<b>29,050,929</b>
<b>EXPENSES</b>					
Program expenses					
Grant awards	7,094,018	2,669,394	-	9,763,412	5,670,589
Other program expenses	851,614	-	-	851,614	712,238
Supporting services					
Management and general	664,381	74	-	664,455	598,587
Fundraising	6,238	-	-	6,238	6,126
<b>TOTAL EXPENSES</b>	<b>8,616,251</b>	<b>2,669,468</b>	<b>-</b>	<b>11,285,719</b>	<b>6,987,540</b>
<b>CHANGE IN NET ASSETS</b>	<b>17,573,162</b>	<b>182,634</b>	<b>-</b>	<b>17,755,796</b>	<b>22,063,389</b>
<b>NET ASSETS</b>					
Beginning of year	151,069,018	405,231	-	151,474,249	129,410,860
End of year	<b>\$ 168,642,180</b>	<b>\$ 587,865</b>	<b>\$ -</b>	<b>\$ 169,230,045</b>	<b>\$ 151,474,249</b>