

Marquette Community Foundation
Audited Financial Statements
December 31, 2010 and 2009

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Independent Auditor's Report

Board of Trustees
Marquette Community Foundation
Marquette, MI 49855

We have audited the accompanying statements of financial position of the Marquette Community Foundation (a non-profit organization) as of December 31, 2010 and 2009, and the related statements of activities, statement of functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Marquette Community Foundation as of December 31, 2010 and 2009, and the changes in its net assets, statement of functional expenses, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

September 7, 2011

MARQUETTE COMMUNITY FOUNDATION
Statement of Financial Position
December 31, 2010 and 2009

	December 31	
	2010	2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 110,382	\$ 162,098
Investment securities	9,689,513	8,501,378
Cash surrender value of life insurance	262,470	226,936
Pledges receivable- current portion	350	3,950
TOTAL CURRENT ASSETS	10,062,715	8,894,362
NON-CURRENT ASSETS:		
PLEDGES RECEIVABLE, less current portion	200	300
TOTAL CURRENT ASSETS	200	300
TOTAL ASSETS	\$ 10,062,915	\$ 8,894,662
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 6,678	\$ 1,690
Grants payable	3,397	8,597
TOTAL CURRENT LIABILITIES	10,075	10,287
NET ASSETS:		
Unrestricted	7,325,116	6,781,340
Temporarily restricted net assets	2,727,724	2,103,035
TOTAL NET ASSETS	10,052,840	8,884,375
TOTAL LIABILITIES AND NET ASSETS	\$ 10,062,915	\$ 8,894,662

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

MARQUETTE COMMUNITY FOUNDATION
Statement of Activities

For the years ended December 31, 2010 and 2009

	December 31					
	2010	2009				
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CHANGES IN NET ASSETS:						
Revenues and support:						
Contributions	\$ 233,261	\$ 577,505	\$ 810,766	\$ 167,913	\$ 51,500	\$ 219,413
Income on investments	269,468	84,256	353,724	240,263	74,688	314,951
Investment return	358,407	112,030	470,437	1,151,430	357,783	1,509,213
Other revenue	35,533	-	35,533	-	-	-
Net assets released from restrictions	149,102	(149,102)	-	56,797	(56,797)	-
TOTAL REVENUES AND SUPPORT	<u>1,045,771</u>	<u>624,689</u>	<u>1,670,460</u>	<u>1,616,403</u>	<u>427,174</u>	<u>2,043,577</u>
EXPENSES:						
Program services	365,657	-	365,657	260,289	-	260,289
Administration	99,078	-	99,078	52,576	-	52,576
Fundraising	37,260	-	37,260	39,649	-	39,649
TOTAL EXPENSES	<u>501,995</u>	<u>-</u>	<u>501,995</u>	<u>352,514</u>	<u>-</u>	<u>352,514</u>
INCREASE (DECREASE) IN NET ASSETS	543,776	624,689	1,168,465	1,263,889	427,174	1,691,063
Net assets beginning of year	<u>6,781,340</u>	<u>2,103,035</u>	<u>8,884,375</u>	<u>5,517,451</u>	<u>1,675,861</u>	<u>7,193,312</u>
NET ASSETS END OF YEAR	<u>\$ 7,325,116</u>	<u>\$ 2,727,724</u>	<u>\$ 10,052,840</u>	<u>\$ 6,781,340</u>	<u>\$ 2,103,035</u>	<u>\$ 8,884,375</u>

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

MARQUETTE COMMUNITY FOUNDATION
Statement of Cash Flows
For the years ended December 31, 2010 and 2009

	December 31	
	2010	2009
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in net assets	\$ 1,168,465	\$ 1,691,063
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in contributions receivable	3,700	11,780
(Increase) decrease in cash surrender value of life insurance	(35,534)	-
Investment return (gain) loss	(470,437)	(1,509,213)
Increase (decrease) in accounts payable	4,988	(169)
Increase (decrease) in grants payable	(5,200)	7,097
NET CASH PROVIDED BY OPERATING ACTIVITIES	665,982	200,558
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net book value of assets disposals	-	-
Proceeds from sale of investments	2,515,673	1,473,684
Purchase of investments	(3,233,370)	(1,767,811)
NET CASH USED BY INVESTING ACTIVITIES	(717,697)	(294,127)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(51,715)	(93,569)
Cash and cash equivalents at beginning of year	162,097	255,666
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 110,382	\$ 162,097
NON CASH ACTIVITIES:		
Donation of marketable securities	\$ 9,280	\$ 5,695
Loss on Share Bank Stock deemed worthless	225,000	-
NET NON CASH ACTIVITIES	\$ 234,280	\$ 5,695

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

MARQUETTE COMMUNITY FOUNDATION
Statement of Functional Expenses
For the years ended December 31, 2010 and 2009

	2010			2009			
	Program	Administrative	Fundraising	Program	Administrative	Fundraising	Total
Grants voted	\$ 247,275	\$ -	\$ -	\$ 150,938	\$ -	\$ -	\$ 150,938
Salaries	41,043	20,607	28,540	45,288	4,080	30,000	79,368
FICA- Employer	2,048	1,047	1,457	3,466	304	2,311	6,081
Unemployment Insurance	190	97	135	2,511	220	1,674	4,405
Employee Health Benefits	2,800	1,431	1,991	1,236	109	825	2,170
Accounting services	-	5,661	-	-	2,749	-	2,749
Legal services	-	35	-	-	98	-	98
Office supplies	-	14,348	-	-	9,126	-	9,126
Telephone	-	2,636	-	-	2,221	-	2,221
Postage and shipping	-	2,803	-	-	1,845	-	1,845
Occupancy	-	6,046	-	-	5,500	-	5,500
Equipment rental and maintenance	-	3,814	-	-	500	-	500
Annual report	-	173	-	-	2,292	-	2,292
Donor newsletter	-	-	5,137	-	-	1,531	1,531
Travel	-	10,056	-	-	6,996	-	6,996
Meetings and special events	-	8,108	-	-	6,256	-	6,256
Capital outlay	-	1,796	-	-	1,908	-	1,908
Dues, fees, and registration	-	8,726	-	-	5,626	-	5,626
Training and classes	-	8,997	-	-	399	-	399
Insurance	24,000	2,193	-	24,000	2,293	-	26,293
Fund Raising Expense	-	-	-	-	-	3,308	3,308
Investment custodial fees	34,146	-	-	28,850	-	-	28,850
Consulting services	-	-	-	-	-	-	-
Utilities	-	504	-	-	54	-	54
YAC Expense	10,245	-	-	-	-	-	-
Miscellaneous expense	3,910	-	-	4,000	-	-	4,000
TOTAL EXPENSES	\$ 365,657	\$ 99,078	\$ 37,260	\$ 260,289	\$ 52,576	\$ 39,649	\$ 352,514

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

MARQUETTE COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

The Marquette Community Foundation (MCF) is a non-profit organization, which seeks to provide a means by which individuals can join together to create an endowment. Through sound management the Foundation will provide sufficient income to support charitable activities within the Marquette area. The Foundation seeks to enhance the quality of life in the greater Marquette area by improving the educational, cultural, recreational, environmental and social welfare resources of the area and developing youth for community leadership.

Basis of Presentation

Financial statement presentation follows the provisions of Accounting Standards Codification FASB (ASC) 958-205-45-2. In accordance with FASB ASC 958-205-45-2, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

All fund agreements held with the Marquette Community Foundation contain a "variance statement". This statement is in place to authorize the Foundations Board of Trustees ultimate authority over the distribution of funds to insure the intent of the funds can be honored over time. Because the Foundation holds variance power, from an accounting perspective, all funds are classified as unrestricted.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The financial statements are prepared in accordance with the specialized requirements of FASB ASC 958-605-45-3 Contributions Received; FASB ASC 958-205-45-2 Presentation of Financial Statements; and FASB ASC 958-320-45-2 Reporting Investment Gains, Losses, and Income.

Cash and Cash Equivalents

Cash and cash equivalents consist of checking accounts and money market funds, which are carried at cost which approximated fair value. The Foundation maintains demand deposits in banks, and in the normal course of business, amounts may exceed federal insured limits. Management believes the Foundation is not exposed to any significant interest rate or other financial risk on these deposits.

Investments

Investments are carried at fair value, using quoted market prices. Net realized gains and losses and unrealized increases or decreases resulting from changes in the market value of investments are included in the statement of activities. The realized gain or loss on the sale of investments is the difference between the proceeds received and the cost of specific investments sold.

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued):

Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Grants Payable

Grants are recognized as an expense when approved by the governing board of the MCF and its supporting organizations if unconditional, or when the related conditions are met by the recipient, if conditional. Grants payable recorded in the accompanying statements of financial position are generally expected to be paid within one year.

Net Asset Classifications

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

Unrestricted Net Assets – Consist of contributed assets that have not been restricted as to use by donors. Certain of these assets may be designated by the governing board of the MCF and its supporting organizations to be used for a specific purpose.

Temporarily Restricted Net Assets – Consist of contributed assets for which the use by the MCF and its supporting organizations has been limited by donors for a specific time period or purpose.

Permanently Restricted Net Assets – Consist of contributions with donor-imposed restrictions that do not expire and that allow, in certain cases, only the income earned thereon to be expended.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

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 the date of the accompanying independent auditor's report, which is the date the financial statements were available to be issued.

NOTE B – INCOME TAXES:

The Foundation is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code. It has been classified as an organization other than a private foundation under Section 509 (a) (2). Accordingly, no provision has been made for income taxes in the accompanying financial statements.

NOTE C – INVESTMENTS:

The cost, market value and unrealized appreciation (depreciation) of investment securities as of December 31, 2010 and 2009 are as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
December 31, 2010			
Cash and cash equivalents	\$ 142,443	\$ 142,443	\$ -
Preferred stock	225,000	-	(225,000)
Mutual funds	5,495,476	5,692,884	197,408
Index funds and other assets	4,106,657	3,854,186	(252,471)
Total Investments	<u>\$ 9,969,576</u>	<u>\$ 9,689,513</u>	<u>\$ (280,063)</u>
December 31, 2009			
Cash and cash equivalents	\$ 106,987	\$ 106,987	\$ -
Preferred stock	225,000	225,000	-
Mutual funds	4,287,884	4,106,896	(180,988)
Index funds and other assets	5,240,540	4,062,495	(1,178,045)
Total Investments	<u>\$ 9,860,411</u>	<u>\$ 8,501,378</u>	<u>\$ (1,359,033)</u>

During the year an investment in the Preferred Stock of ShoreBank was found to be worthless. This created a loss of \$225,000 in 2010.

The schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2010 and 2009:

	Unrestricted	Temporarily Restricted	Total
December 31, 2010			
Income on investments:			
Dividends and interest	\$ 269,468	\$ 84,256	\$ 353,724
Investment Return			
Realized gain (loss) on investments	14	4	18
Unrealized gain (loss) on investments	583,393	112,026	695,419
Investment deemed worthless	(225,000)	-	(225,000)
Total Investment Return	<u>\$ 358,407</u>	<u>\$ 112,030</u>	<u>\$ 470,437</u>
December 31, 2009			
Income on investments:			
Dividends and interest	\$ 240,263	\$ 74,688	\$ 314,951
Investment Return			
Unrealized gain (loss) on investments	1,151,430	357,783	1,509,213
Total Investment Return	<u>\$ 1,151,430</u>	<u>\$ 357,783</u>	<u>\$ 1,509,213</u>

NOTE D – FAIR VALUE:

The Foundation utilizes fair value measurements to record fair value adjustments to its investment securities and to determine fair value disclosures. These assets are recorded at fair value on a recurring basis.

The Foundation groups its investments at fair value into three levels (termed the *fair value hierarchy*), based on the markets in which the investments are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets. Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange, U.S. Treasury securities that are traded by dealers or brokers in active over-the-counter markets, and money market funds. All the Foundations investments are securities classified as Level 1.

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market. The Organization holds no securities classified as Level 2.

Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. The Foundation holds no investments classified as Level 3.

NOTE E – PLEDGES RECEIVABLE:

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. No provision has been made for uncollectible unconditional promises receivable because in management's judgment, all material amounts will be collected. Unconditional promises to give consist of unrestricted promises due in:

2011	\$350
2012	100
2013-2015	100
	<hr/>
	\$ 550

NOTE F – CASH SURRENDER VALUE LIFE INSURANCE:

The Foundation is the beneficiary for a number of life insurance policies that have been donated to them. The total cash surrender value as of December 31, 2010 is \$262,470 and is recorded as an asset.

One of these policies was donated during 1998 to establish a scholarship fund and has a face value of \$1,000,000. When the premium payments plus the investment value in the contract cause the cash value of the policy to exceed \$1,050,000, the Foundation may consider the Fund mature and initiate the distribution of scholarships. Otherwise, the fund will be considered matured within twenty months of the donor's death.

NOTE G – ENDOWMENT FUNDS:

The Foundations endowment includes nine (9) individual funds that are temporarily restricted. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed purpose or time restrictions.

The changes in Endowment Net Assets for the year ended December 31, 2010 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$6,785,338	\$2,103,035	\$ -	\$8,888,373
Interest and dividends, net of investment expense	269,468	84,256	-	353,724
Net appreciation	358,407	112,030	-	470,437
Contributions	233,261	577,505	-	810,766
Amounts appropriated for expenditure	(356,893)	(149,102)	-	(505,995)
Other changes	35,535	-	-	35,535
Change in Endowment Net Assets	<u>539,778</u>	<u>624,689</u>	<u>-</u>	<u>1,164,467</u>
Endowment Net Assets, End of Year	<u>\$7,325,116</u>	<u>\$2,727,724</u>	<u>\$ -</u>	<u>\$10,052,840</u>

The changes in Endowment Net Asset Composition by Type of Fund for the year ended December 31, 2009 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor designated Endowment Funds	\$ -	\$2,727,724	\$ -	\$2,727,724
Other Endowment Funds:				
Undesignated	7,325,116	-	-	7,325,116
Total Endowment Funds	<u>\$7,325,116</u>	<u>\$2,727,724</u>	<u>\$ -</u>	<u>\$10,052,840</u>

Return Objectives and Risk Parameters

The MCF 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. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that meet or exceed a bench mark that includes the S&P 500, 400, and 600, EAFE and Barclays Aggregate Bond Index.

Strategies Employed for Achieving Objectives

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

NOTE G – ENDOWMENT FUNDS (Continued):*Spending Policy and How the Investment Objectives Relate to Spending Policy*

The MCF has a policy of appropriating for distribution each year up to 5 percent of its endowment fund's fair value over the prior 20 quarters through September 30 of the preceding fiscal year in which the distribution is planned. In establishing this policy, the MCF considered the long-term expected return on its endowment.

NOTE H – RESTRICTED NET ASSETS:

Temporarily restricted net assets as of December 31, 2010 and 2009 consist of the following:

	2010	2009
Purpose Restrictions:		
Livable Community Partners for Marquette	\$638	\$638
Huron Mountain Club	61,790	78,129
Sister City Japan	1,925	-
Presque Isle Park Improvements	415	-
Gift City Program	1,000	-
Paul F. Blewett Legacy Fund B	358,663	-
Paul F. Blewett Legacy Fund C	182,480	-
Teaching Family Homes	600	-
Time Restriction:		
Excellence in Education Endowment	2,120,213	2,024,268
TEMPORARILY RESTRICTED NET ASSETS	\$ 2,727,724	\$ 2,103,035

NOTE I – LEASE:

The Foundation was committed under certain operating leases for office space during the year. The current office lease calls for payments of \$500 on a month-to-month basis plus additional miscellaneous items. Total lease rentals amounted to \$6,046 in 2010 and \$5,500 in 2009.

NOTE J – FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and supporting services benefited.

NOTE K – DONATED EQUIPMENT AND SERVICES:

A number of unpaid volunteers have made significant contributions of their time to develop the Foundation's programs. The value of this contributed time is not reflected in these statements, since it is not susceptible to objective measurement of valuation. Also, such services would not have been procured if not provided by donation.

Various donors have donated a significant amount of office furniture and equipment to the Foundation. The values of these donations have not been reflected in these statements, since they are not susceptible to objective measure of valuation as of the date of donation.

NOTE L – CONCENTRATION OF RISK:

At year end, the carrying amount of cash was \$110,382 and the bank balance was \$130,353. Of the bank balance, \$130,353 was fully covered by the Federal Deposit Insurance Company (FDIC).

COMMUNICATIONS SECTION



ANDERSON, TACKMAN & COMPANY, PLC

Certified Public Accountants

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Marquette Community Foundation
December 31, 2010
Report to Management Letter

Board of Trustees
Marquette Community Foundation
P.O. Box 37
Marquette, MI 49855

In planning and performing our audit of the financial statements of Marquette Community Foundation as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered Marquette Community Foundation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 controls.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in Marquette Community Foundation's internal control to be significant deficiencies:

10-01 Organization Size and Segregation of Duties (REPEAT)

Condition/Criteria: The accounting staff of Marquette Community Foundation is small, which does not allow for proper segregation of duties.

Effect: Because of the limited staff, there is an increased chance that misstatements in financial statements would not be prevented or detected on a timely basis.

Board of Trustees
Marquette Community Foundation
Marquette, MI 49855

Cause of Condition: The size of the organization's accounting staff precludes certain internal design controls that would be preferred if the office staffs were large enough to provide optimum segregation of duties.

Recommendation: Smaller organizations, due to limited resources, are generally more sensitive to the cost of implementing these design controls and often have compensating controls to partially mitigate this deficiency. These controls can take on the form of reviewing major account reconciliations, involvement in certain cycles of operation, and financial oversight of the Organization's financial affairs.

Management Response: Management concurs.

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

Anderson Tackman & Company, PLLC
Certified Public Accountants

September 7, 2011



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Marquette Community Foundation
Communication with Those Charged with Governance
For the Year Ended December 31, 2010

September 7, 2011

Marquette Community Foundation
Board of Trustees
Marquette, Michigan 49855

We have audited the financial statements of Marquette Community Foundation for the year ended December 31, 2010, and have issued our report thereon dated September 7, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), 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 June 1, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Marquette Community Foundation are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by the Organization 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.

Difficulties Encountered in Performing the Audit

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

Marquette Community Foundation
Board of Trustees
Marquette, Michigan 49855

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are 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, professional standards define a disagreement with management as 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 September 7, 2011.

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 Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of board of directors and management of Marquette Community Foundation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Anderson, Tackman & Company, PLLC
Certified Public Accountants