

**COMMUNITY FOUNDATION OF  
RANDOLPH COUNTY, INC.  
(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.  
(A NONPROFIT ORGANIZATION)**

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**YEARS ENDED DECEMBER 31, 2019 AND 2018**

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**BRADY WARE**  
& SCHOENFELD

## INDEPENDENT AUDITORS' REPORT

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Board of Directors  
**Community Foundation of Randolph County, Inc.**  
Winchester, Indiana

We have audited the accompanying financial statements of the **Community Foundation of Randolph County, Inc.** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## INDEPENDENT AUDITORS' REPORT

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### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Community Foundation of Randolph County, Inc.** as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Brady, Ware & Schoenfeld, Inc.*

Richmond, Indiana  
May 28, 2020

**COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.  
(A NONPROFIT ORGANIZATION)**

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 69,483	\$ 385,041
Interest receivable	15,457	16,133
Grants receivable	20,098	20,754
Other receivables	882	882
Investments	10,859,445	9,117,894
Unconditional promises to give	105,751	135,171
Property and equipment, net	8,421	11,674
Prepaid expenses	<u>1,500</u>	<u>1,500</u>
	<b><u>\$ 11,081,037</u></b>	<b><u>\$ 9,689,049</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 111	\$ 3,442
Scholarships and grants payable	229,206	244,297
Funds held for others	<u>406,651</u>	<u>375,487</u>
	<b><u>635,968</u></b>	<b><u>623,226</u></b>
<b>NET ASSETS</b>		
Without donor restrictions		
Donor advised funds	24,861	22,128
Undesignated endowment funds	3,024,361	2,258,267
Board designated funds	<u>279,455</u>	<u>245,775</u>
	<b><u>3,328,677</u></b>	<b><u>2,526,170</u></b>
With donor restrictions		
Purpose restrictions	7,010,641	6,146,531
Time-restricted for future periods	<u>105,751</u>	<u>393,122</u>
	<b><u>7,116,392</u></b>	<b><u>6,539,653</u></b>
	<b><u>10,445,069</u></b>	<b><u>9,065,823</u></b>
	<b><u>\$ 11,081,037</u></b>	<b><u>\$ 9,689,049</u></b>

**COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.  
(A NONPROFIT ORGANIZATION)**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Contributions and grants	\$ 179,963	\$ 227,547	\$ 407,510
Pass-thru grant - IAC RAP	-	181,624	181,624
Net investment return	38,786	94,238	133,024
Net realized gain on investments	87,664	204,340	292,004
Net unrealized gain on investments	387,081	957,483	1,344,564
Administrative fee revenue	34,739	-	34,739
Other income	-	5,603	5,603
	<u>728,233</u>	<u>1,670,835</u>	<u>2,399,068</u>
<b>Total Public Support and Revenue</b>			
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>1,094,096</u>	<u>(1,094,096)</u>	<u>-</u>
	<u>1,822,329</u>	<u>576,739</u>	<u>2,399,068</u>
<b>EXPENSES</b>			
Program services	909,432	-	909,432
Management and administrative	87,582	-	87,582
Fund development	22,808	-	22,808
	<u>1,019,822</u>	<u>-</u>	<u>1,019,822</u>
<b>Total Expenses</b>			
<b>CHANGE IN NET ASSETS</b>	802,507	576,739	1,379,246
<b>NET ASSETS</b>			
Beginning of year	<u>2,526,170</u>	<u>6,539,653</u>	<u>9,065,823</u>
End of year	<u>\$ 3,328,677</u>	<u>\$ 7,116,392</u>	<u>\$ 10,445,069</u>

**COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.  
(A NONPROFIT ORGANIZATION)**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2018**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Contributions and grants	\$ 97,175	\$ 909,973	\$ 1,007,148
Pass-thru grant - IAC RAP	-	195,188	195,188
Net investment return	31,801	84,340	116,141
Net realized gain on investments	117,025	343,401	460,426
Net unrealized loss on investments	(264,261)	(745,675)	(1,009,936)
Administrative fee revenue	27,486	-	27,486
Other income	-	3,007	3,007
	<u>9,226</u>	<u>790,234</u>	<u>799,460</u>
Total Public Support and Revenue			
	9,226	790,234	799,460
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>782,381</u>	<u>(782,381)</u>	<u>-</u>
	<u>791,607</u>	<u>7,853</u>	<u>799,460</u>
<b>EXPENSES</b>			
Program services	677,005	-	677,005
Management and administrative	81,158	-	81,158
Fund development	21,730	-	21,730
	<u>779,893</u>	<u>-</u>	<u>779,893</u>
Total Expenses			
	779,893	-	779,893
<b>CHANGE IN NET ASSETS</b>	11,714	7,853	19,567
<b>NET ASSETS</b>			
Beginning of year	<u>2,514,456</u>	<u>6,531,800</u>	<u>9,046,256</u>
End of year	<u>\$ 2,526,170</u>	<u>\$ 6,539,653</u>	<u>\$ 9,065,823</u>

**COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.  
(A NONPROFIT ORGANIZATION)**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2019**

	<b>Program Services</b>	<b>Management and Administrative</b>	<b>Fund Development</b>	<b>Total</b>
Grants and scholarships	\$ 513,859	\$ -	\$ -	\$ 513,859
Community project expenses	28,042	-	-	28,042
Promise Indiana 529 College Savings program	40,078	-	-	40,078
Pass-thru grants - IAC RAP	181,624	-	-	181,624
Personnel costs	61,465	54,214	19,854	135,533
Payroll taxes and employee benefits	6,477	5,713	2,092	14,282
Marketing and promotion	9,966	-	-	9,966
Office rent and maintenance	9,120	2,280	-	11,400
Utilities and telephone	2,440	610	-	3,050
Equipment rental and maintenance	2,531	633	-	3,164
Insurance	2,572	643	-	3,215
Professional fees	5,778	17,333	-	23,111
Office expenses	14,678	3,669	-	18,347
Meetings and conferences	892	-	223	1,115
Travel	720	-	180	900
Website	2,294	1,836	459	4,589
Membership and dues	1,299	-	-	1,299
Miscellaneous	<u>22,995</u>	<u>-</u>	<u>-</u>	<u>22,995</u>
Total Expenses Before Depreciation	906,830	86,931	22,808	1,016,569
Depreciation	<u>2,602</u>	<u>651</u>	<u>-</u>	<u>3,253</u>
Total Expenses	<u>\$ 909,432</u>	<u>\$ 87,582</u>	<u>\$ 22,808</u>	<u>\$ 1,019,822</u>

**COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.  
(A NONPROFIT ORGANIZATION)**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2018**

	<b>Program Services</b>	<b>Management and Administrative</b>	<b>Fund Development</b>	<b>Total</b>
Grants and scholarships	\$ 249,235	\$ -	\$ -	\$ 249,235
Community project expenses	102,953	-	-	102,953
Pass-thru grants - IAC RAP	189,188	-	-	189,188
Personnel costs	57,889	51,296	19,053	128,238
Payroll taxes and employee benefits	5,298	4,695	1,744	11,737
Marketing and promotion	9,514	-	-	9,514
Office rent and maintenance	7,068	1,767	-	8,835
Utilities and telephone	3,654	913	-	4,567
Equipment rental and maintenance	1,997	499	-	2,496
Insurance	2,798	700	-	3,498
Professional fees	5,303	15,909	-	21,212
Office expenses	16,589	4,147	-	20,736
Meetings and conferences	1,803	-	451	2,254
Travel	1,429	-	357	1,786
Website	623	499	125	1,247
Membership and dues	1,114	-	-	1,114
Miscellaneous	17,620	-	-	17,620
Total Expenses Before Depreciation	674,075	80,425	21,730	776,230
Depreciation	2,930	733	-	3,663
Total Expenses	<u>\$ 677,005</u>	<u>\$ 81,158</u>	<u>\$ 21,730</u>	<u>\$ 779,893</u>

**COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.  
(A NONPROFIT ORGANIZATION)**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,379,246	\$ 19,567
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operating activities:		
Depreciation	3,253	3,663
Net unrealized (gain) loss on investments	(1,344,564)	1,009,936
Net realized gain on investments	<u>(292,004)</u>	<u>(460,426)</u>
	<u>(254,069)</u>	572,740
Changes in operating assets and liabilities:		
Interest receivable	676	848
Grants receivable	656	1,793
Prepaid expenses	-	1,129
Unconditional promises to give	29,420	(135,171)
Accounts payable and accrued expenses	(3,331)	555
Scholarships and grants payable	(15,091)	(12,233)
Funds held for others	<u>31,164</u>	<u>(55,187)</u>
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>(210,575)</u>	<u>374,474</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	-	(1,818)
Proceeds from sale of investments	2,510,990	3,107,460
Purchases of investments	<u>(2,615,973)</u>	<u>(3,360,062)</u>
Net Cash and Cash Equivalents Used by Investing Activities	<u>(104,983)</u>	<u>(254,420)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(315,558)</b>	120,054
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>385,041</u>	<u>264,987</u>
End of year	<u>\$ 69,483</u>	<u>\$ 385,041</u>

**COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.  
(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS**

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

**Nature of Business - Community Foundation of Randolph County, Inc.** (the "Foundation") is a nonprofit organization whose mission is to seek to bring people and resources together to strengthen the quality of life, both now and in the future, for the residents of Randolph County, Indiana. The Foundation is supported primarily through donor contributions and grants. Investment earnings from the various funds also provide revenue to the Foundation.

**Basis of Accounting** - The financial statements of the Foundation have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities.

**Net Asset Classifications** - Management has determined that the majority of the Foundation's net assets meet the definition of endowment under the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation is governed subject to the governing documents for the Foundation, and most contributions are subject to the terms of the governing documents. Certain contributions are received subject to other gift instruments or are subject to specific agreements with the Foundation.

Under the terms of the governing documents, the Board of Directors has the ability to distribute so much of the corpus of any endowment fund, or separate gift, devise, bequest, or fund, as the Board in its sole discretion shall determine. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Foundation and the donor-restricted endowment funds.
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.

As a result of the ability to distribute corpus, the Board of Directors has determined that all contributions received subject to the governing document, and subject to UPMIFA, are classified as net assets with donor restrictions until appropriated, at which time the appropriation is reclassified to net assets without donor restrictions. Contributions that are subject to other gift instruments may be recorded with or without donor restrictions, depending on the specific terms of the agreement.

Generally, if the corpus of a contribution will, at some future time, become available for spending, it is recorded as with donor restrictions. In addition, contributions that are promised to be given in a future period are presented as with donor restrictions. If the corpus never becomes available for spending, it will be reported as net assets with donor restrictions which are perpetual in nature. Net assets with donor restrictions that are perpetual in nature represent the fair value of the original gift as of the gift date, and the original value of subsequent gifts to donor-restricted endowment funds. At December 31, 2019 and 2018, the Foundation had no net assets with donor restrictions that are perpetual in nature.

Net assets without donor restrictions include unrestricted resources, including donations, gifts, and bequests available for the use of the Foundation, over which the Board of Directors has discretionary control. The bylaws of the Foundation include a variance provision on the income of endowed gifts, giving the Board of Directors the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose, or to a specified organization if, in its sole judgment, the Board determines that the restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

**COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.  
(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS**

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

**Cash and Cash Equivalents** - The Foundation considers liquid investments with an original maturity of three months or less to be cash equivalents, with the exception of those held within its investment portfolio.

**Financial Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

**Functional Allocation of Expenses** - The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The main expenses that are allocated include salaries and wages and related employee benefits and payroll taxes which are allocated on the basis of estimates of time and effort.

**Concentrations** - The Foundation received two grants and one contribution from three organizations that represented 64% of the total contributions and grants revenue for the year 2019. The Foundation received two grants and one contribution from three organizations that represented 60% of the total contribution and grants revenue for the year 2018.

The Foundation had one donor that represented 56% of unconditional promises to give receivable at December 31, 2019. The Foundation had one donor that represented 64% of unconditional promises to give receivable at December 31, 2018.

At December 31, 2019 and 2018, the Foundation had deposits held at financial institutions that were in excess of FDIC limits.

**Investments** - Investments are carried at fair value.

**Endowment Investment and Spending Policies** - The Foundation has adopted investment and spending policies for endowment assets that attempt to preserve the real purchasing power of the assets, and provide a growing stream of income to be made available for spending, and keeping pace with inflation in order to sustain the operations and grant-making capacity of the Foundation. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes a return objective through diversification of asset classes.

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 equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds. It is the Foundation's general policy that the spending rate shall not exceed 5% of a 12 quarter moving average. The rate for the 2019 and 2018 spendable amount was 4%. In the event that this would cause the fund to fall below historic dollar value, the Foundation will distribute up to 1.5% of a 12 quarter moving average. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment assets to grow consistent with the Foundation's objective to maintain the purchasing power of endowment assets, as well as to provide additional real growth through new gifts and investment return.

**COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.  
(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS**

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

**Property and Equipment** - Property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Donated assets are reflected at their estimated value at the date of receipt. Routine repairs and maintenance are expensed as incurred. Depreciation expense for 2019 and 2018 was \$3,253 and \$3,663.

The Foundation reviews for impairment of long-lived assets in accordance with accounting standards. These standards require organizations to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at December 31, 2019 and 2018.

**Funds Held for Others** - The Foundation receives and distributes assets under certain agency arrangements. Accounting standards require that if a nonprofit organization establishes a fund at a community foundation with its own funds, and specifies itself or its affiliate as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The liability is reflected as funds held for others on the statements of financial position.

**Advertising Expense** - Advertising costs are expensed as incurred. Marketing and promotion expenses were \$9,966 and \$9,514 for the years 2019 and 2018.

**Tax-Exempt Status** - The Foundation, an Indiana nonprofit corporation, is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and has been determined not to be a private foundation under Section 509(a)(1) of the Code. Accordingly, no provision for income tax is presented in the statements of financial position.

**Accounting for Uncertainty in Income Taxes** - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Foundation's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. Based on its review, management does not believe the Foundation has taken any material uncertain tax positions, including any position that would place the Foundation's exempt status in jeopardy, as of December 31, 2019.

**COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.  
(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS**

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

**Recently Issued Accounting Standards Not Yet Adopted** - In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-02, *Leases (Topic 842)*, which will require the recognition of right-to-use assets and lease liabilities for leases previously classified as operating leases by lessees. Since the issuance of this standard, there have been several additional standards issued relative to this topic. These standards will be effective for the calendar year ending December 31, 2021. Early application will be permitted. The Foundation is currently in the process of evaluating the impact of adoption of these standards on the financial statements.

**Subsequent Events** - In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 28, 2020, the date the financial statements were available to be issued.

**NOTE 2 - LIQUIDITY AND AVAILABILITY**

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of donor-imposed restrictions or internal designations. Financial assets are considered unavailable when not convertible to cash within one year such as endowments which include board designated endowments. These board designations could be drawn upon if the Board of Directors approves that action.

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 69,483	\$ 385,041
Interest receivable	15,457	16,133
Grants receivable	20,098	20,754
Investments	10,859,445	9,117,894
Unconditional promises to give	<u>105,751</u>	<u>135,171</u>
Total financial assets	<u>11,070,234</u>	<u>9,674,993</u>
Less those unavailable for general expenditure within one year due to:		
Non-endowed purpose restrictions	(268,833)	(215,142)
Endowment funds subject to the Foundation's spending policy:		
Donor restricted	(6,741,808)	(5,931,389)
Board designated less the next year's approved draw	(154,037)	(131,232)
Board designated non-endowment funds	(119,812)	(109,326)
Lilly Grant VII - time restricted for future periods	-	(257,951)
Non-endowed unconditional promises to give	(105,751)	(135,171)
Funds held for others	<u>(406,651)</u>	<u>(375,487)</u>
	<u>(7,796,892)</u>	<u>(7,155,698)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,273,342</u>	<u>\$ 2,519,295</u>

**COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.  
(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - INVESTMENTS**

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 949,371	\$ 949,371	\$ 1,211,691	\$ 1,211,691
Certificate of deposit	53,820	53,820	52,945	52,945
Municipal bonds	-	-	76,022	75,378
Government and agency securities	861,272	883,362	731,289	719,400
Unit trusts	88,965	84,737	95,850	90,259
Common stock and mutual funds	6,092,955	7,851,669	4,398,306	5,169,905
Mutual funds - international	541,567	594,965	541,567	477,380
Corporate bonds	427,387	441,521	1,343,296	1,320,936
	<u>\$ 9,015,337</u>	<u>\$ 10,859,445</u>	<u>\$ 8,450,966</u>	<u>\$ 9,117,894</u>

**NOTE 4 - FAIR VALUE MEASUREMENTS**

Fair values of the Foundation's financial assets measured on a recurring basis at December 31, 2019 and 2018 are as follows:

	2019			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Investments				
Cash and cash equivalents	\$ 949,371	\$ 949,371	\$ -	\$ -
Certificate of deposit	53,820	53,820	-	-
Government and agency securities	883,362	883,362	-	-
Unit trusts	84,737	84,737	-	-
Common stock and mutual funds	7,851,669	7,851,669	-	-
Mutual funds - international	594,965	594,965	-	-
Corporate bonds	441,521	441,521	-	-
	<u>\$ 10,859,445</u>	<u>\$ 10,859,445</u>	<u>\$ -</u>	<u>\$ -</u>

**COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.  
(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - FAIR VALUE MEASUREMENTS - continued**

	2018			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Investments				
Cash and cash equivalents	\$ 1,211,691	\$ 1,211,691	\$ -	\$ -
Certificate of deposit	52,945	52,945	-	-
Municipal bonds	75,378	75,378	-	-
Government and agency securities	719,400	719,400	-	-
Unit trusts	90,259	90,259	-	-
Common stock and mutual funds	5,169,905	5,169,905	-	-
Mutual funds - international	477,380	477,380	-	-
Corporate bonds	<u>1,320,936</u>	<u>1,320,936</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,117,894</u>	<u>\$ 9,117,894</u>	<u>\$ -</u>	<u>\$ -</u>

**Investments** - Fair values for investments are determined by reference to quoted market prices.

**NOTE 5 - UNCONDITIONAL PROMISES TO GIVE**

	2019	2018
Receivable in less than one year	\$ 40,500	\$ 35,000
Receivable in one to five years	<u>71,500</u>	<u>107,000</u>
	112,000	142,000
Less discounts to net present value	<u>(6,249)</u>	<u>(6,829)</u>
	<u>\$ 105,751</u>	<u>\$ 135,171</u>

At December 31, 2019 and 2018, the present value of the contributions have been determined using discount rates ranging from 2.35% to 2.41%.

**NOTE 6 - PROPERTY AND EQUIPMENT**

	2019	2018
Furniture and equipment	\$ 64,218	\$ 64,218
Less accumulated depreciation	<u>55,797</u>	<u>52,544</u>
	<u>\$ 8,421</u>	<u>\$ 11,674</u>

**COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - SCHOLARSHIPS AND GRANTS PAYABLE**

Scholarships and grants that are authorized but unpaid are reported as liabilities. The following is a summary of scholarships and grants authorized and payable at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Payable in less than one year	\$ 135,206	\$ 170,797
Payable in one to three years	<u>94,000</u>	<u>73,500</u>
	<u>\$ 229,206</u>	<u>\$ 244,297</u>

**NOTE 8 - ENDOWMENT FUNDS AND NET ASSETS**

The following is a summary of changes in endowment net assets for the years 2019 and 2018:

	<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 2,416,844	\$ 5,931,389	\$ 8,348,233
Net investment return	37,938	90,519	128,457
Net investment gain (realized and unrealized)	470,726	1,161,823	1,632,549
Contributions	159,135	71,385	230,520
Other income	-	38	38
Transfers	257,951	-	257,951
Amounts appropriated for expenditure	<u>(134,209)</u>	<u>(513,346)</u>	<u>(647,555)</u>
Endowment net assets, end of year	<u>\$ 3,208,385</u>	<u>\$ 6,741,808</u>	<u>\$ 9,950,193</u>
	<u>2018</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 2,401,157	\$ 6,413,198	\$ 8,814,355
Net investment return	31,578	84,177	115,755
Net investment loss (realized and unrealized)	(147,850)	(402,274)	(550,124)
Contributions	84,304	107,471	191,775
Other income	-	1,352	1,352
Transfers	148,462	-	148,462
Amounts appropriated for expenditure	<u>(100,807)</u>	<u>(272,535)</u>	<u>(373,342)</u>
Endowment net assets, end of year	<u>\$ 2,416,844</u>	<u>\$ 5,931,389</u>	<u>\$ 8,348,233</u>

**COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.  
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**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 8 - ENDOWMENT FUNDS AND NET ASSETS - continued**

The following is a summary of endowment net asset composition by type of fund as of December 31, 2019 and 2018:

	<b>2019</b>		
	<b>Without donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor designated endowment funds	\$ -	\$ 6,741,808	\$ 6,741,808
Donor advised endowment funds	24,381	-	24,381
Undesignated endowment funds	3,024,361	-	3,024,361
Board designated endowment funds	159,643	-	159,643
	<b><u>\$ 3,208,385</u></b>	<b><u>\$ 6,741,808</u></b>	<b><u>\$ 9,950,193</u></b>

	<b>2018</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor designated endowment funds	\$ -	\$ 5,931,389	\$ 5,931,389
Donor advised endowment funds	22,128	-	22,128
Undesignated endowment funds	2,258,267	-	2,258,267
Board designated endowment funds	136,449	-	136,449
	<b><u>\$ 2,416,844</u></b>	<b><u>\$ 5,931,389</u></b>	<b><u>\$ 8,348,233</u></b>

**COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - ENDOWMENT FUNDS AND NET ASSETS - continued**

In addition to endowment net assets, the Foundation also manages other non-endowed funds. The following tables summarize all Foundation net assets as of December 31, 2019 and 2018:

	<b>2019</b>		<b>Total</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	
Endowment funds:			
Purpose restrictions	\$ -	\$ 6,741,808	\$ 6,741,808
Donor advised	24,381	-	24,381
Undesignated	3,024,361	-	3,024,361
Board designated	<u>159,643</u>	<u>-</u>	<u>159,643</u>
	<u>3,208,385</u>	<u>6,741,808</u>	<u>9,950,193</u>
Non-endowment funds:			
Purpose restrictions			
Designated funds	-	180,014	180,014
Field of interest funds	-	9,357	9,357
Scholarship funds	-	43,152	43,152
Indiana Arts Commission grant	-	1,935	1,935
Lilly VII planning grant	<u>-</u>	<u>34,375</u>	<u>34,375</u>
	<u>-</u>	<u>268,833</u>	<u>268,833</u>
Time-restricted for future periods			
Unconditional promises to give	<u>-</u>	<u>105,751</u>	<u>105,751</u>
Donor advised	<u>480</u>	<u>-</u>	<u>480</u>
Board designated	<u>119,812</u>	<u>-</u>	<u>119,812</u>
	<u>\$ 3,328,677</u>	<u>\$ 7,116,392</u>	<u>\$ 10,445,069</u>

**COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - ENDOWMENT FUNDS AND NET ASSETS - continued**

	2018		Total
	Without Donor Restrictions	With Donor Restrictions	
Endowment funds:			
Purpose restrictions	\$ -	\$ 5,931,389	\$ 5,931,389
Donor advised	22,128	-	22,128
Undesignated	2,258,267	-	2,258,267
Board designated	<u>136,449</u>	<u>-</u>	<u>136,449</u>
	<u>2,416,844</u>	<u>5,931,389</u>	<u>8,348,233</u>
Non-endowment funds:			
Purpose restrictions			
Designated funds	-	155,852	155,852
Field of interest funds	-	9,967	9,967
Scholarship funds	-	47,488	47,488
Indiana Arts Commission grant	<u>-</u>	<u>1,835</u>	<u>1,835</u>
	<u>-</u>	<u>215,142</u>	<u>215,142</u>
Time-restricted for future periods			
Lilly VII grant	-	257,951	257,951
Unconditional promises to give	<u>-</u>	<u>135,171</u>	<u>135,171</u>
	<u>-</u>	<u>393,122</u>	<u>393,122</u>
Board designated	<u>109,326</u>	<u>-</u>	<u>109,326</u>
	<u>\$ 2,526,170</u>	<u>\$ 6,539,653</u>	<u>\$ 9,065,823</u>

**COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.  
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**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 9 - OPERATING LEASES**

The Foundation entered into a lease agreement in September 2018 for its office space facility. The lease agreement expires August 31, 2023. Total lease expense was \$11,400 and \$8,835 for the years 2019 and 2018.

Future minimum lease payments over the subsequent four years are as follows:

2020	\$	11,400
2021		11,400
2022		11,400
2023		7,600

**NOTE 10 - RETIREMENT PLAN**

During 2019, the Foundation adopted a Section 403(b) annuity plan (the "Plan"). Employees who have attained 21 years of age, been employed for at least 6 months and work at least 20 hours per week are eligible to participate in the Plan. Under the Plan, the Foundation contributes a discretionary percentage of the respective employee's compensation to provide retirement benefits. The Foundation can also make a discretionary nonelective contribution. In addition, the employees may contribute a specified portion of their compensation to the plan. The Foundation contributed \$1,520 for the year 2019.

**NOTE 11 - RELATED PARTY TRANSACTIONS**

Due to the small community size of Randolph County, Indiana, several members of the Foundation's Board of Directors also serve on the Board of Directors for other local non-profit agencies. Some of these nonprofit organizations have applied for and received grants from the Foundation.

**COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.  
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**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 12 - FUNDS HELD FOR OTHERS**

During the years 2019 and 2018, the following activities occurred in the Foundation's funds held for others. These amounts are not reflected in the statements of activities.

	<u>2019</u>	<u>2018</u>
Contributions	\$ -	\$ 750
Net investment return	5,510	4,642
Net realized gain on investments	10,598	16,937
Net unrealized gain (loss) on investments	<u>50,399</u>	<u>(38,452)</u>
	<u>66,507</u>	<u>(16,123)</u>
Grants	30,538	34,513
Foundation administrative fees	<u>4,805</u>	<u>4,551</u>
	<u>35,343</u>	<u>39,064</u>
Increase (decrease) in funds held for others	31,164	(55,187)
Balance at beginning of year	<u>375,487</u>	<u>430,674</u>
Balance at end of year	<u>\$ 406,651</u>	<u>\$ 375,487</u>

**NOTE 13 - PASS-THRU GRANT INCOME AND EXPENSE**

Beginning in 2012, the Foundation serves as a fiscal agent for the Indiana Arts Commission Regional Arts Partnership ("IAC RAP"). For the years 2019 and 2018, the Foundation recorded IAC grant income totaling \$181,624 and \$195,188. The Foundation recorded IAC grant expense of \$181,624 and \$189,188 for the years 2019 and 2018. Further, the Foundation received \$19,351 and \$12,351 in administrative fee revenue as part of administering the grant program during the years 2019 and 2018.

**NOTE 14 - SUBSEQUENT EVENTS**

The COVID-19 pandemic is having a substantial impact on the stock market, the economy, and the normal operations of most businesses. The severity of the financial impact of this pandemic on the financial position and long-term operations of the Foundation is not known at this time. As a result of the volatility in the United States' financial markets, the market value of the Foundation's investments has declined since December 31, 2019. Management has not determined the decrease as of May 28, 2020, the date the financial statements were available to be issued.

In addition, subsequent to December 31, 2019, the Foundation applied for financial assistance through the Small Business Administration's Paycheck Protection Program and received \$26,900 in funds. These funds may be partially or fully forgivable through the program given the Foundation utilizes them for allowable expenses.