

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

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.

(A NONPROFIT ORGANIZATION)

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YEARS ENDED DECEMBER 31, 2021 AND 2020

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BRADY WARE
& SCHOENFELD

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of **Community Foundation of Randolph County, Inc.**, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Community Foundation of Randolph County, Inc.** as of December 31, 2021 and 2020, 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.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Community Foundation of Randolph County, Inc.** 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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INDEPENDENT AUDITORS' REPORT

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Community Foundation of Randolph County, Inc.'s** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Community Foundation of Randolph County, Inc.'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.



Richmond, Indiana
May 26, 2022

COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.

(A NONPROFIT ORGANIZATION)

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

| | <u>2021</u> | <u>2020</u> |
|---------------------------------------|-----------------------------|-----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 241,808 | \$ 294,407 |
| Interest receivable | 20,462 | 17,777 |
| Grants receivable | 1,935 | 1,935 |
| Other receivables | 1,764 | 882 |
| Investments | 13,765,234 | 11,847,927 |
| Unconditional promises to give | 355,163 | 132,559 |
| Property and equipment, net | 18,445 | 7,138 |
| Prepaid expenses | <u>1,500</u> | <u>1,500</u> |
| | <u>\$ 14,406,311</u> | <u>\$ 12,304,125</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 3,663 | \$ 1,155 |
| Scholarships and grants payable | 295,693 | 264,828 |
| Funds held for others | 545,319 | 436,231 |
| Paycheck Protection Program loan | <u>-</u> | <u>26,900</u> |
| | <u>844,675</u> | <u>729,114</u> |
| NET ASSETS | | |
| Without donor restrictions | | |
| Donor advised funds | 30,011 | 27,171 |
| Undesignated funds | 3,808,221 | 3,373,866 |
| Board designated funds | <u>603,325</u> | <u>324,598</u> |
| | <u>4,441,557</u> | <u>3,725,635</u> |
| With donor restrictions | | |
| Purpose restrictions | 9,082,642 | 7,716,817 |
| Time-restricted for future periods | <u>37,437</u> | <u>132,559</u> |
| | <u>9,120,079</u> | <u>7,849,376</u> |
| | <u>13,561,636</u> | <u>11,575,011</u> |
| | <u>\$ 14,406,311</u> | <u>\$ 12,304,125</u> |

COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.

(A NONPROFIT ORGANIZATION)

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|--|----------------------|
| PUBLIC SUPPORT AND REVENUE | | | |
| Contributions and grants | \$ 88,942 | \$ 629,941 | \$ 718,883 |
| Net investment return | 40,361 | 84,226 | 124,587 |
| Net realized gain on investments | 249,153 | 564,714 | 813,867 |
| Net unrealized gain on investments | 324,254 | 636,184 | 960,438 |
| Administrative fee revenue | 35,937 | - | 35,937 |
| Other income | 80 | 6,336 | 6,416 |
| Paycheck Protection Program loan forgiveness income | 56,504 | - | 56,504 |
| | <u>795,231</u> | <u>1,921,401</u> | <u>2,716,632</u> |
| Total Public Support and Revenue | | | |
| NET ASSETS RELEASED FROM RESTRICTIONS | <u>650,698</u> | <u>(650,698)</u> | <u>-</u> |
| | <u>1,445,929</u> | <u>1,270,703</u> | <u>2,716,632</u> |
| EXPENSES | | | |
| Program services | 610,574 | - | 610,574 |
| Management and administrative | 87,243 | - | 87,243 |
| Fund development | 32,190 | - | 32,190 |
| | <u>730,007</u> | <u>-</u> | <u>730,007</u> |
| Total Expenses | | | |
| CHANGE IN NET ASSETS | 715,922 | 1,270,703 | 1,986,625 |
| NET ASSETS | | | |
| Beginning of year | <u>3,725,635</u> | <u>7,849,376</u> | <u>11,575,011</u> |
| End of year | <u>\$ 4,441,557</u> | <u>\$ 9,120,079</u> | <u>\$ 13,561,636</u> |

COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.**(A NONPROFIT ORGANIZATION)****STATEMENT OF ACTIVITIES****YEAR ENDED DECEMBER 31, 2020**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|---|--|----------------------|
| PUBLIC SUPPORT AND REVENUE | | | |
| Contributions and grants | \$ 147,724 | \$ 305,376 | \$ 453,100 |
| Net investment return | 38,837 | 83,504 | 122,341 |
| Net realized gain on investments | 92,136 | 195,055 | 287,191 |
| Net unrealized gain on investments | 283,842 | 603,272 | 887,114 |
| Administrative fee revenue | 34,618 | - | 34,618 |
| Other income | <u>1,139</u> | <u>2,079</u> | <u>3,218</u> |
| Total Public Support and Revenue | 598,296 | 1,189,286 | 1,787,582 |
| NET ASSETS RELEASED FROM RESTRICTIONS | | | |
| | <u>456,302</u> | <u>(456,302)</u> | <u>-</u> |
| | <u>1,054,598</u> | <u>732,984</u> | <u>1,787,582</u> |
| EXPENSES | | | |
| Program services | 544,277 | - | 544,277 |
| Management and administrative | 89,153 | - | 89,153 |
| Fund development | <u>24,210</u> | <u>-</u> | <u>24,210</u> |
| Total Expenses | <u>657,640</u> | <u>-</u> | <u>657,640</u> |
| CHANGE IN NET ASSETS | 396,958 | 732,984 | 1,129,942 |
| NET ASSETS | | | |
| Beginning of year | <u>3,328,677</u> | <u>7,116,392</u> | <u>10,445,069</u> |
| End of year | <u>\$ 3,725,635</u> | <u>\$ 7,849,376</u> | <u>\$ 11,575,011</u> |

COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.

(A NONPROFIT ORGANIZATION)

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

| | Program Services | Management and Administrative | Fund Development | Total |
|--|-----------------------------|--|-----------------------------|-------------------|
| Grants and scholarships | \$ 405,632 | \$ - | \$ - | \$ 405,632 |
| Promise Indiana 529 College Savings program | 28,007 | - | - | 28,007 |
| Personnel costs | 59,358 | 52,408 | 28,044 | 139,810 |
| Payroll taxes and employee benefits | 6,161 | 5,439 | 2,911 | 14,511 |
| Marketing and promotion | 8,362 | - | - | 8,362 |
| Office rent | 9,120 | 2,280 | - | 11,400 |
| Utilities and telephone | 3,383 | 846 | - | 4,229 |
| Equipment maintenance | 3,137 | 784 | - | 3,921 |
| Insurance | 3,087 | 772 | - | 3,859 |
| Professional fees | 5,686 | 17,059 | - | 22,745 |
| Office expenses | 10,813 | 2,703 | - | 13,516 |
| Travel | 845 | - | 211 | 1,056 |
| Website | 5,122 | 4,098 | 1,024 | 10,244 |
| Membership and dues | 3,083 | - | - | 3,083 |
| Consulting - IAC RAP | 10,397 | - | - | 10,397 |
| Miscellaneous | <u>44,966</u> | <u>-</u> | <u>-</u> | <u>44,966</u> |
| Total Expenses Before Depreciation | 607,159 | 86,389 | 32,190 | 725,738 |
| Depreciation | <u>3,415</u> | <u>854</u> | <u>-</u> | <u>4,269</u> |
| Total Expenses | <u>\$ 610,574</u> | <u>\$ 87,243</u> | <u>\$ 32,190</u> | <u>\$ 730,007</u> |

COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.**(A NONPROFIT ORGANIZATION)****STATEMENT OF FUNCTIONAL EXPENSES****YEAR ENDED DECEMBER 31, 2020**

| | Program Services | Management and Administrative | Fund Development | Total |
|--|-----------------------------|--|-----------------------------|-------------------|
| Grants and scholarships | \$ 366,494 | \$ - | \$ - | \$ 366,494 |
| Promise Indiana 529 College Savings program | 32,812 | - | - | 32,812 |
| Personnel costs | 62,246 | 55,157 | 20,489 | 137,892 |
| Payroll taxes and employee benefits | 6,777 | 6,005 | 2,231 | 15,013 |
| Marketing and promotion | 6,562 | - | - | 6,562 |
| Office rent | 9,120 | 2,280 | - | 11,400 |
| Utilities and telephone | 2,360 | 590 | - | 2,950 |
| Equipment maintenance | 2,366 | 591 | - | 2,957 |
| Insurance | 1,650 | 413 | - | 2,063 |
| Professional fees | 5,574 | 16,722 | - | 22,296 |
| Office expenses | 10,026 | 2,507 | - | 12,533 |
| Meetings and conferences | 1,397 | - | 349 | 1,746 |
| Travel | 242 | - | 61 | 303 |
| Website | 5,401 | 4,321 | 1,080 | 10,802 |
| Membership and dues | 2,607 | - | - | 2,607 |
| Miscellaneous | <u>26,375</u> | <u>-</u> | <u>-</u> | <u>26,375</u> |
| Total Expenses Before Depreciation | 542,009 | 88,586 | 24,210 | 654,805 |
| Depreciation | <u>2,268</u> | <u>567</u> | <u>-</u> | <u>2,835</u> |
| Total Expenses | <u>\$ 544,277</u> | <u>\$ 89,153</u> | <u>\$ 24,210</u> | <u>\$ 657,640</u> |

COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.**(A NONPROFIT ORGANIZATION)****STATEMENTS OF CASH FLOWS****YEARS ENDED DECEMBER 31, 2021 AND 2020**

| | <u>2021</u> | <u>2020</u> |
|--|--------------------|--------------------|
| OPERATING ACTIVITIES | | |
| Change in net assets | \$ 1,986,625 | \$ 1,129,942 |
| Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities: | | |
| Depreciation | 4,269 | 2,835 |
| Net unrealized gain on investments | (960,438) | (887,114) |
| Net realized gain on investments | (813,867) | (287,191) |
| Paycheck Protection Program loan forgiveness income | (56,504) | - |
| | <u>160,085</u> | <u>(41,528)</u> |
| Changes in operating assets and liabilities: | | |
| Interest receivable | (2,685) | (2,320) |
| Grants receivable | - | 18,163 |
| Other receivables | (882) | - |
| Unconditional promises to give | (222,604) | (26,808) |
| Accounts payable and accrued expenses | 2,508 | 1,044 |
| Scholarships and grants payable | 30,865 | 35,622 |
| Funds held for others | <u>109,088</u> | <u>29,580</u> |
| Net Cash and Cash Equivalents Provided by Operating Activities | <u>76,375</u> | <u>13,753</u> |
| INVESTING ACTIVITIES | | |
| Purchases of property and equipment | (15,576) | (1,552) |
| Proceeds from sale of investments | 3,055,669 | 3,077,897 |
| Purchases of investments | <u>(3,198,671)</u> | <u>(2,892,074)</u> |
| Net Cash and Cash Equivalents Provided (Used) by Investing Activities | <u>(158,578)</u> | <u>184,271</u> |
| FINANCING ACTIVITIES | | |
| Borrowings on Paycheck Protection Program loan | <u>29,604</u> | <u>26,900</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (52,599) | 224,924 |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of year | <u>294,407</u> | <u>69,483</u> |
| End of year | <u>\$ 241,808</u> | <u>\$ 294,407</u> |

COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.

(A NONPROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

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, 2021 and 2020, 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

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 one contribution from one organization that represented 44% of the total contributions and grants revenue for the year 2021. The Foundation received two grants and one contribution from two organizations that represented 61% of the total contribution and grants revenue for the year 2020.

The Foundation had one donor that represented 89% of unconditional promises to give receivable at December 31, 2021. The Foundation had two donors that represented 90% of unconditional promises to give receivable at December 31, 2020.

At December 31, 2021 and 2020, 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 2021 and 2020 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

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 2021 and 2020 was \$4,269 and \$2,835.

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, 2021 and 2020.

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 \$8,362 and \$6,562 for the years 2021 and 2020.

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, 2021.

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, 2022. 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.

COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.

(A NONPROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Subsequent Events - In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 26, 2022, the date the financial statements were available to be issued.

Reclassifications - Certain prior year amounts have been reclassified to conform with current year presentation.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The following reflects the Foundation's financial assets as of the statements of financial position date, reduced by amounts not available for general use within one year of the statements 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>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 241,808 | \$ 294,407 |
| Interest receivable | 20,462 | 17,777 |
| Grants receivable | 1,935 | 1,935 |
| Other receivables | 1,764 | 882 |
| Investments | 13,765,234 | 11,847,927 |
| Unconditional promises to give | <u>355,163</u> | <u>132,559</u> |
| Total financial assets | <u>14,386,366</u> | <u>12,295,487</u> |
| Less those unavailable for general expenditure within one year due to: | | |
| Non-endowed purpose restrictions | (351,371) | (385,628) |
| Endowment funds subject to the Foundation's spending policy: | | |
| Donor restricted | (8,731,271) | (7,331,189) |
| Board designated less the next year's approved draw | (317,106) | (164,111) |
| Board designated non-endowment funds | (279,328) | (154,536) |
| Non-endowed unconditional promises to give | (37,437) | (132,559) |
| Funds held for others | <u>(545,319)</u> | <u>(436,231)</u> |
| | <u>(10,261,832)</u> | <u>(8,604,254)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 4,124,534</u> | <u>\$ 3,691,233</u> |

COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.

(A NONPROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS

| | 2021 | | 2020 | |
|----------------------------------|----------------------|----------------------|---------------------|----------------------|
| | Cost | Fair Value | Cost | Fair Value |
| Cash and cash equivalents | \$ 1,093,072 | \$ 1,093,072 | \$ 606,995 | \$ 606,995 |
| Certificate of deposit | 54,370 | 54,370 | 54,242 | 54,242 |
| Government and agency securities | 938,233 | 965,269 | 1,015,783 | 1,081,973 |
| Unit trusts | 64,648 | 60,286 | 73,015 | 69,823 |
| Common stock and mutual funds | 6,690,200 | 10,278,783 | 6,157,068 | 8,648,381 |
| Mutual funds - international | 541,567 | 635,354 | 541,567 | 654,044 |
| Corporate bonds | 672,868 | 678,100 | 696,052 | 732,469 |
| | <u>\$ 10,054,958</u> | <u>\$ 13,765,234</u> | <u>\$ 9,144,722</u> | <u>\$ 11,847,927</u> |

NOTE 4 - FAIR VALUE MEASUREMENTS

Fair values of the Foundation's financial assets measured on a recurring basis at December 31, 2021 and 2020 are as follows:

| | 2021 | | | |
|----------------------------------|----------------------|--|---|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets | | | | |
| Investments | | | | |
| Cash and cash equivalents | \$ 1,093,072 | \$ 1,093,072 | \$ - | \$ - |
| Certificate of deposit | 54,370 | 54,370 | - | - |
| Government and agency securities | 965,269 | 965,269 | - | - |
| Unit trusts | 60,286 | 60,286 | - | - |
| Common stock and mutual funds | 10,278,783 | 10,278,783 | - | - |
| Mutual funds - international | 635,354 | 635,354 | - | - |
| Corporate bonds | 678,100 | 678,100 | - | - |
| | <u>\$ 13,765,234</u> | <u>\$ 13,765,234</u> | <u>\$ -</u> | <u>\$ -</u> |

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

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - FAIR VALUE MEASUREMENTS - CONTINUED

| | 2020 | | | |
|----------------------------------|----------------------|---|---|--|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets | | | | |
| Investments | | | | |
| Cash and cash equivalents | \$ 606,995 | \$ 606,995 | \$ - | \$ - |
| Certificate of deposit | 54,242 | 54,242 | - | - |
| Government and agency securities | 1,081,973 | 1,081,973 | - | - |
| Unit trusts | 69,823 | 69,823 | - | - |
| Common stock and mutual funds | 8,648,381 | 8,648,381 | - | - |
| Mutual funds - international | 654,044 | 654,044 | - | - |
| Corporate bonds | <u>732,469</u> | <u>732,469</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 11,847,927</u> | <u>\$ 11,847,927</u> | <u>\$ -</u> | <u>\$ -</u> |

Level 1 - Fair values for investments are determined by reference to quoted market prices.

Level 2 - Fair values for investments are calculated using quoted market prices for similar assets in markets that are not active.

Level 3 - Fair values for investments are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair measurement.

NOTE 5 - UNCONDITIONAL PROMISES TO GIVE

| | <u>2021</u> | <u>2020</u> |
|-------------------------------------|-------------------|-------------------|
| Receivable in less than one year | \$ 99,678 | \$ 105,500 |
| Receivable in one to five years | 100,000 | 31,000 |
| Receivable in more than five years | <u>200,000</u> | <u>-</u> |
| | 399,678 | 136,500 |
| Less discounts to net present value | <u>(44,515)</u> | <u>(3,941)</u> |
| | <u>\$ 355,163</u> | <u>\$ 132,559</u> |

At December 31, 2021, the present value of the contributions have been determined using discount rates ranging from 1.68% to 2.35%. At December 31, 2020, the present value of the contributions have been determined using a discount rate of 2.35%.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - PROPERTY AND EQUIPMENT

| | <u>2021</u> | <u>2020</u> |
|-------------------------------|------------------|-----------------|
| Furniture and equipment | \$ 81,345 | \$ 65,769 |
| Less accumulated depreciation | <u>62,900</u> | <u>58,631</u> |
| | <u>\$ 18,445</u> | <u>\$ 7,138</u> |

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, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|-------------------------------|-------------------|-------------------|
| Payable in less than one year | \$ 198,593 | \$ 180,828 |
| Payable in one to two years | <u>97,100</u> | <u>84,000</u> |
| | <u>\$ 295,693</u> | <u>\$ 264,828</u> |

NOTE 8 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Foundation received loan proceeds in the amount of \$26,900 under the Paycheck Protection Program ("PPP") which was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). PPP loans and accrued interest are forgivable after a "covered period" as long as the borrower meets certain criteria. The Foundation recorded this loan as a loan payable in 2020 and filed for loan forgiveness in 2021.

The Foundation received notification from the financial institution who provided the loan to the Foundation stating that the \$26,900 PPP loan has been fully forgiven in April 2021. Further, the Foundation does not owe any interest on the loan. The Foundation reflected the loan forgiveness income on the statement of activities for the year ending December 31, 2021.

In April 2021, the Foundation received a second-round PPP loan in the amount of \$29,604. This loan follows the same provisions as the previous loan and is forgivable after a covered period as long as the borrower meets the specified criteria. The Foundation initially recorded a loan payable and recorded forgiveness upon being legally released from the loan obligation in October 2021. The Foundation reflected the loan forgiveness income on the statement of activities for the year ending December 31, 2021.

COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.

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NOTES TO FINANCIAL STATEMENTS

NOTE 9 - ENDOWMENT FUNDS AND NET ASSETS

The following is a summary of changes in endowment net assets for the years 2021 and 2020:

| | 2021 | | |
|---|---|--|-----------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets, beginning of year | \$ 3,459,007 | \$ 7,331,189 | \$ 10,790,196 |
| Net investment return | 39,243 | 83,965 | 123,208 |
| Net investment gain (realized and unrealized) | 556,421 | 1,200,898 | 1,757,319 |
| Contributions | 31,466 | 555,222 | 586,688 |
| Transfers | 120,192 | (20,192) | 100,000 |
| Amounts appropriated for expenditure | <u>(151,511)</u> | <u>(419,811)</u> | <u>(571,322)</u> |
| Endowment net assets, end of year | <u>\$ 4,054,818</u> | <u>\$ 8,731,271</u> | <u>\$ 12,786,089</u> |

| | 2020 | | |
|---|---|--|-----------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets, beginning of year | \$ 3,208,385 | \$ 6,741,808 | \$ 9,950,193 |
| Net investment return | 37,972 | 81,978 | 119,950 |
| Net investment gain (realized and unrealized) | 366,381 | 798,327 | 1,164,708 |
| Contributions | 2,665 | 58,603 | 61,268 |
| Amounts appropriated for expenditure | <u>(156,396)</u> | <u>(349,527)</u> | <u>(505,923)</u> |
| Endowment net assets, end of year | <u>\$ 3,459,007</u> | <u>\$ 7,331,189</u> | <u>\$ 10,790,196</u> |

The following is a summary of endowment net asset composition by type of fund as of December 31, 2021 and 2020:

| | 2021 | | |
|----------------------------------|---|--|-----------------------------|
| | Without donor Restrictions | With Donor Restrictions | Total |
| Donor designated endowment funds | \$ - | \$ 8,731,271 | \$ 8,731,271 |
| Donor advised endowment funds | 28,522 | - | 28,522 |
| Undesignated endowment funds | 3,702,299 | - | 3,702,299 |
| Board designated endowment funds | <u>323,997</u> | <u>-</u> | <u>323,997</u> |
| | <u>\$ 4,054,818</u> | <u>\$ 8,731,271</u> | <u>\$ 12,786,089</u> |

COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.

(A NONPROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - ENDOWMENT FUNDS AND NET ASSETS - CONTINUED

| | 2020 | | Total |
|----------------------------------|----------------------------------|-------------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | |
| Donor designated endowment funds | \$ - | \$ 7,331,189 | \$ 7,331,189 |
| Donor advised endowment funds | 25,683 | - | 25,683 |
| Undesignated endowment funds | 3,263,262 | - | 3,263,262 |
| Board designated endowment funds | 170,062 | - | 170,062 |
| | <u>\$ 3,459,007</u> | <u>\$ 7,331,189</u> | <u>\$ 10,790,196</u> |

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, 2021 and 2020:

| | 2021 | | Total |
|------------------------------------|----------------------------------|-------------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | |
| Endowment funds: | | | |
| Purpose restrictions | \$ - | \$ 8,731,271 | \$ 8,731,271 |
| Donor advised | 28,522 | - | 28,522 |
| Undesignated | 3,702,299 | - | 3,702,299 |
| Board designated | 323,997 | - | 323,997 |
| | <u>4,054,818</u> | <u>8,731,271</u> | <u>12,786,089</u> |
| Non-endowment funds: | | | |
| Purpose restrictions | | | |
| Designated funds | - | 222,052 | 222,052 |
| Field of interest funds | - | 18,419 | 18,419 |
| Scholarship funds | - | 29,890 | 29,890 |
| Indiana Arts Commission grant | - | 1,935 | 1,935 |
| Lilly VII implementation grant | - | 79,075 | 79,075 |
| | <u>-</u> | <u>351,371</u> | <u>351,371</u> |
| Time-restricted for future periods | | | |
| Unconditional promises to give | <u>-</u> | <u>37,437</u> | <u>37,437</u> |
| Donor advised | <u>1,489</u> | <u>-</u> | <u>1,489</u> |
| Undesignated | <u>105,922</u> | <u>-</u> | <u>105,922</u> |
| Board designated | <u>279,328</u> | <u>-</u> | <u>279,328</u> |
| | <u>\$ 4,441,557</u> | <u>\$ 9,120,079</u> | <u>\$ 13,561,636</u> |

COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.**(A NONPROFIT ORGANIZATION)****NOTES TO FINANCIAL STATEMENTS****NOTE 9 - ENDOWMENT FUNDS AND NET ASSETS - CONTINUED**

| | 2020 | | |
|------------------------------------|----------------------------------|-------------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment funds: | | | |
| Purpose restrictions | \$ - | \$ 7,331,189 | \$ 7,331,189 |
| Donor advised | 25,683 | - | 25,683 |
| Undesignated | 3,263,262 | - | 3,263,262 |
| Board designated | <u>170,062</u> | <u>-</u> | <u>170,062</u> |
| | <u>3,459,007</u> | <u>7,331,189</u> | <u>10,790,196</u> |
| Non-endowment funds: | | | |
| Purpose restrictions | | | |
| Designated funds | - | 211,509 | 211,509 |
| Field of interest funds | - | 16,237 | 16,237 |
| Scholarship funds | - | 38,875 | 38,875 |
| Indiana Arts Commission grant | - | 1,935 | 1,935 |
| Lilly VII implementation grant | <u>-</u> | <u>117,072</u> | <u>117,072</u> |
| | <u>-</u> | <u>385,628</u> | <u>385,628</u> |
| Time-restricted for future periods | | | |
| Unconditional promises to give | <u>-</u> | <u>132,559</u> | <u>132,559</u> |
| Donor advised | <u>1,488</u> | <u>-</u> | <u>1,488</u> |
| Undesignated | <u>110,604</u> | <u>-</u> | <u>110,604</u> |
| Board designated | <u>154,536</u> | <u>-</u> | <u>154,536</u> |
| | <u>\$ 3,725,635</u> | <u>\$ 7,849,376</u> | <u>\$ 11,575,011</u> |

NOTE 10 - 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 for the years 2021 and 2020.

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

| | |
|------|-----------|
| 2022 | \$ 11,400 |
| 2023 | 7,600 |

COMMUNITY FOUNDATION OF RANDOLPH COUNTY, INC.

(A NONPROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 11 - 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 \$3,236 and \$2,286 for the years 2021 and 2020.

NOTE 12 - 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. In addition, one board member works for a financial institution that provides banking services to the Foundation.

NOTE 13 - FUNDS HELD FOR OTHERS

During the years 2021 and 2020, the following activities occurred in the Foundation's funds held for others. These amounts are not reflected in the statements of activities.

| | <u>2021</u> | <u>2020</u> |
|------------------------------------|-------------------|-------------------|
| Contributions | \$ 60,000 | \$ 3,500 |
| Net investment return | 4,535 | 4,511 |
| Net realized gain on investments | 28,280 | 10,027 |
| Net unrealized gain on investments | <u>35,778</u> | <u>29,640</u> |
| | <u>128,593</u> | <u>47,678</u> |
| Grants | 13,503 | 13,415 |
| Foundation administrative fees | <u>6,002</u> | <u>4,683</u> |
| | <u>19,505</u> | <u>18,098</u> |
| Increase in funds held for others | 109,088 | 29,580 |
| Balance at beginning of year | <u>436,231</u> | <u>406,651</u> |
| Balance at end of year | <u>\$ 545,319</u> | <u>\$ 436,231</u> |

NOTE 14 - SUBSEQUENT EVENT

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, 2021. Management has not determined the decrease as of May 26, 2022, the date the financial statements were available to be issued.