

**OWEN COUNTY COMMUNITY  
FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021 AND 2020**

*CPAs / ADVISORS*



# OWEN COUNTY COMMUNITY FOUNDATION, INC.

## TABLE OF CONTENTS DECEMBER 31, 2021 AND 2020

---

	Page
<b>Report of Independent Auditors</b> .....	1
 <b>Financial Statements</b>	
Statements of Financial Position .....	4
Statements of Activities .....	5
Statements of Functional Expenses .....	7
Statements of Cash Flows .....	8
Notes to Financial Statements .....	9

---



Blue & Co., LLC / 813 West Second Street / Seymour, IN 47274  
main 812.522.8416 website blueandco.com

## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Owen County Community Foundation, Inc.  
Spencer, Indiana

### Opinion

We have audited the accompanying financial statements of Owen County Community Foundation, Inc. (the "Organization"), a nonprofit organization, 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 the Organization 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## Responsibilities of Management for the Financial Statements

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Blue & Co., LLC*

Seymour, Indiana

August 18, 2022

**OWEN COUNTY COMMUNITY FOUNDATION, INC.**

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020

---

**ASSETS**

	2021	2020
Cash and cash equivalents	\$ 388,084	\$ 933,948
Certificates of deposit	74,340	212,501
Investments	11,604,000	8,714,728
Contributions receivable	61,781	96,840
Property and equipment, net	33,147	36,415
Other assets	12	-0-
	<u>\$ 12,161,364</u>	<u>\$ 9,994,432</u>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 3,494	\$ -0-
Grants payable	12,573	-0-
Accrued wages	-0-	4,344
Charitable gift annuities payable	55,615	60,365
Custodial funds	108,118	135,987
Total liabilities	179,800	200,696
<b>Net assets</b>		
Without donor restrictions		
Operating	353,931	444,571
Board designated - COVID Relief	-0-	9,168
Board designated endowment	443,038	252,170
Total net assets without donor restrictions	796,969	705,909
With donor restrictions		
Restricted for specified purpose	273,014	471,446
Restricted due to time restrictions	61,781	96,840
Endowment funds	10,849,800	8,519,541
Total net assets with donor restrictions	11,184,595	9,087,827
Total net assets	11,981,564	9,793,736
	<u>\$ 12,161,364</u>	<u>\$ 9,994,432</u>

---

*See accompanying notes to financial statements.*

**OWEN COUNTY COMMUNITY FOUNDATION, INC.**

STATEMENTS OF ACTIVITIES  
 YEAR ENDED DECEMBER 31, 2021  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021			2020
	Without donor Restrictions	With donor Restrictions	Total	Total
<b>Support and revenues</b>				
Contributions and grants	\$ 89,999	\$ 1,609,169	\$ 1,699,168	\$ 1,009,944
Investment return, net	45,807	1,407,115	1,452,922	884,546
Change in value of split-interest agreement	-0-	(47)	(47)	(5,160)
Administrative fees	200,321	-0-	200,321	144,432
Other income	19,258	415	19,673	9,424
Net assets released from restrictions	919,884	(919,884)	-0-	-0-
Total support and revenues	<u>1,275,269</u>	<u>2,096,768</u>	<u>3,372,037</u>	<u>2,043,186</u>
<b>Expenses</b>				
Program services	905,312	-0-	905,312	788,416
General and administrative	142,808	-0-	142,808	89,462
Fundraising and development	136,089	-0-	136,089	113,882
Total expenses	<u>1,184,209</u>	<u>-0-</u>	<u>1,184,209</u>	<u>991,760</u>
Change in net assets	91,060	2,096,768	2,187,828	1,051,426
<b>Net assets, beginning of year</b>	<u>705,909</u>	<u>9,087,827</u>	<u>9,793,736</u>	<u>8,742,310</u>
<b>Net assets, end of year</b>	<u>\$ 796,969</u>	<u>\$ 11,184,595</u>	<u>\$ 11,981,564</u>	<u>\$ 9,793,736</u>

*See accompanying notes to financial statements.*

**OWEN COUNTY COMMUNITY FOUNDATION, INC.**

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020

---

	Without donor Restrictions	With donor Restrictions	Total
<b>Support and revenues</b>			
Contributions and grants	\$ 207,154	\$ 802,790	\$ 1,009,944
Investment return, net	20,164	864,382	884,546
Change in value of split-interest agreement	-0-	(5,160)	(5,160)
Administrative fees	144,432	-0-	144,432
Other income	9,424	-0-	9,424
Net assets released from restrictions	<u>729,863</u>	<u>(729,863)</u>	<u>-0-</u>
Total support and revenues	1,111,037	932,149	2,043,186
<b>Expenses</b>			
Program services	788,416	-0-	788,416
General and administrative	89,462	-0-	89,462
Fundraising and development	<u>113,882</u>	<u>-0-</u>	<u>113,882</u>
Total expenses	<u>991,760</u>	<u>-0-</u>	<u>991,760</u>
Change in net assets	119,277	932,149	1,051,426
<b>Net assets, beginning of year</b>	<u>586,632</u>	<u>8,155,678</u>	<u>8,742,310</u>
<b>Net assets, end of year</b>	<u><u>\$ 705,909</u></u>	<u><u>\$ 9,087,827</u></u>	<u><u>\$ 9,793,736</u></u>

---

*See accompanying notes to financial statements.*

**OWEN COUNTY COMMUNITY FOUNDATION, INC.**

STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021				2020			
	Program Services	General and Administrative	Fundraising and Development	Total	Program Services	General and Administrative	Fundraising and Development	Total
Grants	\$ 550,344	\$ -0-	\$ -0-	\$ 550,344	\$ 555,487	\$ -0-	\$ -0-	\$ 555,487
Salaries and wages	116,302	63,208	73,320	252,830	63,026	48,620	68,429	180,075
Payroll taxes and employee benefits	18,309	9,951	11,542	39,802	5,679	4,382	6,166	16,227
Administrative fees	195,164	-0-	-0-	195,164	142,177	-0-	-0-	142,177
Advertising and events	5,038	-0-	15,113	20,151	4,705	-0-	14,116	18,821
Office supplies	4,744	2,372	4,743	11,859	2,375	1,187	2,375	5,937
Postage and printing	332	111	1,769	2,212	383	128	2,044	2,555
Telephone	1,163	775	1,939	3,877	644	428	1,073	2,145
Rent	4,138	4,138	4,264	12,540	3,722	3,723	3,835	11,280
Repairs and maintenance	1,138	1,138	1,173	3,449	1,020	1,021	1,051	3,092
Depreciation	2,751	2,751	2,834	8,336	1,667	1,667	1,718	5,052
Professional fees	-0-	51,804	12,951	64,755	-0-	20,201	5,050	25,251
Dues and subscriptions	1,568	-0-	1,568	3,136	2,200	-0-	2,200	4,400
Travel and entertainment	537	119	537	1,193	254	56	254	564
Meetings and conferences	829	553	1,381	2,763	737	491	1,228	2,456
Insurance	1,730	1,783	1,730	5,243	1,804	1,859	1,804	5,467
Utilities	-0-	2,843	-0-	2,843	-0-	3,081	-0-	3,081
Miscellaneous	1,225	1,262	1,225	3,712	2,536	2,618	2,539	7,693
Total expense	<u>\$ 905,312</u>	<u>\$ 142,808</u>	<u>\$ 136,089</u>	<u>\$ 1,184,209</u>	<u>\$ 788,416</u>	<u>\$ 89,462</u>	<u>\$ 113,882</u>	<u>\$ 991,760</u>

*See accompanying notes to financial statements.*

**OWEN COUNTY COMMUNITY FOUNDATION, INC.**

STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
<b>Operating activities</b>		
Change in net assets	\$ 2,187,828	\$ 1,051,426
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	8,336	5,052
Reinvested interest and dividends	(247,298)	(320,134)
Realized and unrealized gains on investments	(1,271,690)	(608,218)
Restricted contributions for endowment	(1,295,494)	(151,473)
Change in value of split-interest agreement	47	5,160
Changes in assets and liabilities:		
Contributions receivable	35,059	38,530
Other assets	(12)	-0-
Accounts payable	3,494	-0-
Grants payable	12,573	-0-
Accrued wages	(4,344)	3,035
Custodial funds	(27,869)	89,947
Net cash flows from operating activities	(599,370)	113,325
<b>Investing activities</b>		
Purchase of office equipment	(5,068)	(14,222)
Purchases of certificates of deposit	-0-	(144,602)
Maturities of certificate of deposit	138,161	147,754
Purchases of investments	(10,369,444)	(5,934,899)
Proceeds on sales of investments	8,999,160	5,936,518
Net cash flows from investing activities	(1,237,191)	(9,451)
<b>Financing activities</b>		
Payments on charitable gift annuities	(4,797)	(7,342)
Restricted contributions for endowment	1,295,494	151,473
Net cash flows from financing activities	1,290,697	144,131
Net change in cash and cash equivalents	(545,864)	248,005
<b>Cash and cash equivalents, beginning of year</b>	933,948	685,943
<b>Cash and cash equivalents, end of year</b>	\$ 388,084	\$ 933,948

*See accompanying notes to financial statements.*

# OWEN COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

---

### 1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

The Owen County Community Foundation, Inc. (the "Organization") is a not-for-profit entity that began operations in February 1994. The Organization is located in Spencer, Indiana, and was organized to help make the Owen County communities become better places to grow, work, and live by gathering and growing charitable assets and giving back to the community through grants and scholarships.

#### Management's Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported amounts of support, revenues and expenses. Actual results could vary from the estimates that were used.

#### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis and have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

*Net assets without donor restrictions:* Net assets that are currently available for operating purposes under the direction of the board of directors ("Board") or designated by the Board for specific use. The Organization maintains net assets without donor restrictions as follows:

Operating – used to fund current operations of the Organization

Board designated – COVID relief – established by the Board to support organizations and other projects impacted by the COVID-19 pandemic

Board designated endowment – established with the expectation that the principal be maintained in perpetuity to generate grants, subject to the spending policy, used to support the general operations of the Organization as designated by the Board

# OWEN COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

---

*Net assets with donor restrictions:* Net assets subject to donor stipulations for specific purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term to support operations or specific purposes. The Organization maintains net assets with donor restrictions as follows:

Restricted for specified purpose – all contributions to the Organization with the intention of the donor to be held for a specific program or in a donor-restricted non-endowed fund

Restricted due to time restrictions – all contributions of the Organization with donor restrictions that will be met by the passage of time

Endowment funds – all contributions to the Organization with the intention of the donor that the assets be held in perpetuity and related investment earnings managed in accordance with the Organization's spending policy

### Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers cash equivalents to include all unrestricted investments with an original maturity of ninety days or less, but excludes cash equivalents held by various managers included in investments.

### Investments and Investment Return

The Organization carries its investments at fair value for financial reporting purposes. Changes in unrealized appreciation or depreciation of investments are reflected in the Statements of Activities in the periods in which such changes occur.

Interest and dividend income and net unrealized and realized gains and losses on investments are recognized as net assets with or without donor restrictions based upon the existence or absence of donor-imposed restrictions or the related fund classification in accordance with the Organization's spending policy.

### Contributions Receivable

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Management estimates an allowance for doubtful contributions receivable based on an evaluation of historical losses, current economic conditions, and other factors unique to the Organization's donors. No allowance for doubtful contributions receivable was determined necessary as of December 31, 2021 and 2020.

# OWEN COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

---

### Property and Equipment

Property and equipment, including expenditures that substantially increase the useful lives of existing assets, is recorded at cost except for donations, which are recorded at fair value at the date of the donation. Costs of ordinary maintenance and repairs are expensed as incurred.

The Organization provides for depreciation of property and equipment utilizing the straight-line method at rates designed to depreciate the cost of such assets over their estimated useful lives, which range from five to twenty years.

### Support, Revenue and Expense Recognition

Contributions, which include unconditional promises to give (contributions receivable), are recognized as revenues in the period the contribution is received or the promise is made. Contributions received with donor imposed restrictions are reported as restricted support and increases net assets with donor restrictions.

Support and revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in either net assets with or without donor restrictions in accordance with the classification of the fund.

All other support and revenue is recorded when earned.

### Administrative Fees

Administrative fees are expensed from the funds to support the operations of the Organization and are considered program expenses. Administrative fees from all funds are reflected as revenue on the Statements of Activities. The administrative fees from custodial funds are not included as expenses on the Statements of Activities because they are included in the change in custodial funds.

### Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statements of Activities and the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Those expenses include salaries and wages, payroll taxes and employee benefits, various occupancy expenses and office supplies. All expenses are

# OWEN COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

---

allocated on the basis of estimates of time, effort and usage. While the methods of allocation are considered appropriate, other methods could produce different results.

### Income Taxes

The Organization is organized as a not-for-profit corporation under Section 501(c)(3) of the United States Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements.

As such, the Organization is generally exempt from income taxes. However, the Organization is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

### Reclassifications

Certain prior year amounts have been reclassified to conform to the current method of presentation.

### Subsequent Events

The Organization has evaluated events or transactions occurring subsequent to the Statement of Financial Position date for recognition and disclosure in the accompanying financial statements through the date the financial statements were available to be issued, which is August 18, 2022.

## **2. CERTIFICATES OF DEPOSIT**

The Organization held certificates of deposit totaling \$74,340 and \$212,501 at December 31, 2021 and 2020, respectively, with an interest rate of 0.40 percent. The maturity date of this certificate of deposit is November 2023. Certificates of deposits are recorded at cost plus accrued interest.

# OWEN COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

---

### 3. INVESTMENTS

Investments consist of the following at December 31, 2021 and 2020:

	2021	2020
Cash and cash equivalents	\$ 584,987	\$ 405,519
Common stock		
Technology	713,117	560,727
Services	606,584	738,761
Healthcare	1,075,735	927,122
Consumer and industrial goods	247,362	165,773
Basic materials	291,008	94,415
Financial	371,910	311,113
Other	132,150	95,430
Equity mutual funds		
Mid/small	515,157	252,003
Large	1,768,588	1,482,702
Fixed income mutual funds		
Short	313,487	682,229
Intermediate	398,041	-0-
Inflation-protected	371,261	-0-
Nontraditional	-0-	187,609
Equity exchange traded funds		
Mid/small	832,523	700,029
Large	1,473,187	929,177
High yield	172,330	61,390
Fixed income exchange traded funds		
Short	1,047,405	418,708
Corporate bonds		
Technology	90,922	89,072
Consumer goods	31,757	62,557
Other	30,010	91,142
Real estate investment trusts	536,479	459,250
	<u>\$ 11,604,000</u>	<u>\$ 8,714,728</u>

### 4. RISKS AND UNCERTAINTIES

The Organization holds investments (Note 3). Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

---

# OWEN COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

---

### 5. FAIR VALUE MEASUREMENTS

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

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

- *Common stocks*: Valued at the closing price reported on the active market on which the individual securities are traded. For shares held of non-publicly traded stock, the fair value is based upon the last known sale.
- *Mutual funds and exchange traded funds*: Valued at the daily closing price as reported by the fund. Mutual funds and exchange traded funds held by the Organization are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The funds held by the Organization are deemed to be actively traded.
- *Corporate bonds*: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

## OWEN COUNTY COMMUNITY FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

- *Real estate investment trusts:* Valued at the NAV of units of the fund. The NAV, as provided by the investment manager, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.
- *Charitable gift annuities payable:* Fair value is determined by calculating the present value of the annuities using published life expectancy tables with discount rates ranging from 1.8 and 6.2 percent.

The following table sets forth by level, within the hierarchy, the Organization's assets and liabilities measured at fair value on a recurring basis as of December 31, 2021 and 2020:

	2021		
	Level 1	Level 2	Total
Assets:			
Common stock	\$ 3,437,866	\$ -0-	\$ 3,437,866
Mutual funds	3,366,534	-0-	3,366,534
Exchange traded funds	3,525,445	-0-	3,525,445
Corporate bonds	-0-	152,689	152,689
Total assets in the fair value hierarchy	<u>\$ 10,329,845</u>	<u>\$ 152,689</u>	10,482,534
Real estate investment trusts*			536,479
Total assets at fair value			<u>\$ 11,019,013</u>
Liabilities:			
Charitable gift annuities payable	<u>\$ -0-</u>	<u>\$ 55,615</u>	<u>\$ 55,615</u>
	2020		
	Level 1	Level 2	Total
Assets:			
Common stock	\$ 2,876,601	\$ 16,740	\$ 2,893,341
Mutual funds	2,604,543	-0-	2,604,543
Exchange traded funds	2,109,304	-0-	2,109,304
Corporate bonds	-0-	242,771	242,771
Total assets in the fair value hierarchy	<u>\$ 7,590,448</u>	<u>\$ 259,511</u>	7,849,959
Real estate investment trusts*			459,250
Total assets at fair value			<u>\$ 8,309,209</u>
Liabilities:			
Charitable gift annuities payable	<u>\$ -0-</u>	<u>\$ 60,365</u>	<u>\$ 60,365</u>

\* In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value

# OWEN COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

---

amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented at fair value in the statement of financial position.

The objective of the real estate investment trusts is to invest in a diversified portfolio that will achieve attractive total returns, preserve invested capital, and provide increasing distributions. To achieve these objectives, investment managers seek to invest in a portfolio of income-producing commercial properties. The investments may be redeemed at the net asset value after the one-year anniversary date of the investment and with proper notice. The redemptions may be done monthly, quarterly, or semi-annually with various notices ranging from one day to five days. Due to the nature of the investments, changes in market conditions and the economic environment may significantly impact the net asset value and, consequently, the fair value of the Organization's interest in the investments. There were no unfunded commitments of these real estate investment trusts as of December 31, 2021 and 2020.

### 6. CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable consist of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Amounts due in:		
Less than one year	\$ 22,320	\$ 33,600
One to five years	39,461	53,240
Five to ten years	<u>-0-</u>	<u>10,000</u>
Ending balance	<u>\$ 61,781</u>	<u>\$ 96,840</u>

Contributions receivable have not been discounted due to the immaterial effect.

### 7. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2021 and 2020, is as follows:

	<u>2021</u>	<u>2020</u>
Office equipment	\$ 46,385	\$ 41,317
Furniture and fixtures	19,912	19,912
Leasehold improvements	<u>13,370</u>	<u>13,370</u>
	79,667	74,599
Less accumulated depreciation	<u>(46,520)</u>	<u>(38,184)</u>
	<u>\$ 33,147</u>	<u>\$ 36,415</u>

---

# OWEN COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

---

### 8. CHARITABLE GIFT ANNUITIES

The Organization has five charitable gift annuities. The Organization is required to make payments to the donors in quarterly and semiannual amounts ranging from annual amounts of \$620 to \$2,465. Upon the death of the specified persons, the remaining amount of the gifts is to be used by the Organization for unrestricted purposes. The Organization has recognized a liability for the present value of the amounts expected to be paid to the third-party beneficiaries at December 31, 2021 and 2020, under these agreements. The liability was calculated based on the life expectancy of the beneficiaries, derived from the applicable annuity expected return multiples for the annuities. The present value was calculated using IRS discount rates ranging from 1.8% to 6.2%. The present value of amounts to be paid to the third party beneficiaries was \$55,615 and \$60,365 at December 31, 2021 and 2020, respectively.

### 9. CUSTODIAL FUNDS

Custodial funds represent funds placed on deposit with the Organization by other organizations based on their individual board resolutions. The Organization accounts for these transfers as a liability in accordance with standards set forth by the Financial Accounting Standards Board. Income is added to these funds periodically in accordance with the Organization's investment allocation policies. Contributions by, investment interest credits for, and distributions to those organizations are reflected as adjustments to the liability account and are not reflected on the Statements of Activities.

Following is a progression of custodial funds during 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 135,987	\$ 46,040
Contributions	5,147	87,373
Investment return, net	7,290	4,828
Grant payments	(38,624)	(1,376)
Administrative fees	<u>(1,682)</u>	<u>(878)</u>
Ending balance	<u>\$ 108,118</u>	<u>\$ 135,987</u>

# OWEN COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

---

### 10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Restricted for specified purposes		
Various based on fund agreements	\$ 150,010	\$ 380,942
My Path	123,004	90,504
Restricted due to time restrictions		
Pledges receivable	61,781	96,840
Endowment funds		
Restricted in perpetuity	8,205,181	6,874,617
Restricted subject to the Organization's spending policy	<u>2,644,619</u>	<u>1,644,924</u>
Total net assets with donor restrictions	<u>\$ 11,184,595</u>	<u>\$ 9,087,827</u>

### 11. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Purpose restrictions related to:		
MyPath	\$ 59,718	\$ 51,932
Funds appropriated for expenditure for various purposes based on fund agreements	<u>860,166</u>	<u>677,931</u>
	<u>\$ 919,884</u>	<u>\$ 729,863</u>

### 12. ENDOWMENT

The majority of the Organization's funds consist of endowed funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as

---

# OWEN COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

---

endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for granting purposes while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must use for a donor-specified purpose as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce long-term growth of capital without undue exposure to risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 6.5 percent plus the Consumer Price Index annually, which will preserve the purchasing power of the Organization's assets while considering the spending requirements. Actual returns in any given year may vary.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment decisions shall be made with the intent of maximizing the long-term total return of the portfolio through market value changes (realized and unrealized) and through earned income (dividends and interest).

The Organization has a policy of appropriating for distribution each year 4.5 percent of the endowment funds' average market value over the prior twelve quarters, or a lesser percentage as voted upon annually by the Board of Directors. In establishing this policy, the Organization considered the long-term expected return on its endowment.

**OWEN COUNTY COMMUNITY FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

Endowed funds by net asset type at December 31, 2021 and 2020 were as follows:

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Board Designated Funds	\$ 443,038	\$ -0-	\$ 252,170	\$ -0-
Donor Restricted Funds	-0-	10,849,800	-0-	8,519,541
	\$ 443,038	\$ 10,849,800	\$ 252,170	\$ 8,519,541

Changes in endowed funds for the years ending December 31, 2021 and 2020 were as follows:

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ 252,170	\$ 8,519,541	\$ 155,009	\$ 7,767,238
Contributions and other revenues	-0-	1,371,651	88,000	206,033
Investment return, net	43,801	1,374,854	17,288	848,437
Interfund activity, net	156,712	50,705	-0-	(51,024)
Appropriation of endowment assets for expenditure	(9,645)	(466,951)	(8,127)	(251,143)
Endowment net assets, end of year	\$ 443,038	\$ 10,849,800	\$ 252,170	\$ 8,519,541

**13. RENT**

The Organization uses its existing office space under a term lease for \$1,000 per month which began October 1, 2018 and includes an annual payment escalation through September 30, 2028, which is when the lease expires. The lease also offers renewal options for two additional five-year terms. In 2021 and 2020, rent expense for office space was \$12,540 and \$11,280, respectively.

**OWEN COUNTY COMMUNITY FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

---

Future minimum lease payments subsequent to December 31, 2021, are as follows:

<u>Year Ending December 31.</u>	
2022	12,780
2023	12,780
2024	13,275
2025	13,575
2026	13,875
Thereafter	<u>24,975</u>
	<u>\$ 91,260</u>

**14. RELATED PARTY TRANSACTIONS**

The Organization received \$82,266 and \$43,585 in contributions from members of the Organization’s board of directors and staff during 2021 and 2020, respectively. Contributions receivable at December 31, 2021 and 2020 included outstanding pledges from members of the Organization’s board of directors of \$47,161 and \$72,000, respectively.

**15. LIQUIDITY AND AVAILABILITY**

As part of the Organization’s liquidity management, it structures its financial assets to be available as its awarded grants, general expenditures and other obligations become due. The Organization invests cash in excess of daily requirements in money market accounts, certificates of deposit, and other short-term investments. Financial assets available for general expenditures within one year of the Statements of Financial Position date are comprised of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Operating cash and cash equivalents	\$ 183,342	\$ 174,435
Maturing certificates of deposit	-0-	138,464
Investments	<u>64,735</u>	<u>-0-</u>
	<u>\$ 248,077</u>	<u>\$ 312,899</u>

The Organization’s endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. The Organization has an annual grant approval process. This process includes evaluating a number of factors

---

# OWEN COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

---

relative to the spending rate to be applied to the Organization's fund balances in accordance with its spending policy. Once the Organization's Board approves the spending rate, the related dollar amount of the funds becomes available for general expenditures.

While not subject to the Organization's spending policy, expenditures from donor-restricted non-endowed funds must be approved by the Board and, therefore, are not available for general expenditure until that time. Non-endowed funds are held in cash and cash equivalents or liquid investments and are made available upon appropriation.

The administrative endowment is subject to an annual spending rate of 4.5 percent as described in Note 12. Although the Organization does not intend to spend from this administrative endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available, if necessary.

The Organization also relies on the administrative fees, which it charges most funds annually 2 percent of the fund balance or 2 percent of gifts received, to fund operational expenditures.

### **16. CONCENTRATIONS OF CREDIT RISK**

The Organization maintains its cash in bank deposit accounts insured by the Federal Deposit Insurance Corporation at its current coverage levels. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

Marketable securities and money market funds are managed by various investment firms. Such balances exceed the Securities Investor Protection Corporation insured limits of up to \$500,000.

### **17. RECENTLY ISSUED ACCOUNTING STANDARD**

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This new standard, which the Organization is not required to adopt until its year ending December 31, 2022, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their balance sheet the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's statement of financial position.

On September 17, 2020, the FASB issued an ASU No. 2020-07 *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This new standard is intended to increase transparency around contributed nonfinancial assets (also

# **OWEN COUNTY COMMUNITY FOUNDATION, INC.**

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

---

known as "gifts-in-kind") received by not-for-profit (NFP) organizations, included information on how those assets are used and how they are valued. This new standard requires that NFP present contributed nonfinancial assets as a separate line items in the statement of cash or other financial assets. In addition, there are expanded disclosure requirements. The Organization will be required to adopt this new standard in the year ending December 31, 2022.

The Organization is presently evaluating the effects that these ASUs will have on its future financial statements including related disclosures.