

COMMUNITY FOUNDATION OF SHELBY COUNTY

Combined Financial Statements
Years Ended December 31, 2022 and 2021

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditors' Report	1
Combined Statements of Financial Position	3
Combined Statements of Activities and Change in Net Assets	4
Combined Statements of Functional Expenses	5
Combined Statements of Cash Flows	7
Notes to Combined Financial Statements	8

McCrate, DeLaet & Co.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Foundation of Shelby County

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Community Foundation of Shelby County (a nonprofit organization) and affiliate which comprise the combined statements of financial position as of December 31, 2022 and 2021, and the related combined statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of Shelby County and affiliate as of December 31, 2022 and 2021, 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 of 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 Community Foundation of Shelby County 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 combined 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 the combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined 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 Shelby County ability to continue as a going concern within one year after the date that the combined 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 combined 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Shelby County 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Foundation of Shelby County 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.

McCrate, DeLaet & Co.

Sidney, Ohio

May 15, 2023

COMMUNITY FOUNDATION OF SHELBY COUNTY
 Combined Statements of Financial Position
 December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash & cash equivalents	\$ 5,967,014	\$ 9,955,713
Pledges receivable-assets held on behalf of others	2,042,019	152,867
Investments	41,375,504	41,306,878
Property and equipment, net	55,369	58,313
Other assets	-	266
TOTAL ASSETS	\$ 49,439,906	\$ 51,474,037
 LIABILITIES AND NET ASSETS		
Grants payable	\$ 589,904	\$ 337,042
Accrued liabilities	20,066	27,799
Assets held on behalf of others	14,661,381	11,193,338
Total Liabilities	15,271,351	11,558,179
 Net Assets:		
Without Restrictions	34,168,555	39,915,858
Total Net Assets	34,168,555	39,915,858
 TOTAL LIABILITIES AND NET ASSETS	 \$ 49,439,906	 \$ 51,474,037

COMMUNITY FOUNDATION OF SHELBY COUNTY
 Combined Statements of Activities and Change in Net Assets
 For the Years Ended December 31, 2022 and 2021

	2022	2021
Revenues, Gains, & Support:		
Contributions	\$ 3,226,845	\$ 11,371,334
Net investment income (loss)	(6,530,183)	2,646,611
Fund management fees	622,628	583,173
Total Revenue	(2,680,710)	14,601,118
Expenses:		
Program activities	2,750,926	3,653,137
Fundraising costs	86,414	86,784
General and administrative	229,252	264,488
Total Expenses	3,066,592	4,004,409
Change in Net Assets	(5,747,302)	10,596,709
Net Assets, Beginning of the Year	39,915,857	29,319,148
NET ASSETS, END OF THE YEAR	\$ 34,168,555	\$ 39,915,857

COMMUNITY FOUNDATION OF SHELBY COUNTY
 Combined Statement of Functional Expenses
 For the Year Ended December 31, 2022

	<u>Program Activities</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Grants	\$ 2,646,497	\$ -	\$ -	\$ 2,646,497
Personnel costs	88,634	82,007	134,974	305,615
Professional fees	863	-	19,225	20,088
Occupancy	3,139	3,139	6,278	12,556
Insurance	-	-	12,455	12,455
Travel expenses	-	-	845	845
Advertising	9,257	-	-	9,257
Depreciation	2,536	1,268	1,268	5,072
Administrative	-	-	54,207	54,207
TOTAL EXPENSES	<u><u>\$ 2,750,926</u></u>	<u><u>\$ 86,414</u></u>	<u><u>\$ 229,252</u></u>	<u><u>\$ 3,066,592</u></u>

COMMUNITY FOUNDATION OF SHELBY COUNTY
 Combined Statement of Functional Expenses
 For the Year Ended December 31, 2021

	<u>Program Activities</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Grants	\$ 3,549,460	\$ -	\$ -	\$ 3,549,460
Personnel costs	88,913	83,007	144,561	316,480
Professional fees	397	-	18,100	18,497
Occupancy	2,568	2,568	5,137	10,273
Insurance	-	-	10,298	10,298
Travel expenses	-	-	646	646
Advertising	9,381	-	-	9,381
Depreciation	2,418	1,209	1,209	4,836
Administrative	-	-	84,537	84,537
TOTAL EXPENSES	<u><u>\$ 3,653,137</u></u>	<u><u>\$ 86,784</u></u>	<u><u>\$ 264,488</u></u>	<u><u>\$ 4,004,409</u></u>

COMMUNITY FOUNDATION OF SHELBY COUNTY
 Combined Statements of Cash Flows
 For the Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from contributions	\$ 1,468,666	\$ 5,376,394
Cash received from stock gifts	1,758,179	5,994,941
Cash received from contributions for assets held in trust for others	6,359	994,781
Cash received from fund management	622,628	583,172
Interest and dividends received	770,639	869,485
Interest and dividends received for assets held in trust for others	223,608	269,962
Cash paid to grantees	(1,840,333)	(1,984,682)
Cash paid to grantees for assets held in trust for others	(806,164)	(1,564,778)
Cash paid to employees	(305,615)	(316,480)
Cash paid to suppliers	(699,182)	(562,765)
Cash paid to suppliers for assets held in trust for others	(115,891)	(113,649)
Interest paid on note payable held in trust for others	-	(426)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,082,893	9,545,955
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of building improvements and equipment	(2,128)	(1,379)
Purchase of investments	(24,622,834)	(27,073,048)
Proceeds from sale of investments	19,553,371	24,514,880
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(5,071,591)	(2,559,547)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan payments	-	(54,676)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	-	(54,676)
Net increase (decrease) in cash	(3,988,698)	6,931,732
Cash, Beginning of the Year	9,955,713	3,023,981
CASH, END OF THE YEAR	\$ 5,967,014	\$ 9,955,713

COMMUNITY FOUNDATION OF SHELBY COUNTY

Notes to Combined Financial Statements

NOTE 1 - NATURE OF ACTIVITIES

The Community Foundation of Shelby County (Foundation) is a public foundation that hosts charitable funds established by local residents or organizations to provide support for favorite causes and charities.

Each charitable fund is given a name and purpose by the establishing individuals, families, or organizations. Foundation trustees and staff abide by the purpose of the charitable fund, making grants to specified causes or organizations in the name of the fund. They provide the administrative structure for funds including gift acceptance, asset investment, grant disbursements, and tax filing. Most funds are intended to be perpetuating endowments, but some have a defined life span such as the completion of a community project.

The Foundation's mission is to inspire donor generosity and transform it into meaningful, lasting impact through charitable gifts.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICY

Basis of Accounting

The combined financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The combined financial statements include accounts of the Foundation and its wholly owned subsidiary, CFSC I, LTD. Financial statement presentation follows generally accepted accounting principles (GAAP). Under GAAP, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

NOTE 2 - (Continued)

Principles of Combination

The combined financial statements include the financial transactions of The Donald & Evelyn Bensman Foundation, Inc., which is a supporting foundation. All material inter-organizational accounts and transactions have been eliminated.

Net Assets Classifications

The Financial Accounting Standards Board (FASB) issued FASB Accounting Standards Codification (ASC) Topic 958-205, Endowments of Not-For-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for all Endowment Funds. FASB ASC Topic 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FASB Topic 958-205 also improves disclosures about an organization's endowment funds whether or not the organization is subject to UPMIFA.

The Foundation's net assets do not meet the definition of endowment under UPMIFA. While not an UPMIFA-defined endowment, the Foundation intends many of its funds to be permanent and manages them accordingly. Further reference to "endowment" or "endowed assets" in these notes relate to those intentions of the Foundation.

The Foundation is governed subject to its Articles of Incorporation and Bylaws and further by its adopted investment policy as well as individual gift instruments and agreements. Although the Foundation's mission is to build endowed assets, the Foundation has the ability, as required by Internal Revenue Service Regulations, to distribute all or any part of its net income, principal, or property, in accordance with determination made by the Foundation's Governing Board for the purposes set forth in its Articles of Incorporation.

Accounting standards provide that if the governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as net assets without donor restrictions. Accordingly, the financial statements classify all net assets that the Foundation has obtained variance power from the donor as net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all short-term securities purchased with a maturity of three months or less to be cash equivalents. Cash includes checking and savings accounts, and money market funds.

	<u>2022</u>	<u>2021</u>
US Bank - checking and savings	\$ 13,647	\$ 6,972
Certificate of Deposit	73,144	75,744
Money market funds - brokerage firms	<u>5,880,223</u>	<u>9,872,997</u>
Total Cash	<u>\$ 5,967,014</u>	<u>\$ 9,955,714</u>

NOTE 2 - (Continued)

Concentration of Credit Risk

The Foundation maintains its cash deposit accounts with local financial institutions, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values, and all investments in debt securities at their fair values, in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. The Foundation carries its real estate investments at fair market value as of the dates the investments were donated to the Foundation.

Investment Pools

The Foundation maintains pooled investment accounts for its endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the market value of each endowment to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000, and all expenditures for repairs, maintenance, and renewals that materially prolong the useful lives of assets, are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at the estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Grants Authorized but Unpaid

Grants are recorded as expenses when they are approved by the Board of Trustees for payment. Grants authorized but unpaid at year end are reported as liabilities in accordance with generally accepted accounting principles.

NOTE 2 - (Continued)

Refunds Due from Grants Awarded

Unexpended balances of grants awarded by the Foundation are required to be returned to the Foundation. Grant refunds to the Foundation are recorded when the amount of the refund due becomes known, normally when a final accounting by the grantee is submitted.

Contributions

The Foundation reports contributions as with or without donor restrictions, except for assets held on behalf of others, which are reported as a liability. The Bylaws of the Foundation include a variance provision and powers modification, giving the Governing Board the power to vary the use of funds. However, the Foundation will honor donor intent with regards to donor restricted contributions. Contributions are recorded at fair value at the date of the donation.

Functional Expenses

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy costs and depreciation, which are allocated on the basis of estimated usage; and professional fees, which are allocated on the basis of the expenses.

Endowment Investment and Spending Policies

The Community Foundation of Shelby County follows investment and spending policies for endowment assets that attempt to provide a stream of funding to support grant awards by each endowment fund, while seeking to maintain the original value of endowment assets. Endowment assets include those assets of donor-restricted funds that the organization intends to hold in perpetuity or for a donor-specified period(s), as well as board designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in one of three model portfolios with varying asset allocations. Each model portfolio is intended to produce results that meet or exceed its benchmarks and assumes a corresponding level of risk and reward. The board of trustees expects the endowment funds to achieve returns for grant awards and to keep pace with inflation over time.

To satisfy its long-term rate-of-return objectives, the Community Foundation of Shelby County relies on a total return strategy in which investment returns are achieved through both realized and unrealized appreciation and interest and dividends. The Foundation targets diversified asset allocations in which endowment assets are invested in one of three model portfolios with varying asset allocations. This manner of investment achieves each model portfolio's long-term return objectives within prudent risk constraints.

The Community Foundation of Shelby County has a policy of appropriating for distribution each endowment's Total Return or Income, according to the Fund Agreement created between the Foundation and the establishing donor or organization. During the formation of the Fund Agreement, the establishing donor or organization representatives indicate the limitations or conditions regarding disbursement, including any that enable the disbursement of principal. In the absence of any language enabling disbursement of principal, the endowment is intended to be held in perpetuity. Unspent investment return is retained to grow the fund over time.

NOTE 2 - (Continued)

The Community Foundation board of trustees adopted a Spending Policy that determines the spendable percentage by averaging the ending quarter balance from the preceding sixteen (16) quarters. The average is multiplied by either three (3), three point five (3.5) or four (4) percent, depending upon the investment portfolio of the fund.

Advertising

The Foundation uses advertising to promote its programs among the community it serves. The production costs of advertising are expensed as incurred. During 2022 and 2021 advertising costs totaled \$9,257 and \$9,381, respectively.

Donated Services

No amounts have been reflected in the financial statements for donated services. The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific assistance programs, campaign solicitations, and various committee assignments.

Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rates, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in risks and values of investment securities will occur in the near term and, that such changes could materially affect the amounts reported in the statement of financial position.

Tax Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Estimates

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

Subsequent Events

Subsequent events were evaluated through May 15, 2023, the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

NOTE 3 - PROMISES TO GIVE:

The Community Foundation of Shelby County administers 232 separate charitable funds. The board has adhered to the intention of each charitable fund's establishing donor or organization. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 1,263,352	\$ 115,117
Receivable in one to five years	778,667	37,750
Total Unconditional Promises to Give Associated with Assets Held in Trust for Others	<u>\$ 2,042,019</u>	<u>\$ 152,867</u>

NOTE 4 - ENDOWMENT:

Interpretation of Relevant Law

The board of trustees of the Community Foundation of Shelby County has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historical dollar amount of a donor-restricted endowment, and absent any donor restrictions, implementing a consistent, disciplined spending policy that enables both the disbursement and some retention of appreciation. The intended affect is to encourage long term growth of the endowment to preserve its buying power. While disbursements may continue in years of market decline, granting will be suspended to avoid depletion of the endowment should the market value fall below 85% of the historical dollar amount.

Endowed net asset composition by type of fund is as follows at December 31:

	<u>2022</u>	<u>2021</u>
Donor Advised	\$ 4,390,816	\$ 1,350,749
Designated	4,067,290	4,915,560
Field of Interest	3,203,578	3,967,677
Scholarship	6,378,282	7,158,675
All other	192,597	29,171
Total	<u>\$ 18,232,563</u>	<u>\$ 17,421,832</u>

Quasi endowed net asset composition by type of fund is as follows at December 31:

	<u>2022</u>	<u>2021</u>
Donor Advised	\$ 3,047,837	\$ 10,360,377
Designated	1,491,278	1,875,740
Field of Interest	35,640	43,525
Scholarship	1,144,374	1,507,946
All other	3,132,397	1,426,371
Total	<u>\$ 8,851,526</u>	<u>\$ 15,213,959</u>

NOTE 5 - INVESTMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in an active market. This level includes common stocks, corporate bonds and mutual funds based on the closing price reported in the active market where the securities are traded.

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.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Mutual funds, common and preferred stocks, and limited partnerships are stated at fair value based on quoted prices in active markets (Level 1 inputs). The life insurance policy is stated at the cash surrender value as provided by the insurance company.

Fair values and unrealized appreciation (depreciation) at December 31, 2022 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Mutual Funds	\$ 38,183,854	\$ 36,239,702	\$ (1,944,152)
Hedge Funds	3,325,000	3,574,558	249,558
Common Stocks	1,128,750	1,546,462	417,712
Life Insurance Policy	14,782	14,782	-
Total Investments	<u>\$ 42,652,386</u>	<u>\$ 41,375,504</u>	<u>\$ (1,276,882)</u>

Fair values and unrealized appreciation (depreciation) at December 31, 2021 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Mutual Funds	\$ 30,305,799	\$ 35,998,392	\$ 5,692,593
Hedge Funds	3,325,000	3,325,000	
Common Stocks	1,128,750	1,969,238	840,488
Life Insurance Policy	14,248	14,248	-
Total Investments	<u>\$ 34,773,797</u>	<u>\$ 41,306,878</u>	<u>\$ 6,533,081</u>

NOTE 5 - (Continued)

Assets measured at fair value on a recurring basis are summarized as follows:

Description	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Marketable Securities:				
Common stocks	\$ 1,422,328	\$ 1,422,328	\$ -	\$ -
Mutual funds - bonds	10,142,094	10,142,094	-	-
Mutual funds - equity	26,097,608	26,097,608	-	-
Hedge Funds	3,574,558	3,574,558	-	-
Life Insurance	14,782	-	-	14,782
Limited Partnerships	124,134	124,134	-	-
Total	<u>\$ 41,375,504</u>	<u>\$ 41,360,722</u>	<u>\$ -</u>	<u>\$ 14,782</u>

Description	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Marketable Securities:				
Common stocks	\$ 1,845,104	\$ 1,845,104	\$ -	\$ -
Mutual funds - bonds	9,304,116	9,304,116	-	-
Mutual funds - equity	26,694,276	26,694,276	-	-
Hedge Funds	3,325,000	3,325,000	-	-
Life Insurance	14,248	-	-	14,248
Limited Partnerships	124,134	124,134	-	-
Total	<u>\$ 41,306,878</u>	<u>\$ 41,292,630</u>	<u>\$ -</u>	<u>\$ 14,248</u>

The changes in Level 3 assets measured at fair value on a recurring basis are summarized as follows:

	Life Insurance
Beginning balance at January 1, 2022	\$ 14,248
Total unrealized gain (loss) included in change in net assets	534
Ending balance at December 31, 2022	<u>\$ 14,782</u>

Investment returns at December 31, 2022 and 2021 are as follows:

	2022	2021
Investment income	\$ 770,639	\$ 869,486
Net realized and unrealized gains (losses)	(6,723,603)	2,309,633
Investment expenses	(577,219)	(532,508)
Total Investment Income	<u>\$ (6,530,183)</u>	<u>\$ 2,646,611</u>

Expenses related to investment revenues, including custodial fees and investment advisory fees, amounted to \$70,429 and \$62,963 in 2022 and 2021, respectively. These expenses have been netted against investment revenues in the accompanying Statement of Activities.

NOTE 6 - PROPERTY AND EQUIPMENT:

	<u>2022</u>	<u>2021</u>
Building	\$ 104,668	\$ 104,668
Equipment and furnishings	42,271	40,143
Total	146,939	144,811
Less accumulated depreciation	(91,570)	(86,498)
Property and Equipment, Net	<u>\$ 55,369</u>	<u>\$ 58,313</u>

Depreciation expense was \$5,072 and \$4,836 for 2022 and 2021, respectively.

NOTE 7 - GRANTS PAYABLE:

Grants payable in more than one year are not discounted because they are not material to the financial statements. The following is a summary of grants authorized and payable at December 31, 2022:

2023	\$ 367,737
2024	205,667
2025	16,500
Total	<u>\$ 589,904</u>

NOTE 8 - ASSETS HELD ON BEHALF OF OTHERS

The Foundation receives and distributes assets under certain agency and intermediary arrangements. FASB ASC 958-605 establishes standards for transactions in which a recipient organization accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. This pronouncement specifically requires that if a not-for-profit organization establishes a fund at a recipient organization with its own funds and specifies itself or its affiliate as the beneficiary of that fund, the recipient organization must account for the transfer of such assets as a liability. In accordance with this pronouncement, a liability has been established, which is equivalent to the funds current fair market value. The funds are also recorded as assets of the Foundations because they maintain variance power and legal ownership of organization endowment funds.

Assets held on behalf of others at December 31, 2022 and December 31, 2021 of \$14,661,381 and \$11,193,338, respectively, recognized in the accompanying combined statements of financial position are for endowments held by the Foundation on behalf of Shelby County area not-for-profit agencies.

The activities for assets held on behalf of others are as follows:

	<u>2022</u>	<u>2021</u>
Contributions	\$ 2,222,653	\$ 1,927,235
Investment Income (Loss)	2,167,442	1,279,511
Grant Expenses	(806,164)	(1,564,778)
Administrative Expenses	(115,888)	(113,649)
Total Income (Loss)	<u>\$ 3,468,043</u>	<u>\$ 1,528,319</u>

NOTE 9 - LIQUIDITY

The Foundation is substantially supported by contributions from donors. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in investments as deemed appropriate. The following table presents the financial assets available to meet cash needs for general expenditures within one year at December 31:

Cash & Equivalents	\$	5,967,014
Investments		<u>41,360,723</u>
Total	\$	<u><u>47,327,737</u></u>

NOTE 10 - RETIREMENT PLAN

The Foundation has a defined contribution retirement plan. The Foundation made contributions based upon specified percentages of salary for all employees. Retirement plan expense was \$30,877 and \$30,680 in 2022 and 2021, respectively. All contributions under the plan are fully vested at the time the contributions are made.