

**THE COMMUNITY FOUNDATION  
OF JACKSON COUNTY  
AND ITS SUBSIDIARIES AND AFFILIATES**

**COMBINED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**December 31, 2022 and 2021**

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## **Independent Auditors' Report**

To the Board of Directors  
The Community Foundation of Jackson County  
and its Subsidiaries and Affiliates

### **Opinion**

We have audited the accompanying combined financial statements of The Community Foundation of Jackson County (a nonprofit organization) and its Subsidiaries and Affiliates, which comprise the combined statements of financial position as of December 31, 2022 and 2021, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation of Jackson County and its Subsidiaries and Affiliates as of December 31, 2022 and 2021, and the changes in their net assets and 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 Combined Financial Statements section of our report. We are required to be independent of The Community Foundation of Jackson County and its Subsidiaries and Affiliates 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 Combined 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 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 The Community Foundation of Jackson County and its Subsidiaries and Affiliates ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Combined 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 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 combined 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 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 The Community Foundation of Jackson County and its Subsidiaries and Affiliates' 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 The Community Foundation of Jackson County and its Subsidiaries and Affiliates' 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.

#### **Report on Summarized Comparative Information**

We have previously audited The Community Foundation of Jackson County and its Subsidiaries and Affiliates' 2021 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated November 9, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

#### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining Statement of Financial Position and combining Statement of Activities are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

*Deming, Malone, Lussay & Ostroff*

New Albany, Indiana  
August 18, 2023

**THE COMMUNITY FOUNDATION OF JACKSON COUNTY  
AND ITS SUBSIDIARIES AND AFFILIATES**

**COMBINED STATEMENTS OF FINANCIAL POSITION**

December 31, 2022 and 2021

| <b>Assets</b>   | 2022                 | 2021                 |
|---|----------------------|----------------------|
| Cash and cash equivalents   | \$ 2,864,181         | \$ 2,210,912         |
| Investments   | 16,200,066           | 18,404,968           |
| Receivables   | 7,340                | 9,200                |
| Property and equipment, net   | 336,469              | 344,613              |
| Deferred tax asset  | 62,960               | 62,724               |
| Other assets  | 13,477               | 12,786               |
| <b>Total assets</b>   | <b>\$ 19,484,493</b> | <b>\$ 21,045,203</b> |
| <b>Liabilities and Net Assets</b>   |                      |                      |
| <b>Liabilities</b>  |                      |                      |
| Deferred revenue  | \$ 19,531            | \$ 36,268            |
| Charitable gift annuity payable   | 5,076                | 6,060                |
| Custodial funds   | 1,056,276            | 1,210,724            |
| Other liabilities   | 3,807                | 3,272                |
| <b>Total liabilities</b>  | <b>1,084,690</b>     | <b>1,256,324</b>     |
| <b>Net Assets</b>   |                      |                      |
| Net assets without donor restrictions - board designated:                             |                      |                      |
| Operating fund  | 933,394              | 867,791              |
| Administrative endowments   | 955,480              | 1,053,663            |
| Unrestricted endowments   | 3,608,241            | 4,038,317            |
| Designated endowments   | 5,404,729            | 5,839,033            |
| Scholarship endowments  | 4,184,549            | 4,590,269            |
| Field of interest endowments  | 601,847              | 350,280              |
| Donor advised endowments  | 1,027,021            | 1,139,533            |
| Special project endowments  | 125,412              | 149,162              |
| Nonendowed funds  | 1,386,689            | 1,588,063            |
| <b>Total net assets without donor restrictions - board designated</b>                 | <b>18,227,362</b>    | <b>19,616,111</b>    |
| <b>Net assets without donor restrictions - non-controlling interest in subsidiary</b> | <b>172,441</b>       | <b>172,768</b>       |
| <b>Total net assets</b>   | <b>18,399,803</b>    | <b>19,788,879</b>    |
| <b>Total liabilities and net assets</b>   | <b>\$ 19,484,493</b> | <b>\$ 21,045,203</b> |

See Notes to Combined Financial Statements.

**THE COMMUNITY FOUNDATION OF JACKSON COUNTY  
AND ITS SUBSIDIARIES AND AFFILIATES**

**COMBINED STATEMENT OF ACTIVITIES**

Year Ended December 31, 2022

|  | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>          |
|--|---|------------------------------------|-----------------------|
| <b>Revenue, Gains, and Other Support</b>   |   |                                    |                       |
| Grants and contributions   | \$ 1,300,845                              |                                    | \$ 1,300,845          |
| Investment loss, net   | (1,244,120)                               |                                    | (1,244,120)           |
| Administrative fees  | 346,316                                   |                                    | 346,316               |
| Rental income  | 71,937                                    |                                    | 71,937                |
| Other  | 13,029                                    |                                    | 13,029                |
| Events   | 8,610                                     |                                    | 8,610                 |
| <b>Total revenue, gains, and other support</b>   | <u>496,617</u>                            |                                    | <u>496,617</u>        |
| <b>Expenses</b>  |   |                                    |                       |
| Scholarships and grants  | 1,042,219                                 |                                    | 1,042,219             |
| Administrative expenses  | 327,847                                   |                                    | 327,847               |
| Salaries and benefits  | 312,086                                   |                                    | 312,086               |
| Occupancy  | 65,888                                    |                                    | 65,888                |
| Payroll taxes  | 23,516                                    |                                    | 23,516                |
| Insurance  | 20,195                                    |                                    | 20,195                |
| Memberships, printing, publication   | 19,863                                    |                                    | 19,863                |
| Depreciation and amortization  | 17,010                                    |                                    | 17,010                |
| Professional fees  | 13,678                                    |                                    | 13,678                |
| Other  | 9,983                                     |                                    | 9,983                 |
| Equipment rental and maintenance   | 8,315                                     |                                    | 8,315                 |
| Publicity  | 6,541                                     |                                    | 6,541                 |
| Supplies and postage   | 5,221                                     |                                    | 5,221                 |
| Programs   | 5,000                                     |                                    | 5,000                 |
| Travel   | 3,207                                     |                                    | 3,207                 |
| Events   | 2,232                                     |                                    | 2,232                 |
| Conferences and meetings   | 2,024                                     |                                    | 2,024                 |
| Property taxes   | 1,104                                     |                                    | 1,104                 |
| Deferred income tax benefit  | (236)                                     |                                    | (236)                 |
| <b>Total expenses</b>  | <u>1,885,693</u>                          |                                    | <u>1,885,693</u>      |
| <b>Change in net assets</b>  | (1,389,076)                               |                                    | (1,389,076)           |
| Change in net assets attributable to non-controlling interest                                | <u>327</u>                                |                                    | <u>327</u>            |
| <b>Change in net assets attributable to Community<br/>Foundation of Jackson County, Inc.</b> | <u>\$ (1,388,749)</u>                     | <u>\$</u>                          | <u>\$ (1,388,749)</u> |

See Notes to Combined Financial Statements.

**THE COMMUNITY FOUNDATION OF JACKSON COUNTY  
AND ITS SUBSIDIARIES AND AFFILIATES**

**COMBINED STATEMENT OF ACTIVITIES**

Year Ended December 31, 2021

|  | <u>Without<br/>Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|--|---|------------------------------------|---------------------|
| <b>Revenue, Gains, and Other Support</b>   |   |                                    |                     |
| Grants and contributions   | \$ 1,141,492                              |                                    | \$ 1,141,492        |
| Investment income, net   | 2,692,900                                 |                                    | 2,692,900           |
| Administrative fees  | 311,408                                   |                                    | 311,408             |
| Rental income  | 76,314                                    |                                    | 76,314              |
| Other  | <u>10,394</u>                             |                                    | <u>10,394</u>       |
| <b>Total revenue, gains, and other support</b>   | <u>4,232,508</u>                          |                                    | <u>4,232,508</u>    |
| <b>Expenses</b>  |   |                                    |                     |
| Scholarships and grants  | 1,647,040                                 |                                    | 1,647,040           |
| Salaries and benefits  | 300,271                                   |                                    | 300,271             |
| Administrative expenses  | 294,078                                   |                                    | 294,078             |
| Occupancy  | 63,164                                    |                                    | 63,164              |
| Payroll taxes  | 22,413                                    |                                    | 22,413              |
| Insurance  | 19,092                                    |                                    | 19,092              |
| Depreciation and amortization  | 17,754                                    |                                    | 17,754              |
| Memberships, printing, publication   | 16,480                                    |                                    | 16,480              |
| Professional fees  | 13,850                                    |                                    | 13,850              |
| Equipment rental and maintenance   | 6,883                                     |                                    | 6,883               |
| Publicity  | 7,576                                     |                                    | 7,576               |
| Programs   | 5,000                                     |                                    | 5,000               |
| Supplies and postage   | 5,089                                     |                                    | 5,089               |
| Other  | 4,301                                     |                                    | 4,301               |
| Travel   | 2,005                                     |                                    | 2,005               |
| Property taxes   | 1,100                                     |                                    | 1,100               |
| Conferences and meetings   | 496                                       |                                    | 496                 |
| Deferred income tax benefit  | <u>(1,774)</u>                            |                                    | <u>(1,774)</u>      |
| <b>Total expenses</b>  | <u>2,424,818</u>                          |                                    | <u>2,424,818</u>    |
| <b>Change in net assets</b>  | 1,807,690                                 |                                    | 1,807,690           |
| Change in net assets attributable to non-controlling interest                                | <u>342</u>                                |                                    | <u>342</u>          |
| <b>Change in net assets attributable to Community<br/>Foundation of Jackson County, Inc.</b> | <u>\$ 1,808,032</u>                       | <u>\$</u>                          | <u>\$ 1,808,032</u> |

See Notes to Combined Financial Statements.

**THE COMMUNITY FOUNDATION OF JACKSON COUNTY  
AND ITS SUBSIDIARIES AND AFFILIATES**

**COMBINED STATEMENTS OF CHANGES IN NET ASSETS**  
Years Ended December 31, 2022 and 2021

|   | Net Assets Without Donor<br>Restrictions |   | Net Assets<br>With Donor<br>Restrictions | Total                |
|---|--|---|--|----------------------|
|   | Board<br>Designated                      | Noncontrolling<br>Interest<br>in Subsidiary |  |                      |
| <b>Net assets as of December 31, 2020</b> | \$ 17,808,079                            | \$ 173,110                                  | \$                                       | \$ 17,981,189        |
| Change in net assets                      | <u>1,808,032</u>                         | <u>(342)</u>                                | <u>                    </u>              | <u>1,807,690</u>     |
| <b>Net assets as of December 31, 2021</b> | 19,616,111                               | 172,768                                     |  | 19,788,879           |
| Change in net assets                      | <u>(1,388,749)</u>                       | <u>(327)</u>                                | <u>                    </u>              | <u>(1,389,076)</u>   |
| <b>Net assets as of December 31, 2022</b> | <u>\$ 18,227,362</u>                     | <u>\$ 172,441</u>                           | <u>\$</u>                                | <u>\$ 18,399,803</u> |

See Notes to Combined Financial Statements.



**THE COMMUNITY FOUNDATION OF JACKSON COUNTY  
AND ITS SUBSIDIARIES AND AFFILIATES**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended December 31, 2022  
(With Comparative Totals for 2021)

|                                    | 2022                |                         |                  | 2021                |                                   |
|------------------------------------|---------------------|-------------------------|------------------|---------------------|-----------------------------------|
|                                    | Program<br>Services | Management &<br>General | Fundraising      | Total               | All Funds<br>(Memorandum<br>Only) |
| Scholarships and grants            | \$ 1,042,219        |                         |                  | \$ 1,042,219        | \$ 1,647,040                      |
| Administrative expenses            | 327,847             |                         |                  | 327,847             | 294,078                           |
| Salaries and benefits              | 156,043             | \$ 124,834              | \$ 31,209        | 312,086             | 300,271                           |
| Occupancy                          |                     | 65,888                  |                  | 65,888              | 63,164                            |
| Payroll taxes                      | 11,758              | 9,406                   | 2,352            | 23,516              | 22,413                            |
| Insurance                          |                     | 20,195                  |                  | 20,195              | 19,092                            |
| Memberships, printing, publication | 11,918              | 7,945                   |                  | 19,863              | 16,480                            |
| Depreciation and amortization      | 2,440               | 14,570                  |                  | 17,010              | 17,754                            |
| Professional fees                  | 3,420               | 10,258                  |                  | 13,678              | 13,850                            |
| Other                              | 2,995               | 3,993                   | 2,995            | 9,983               | 4,301                             |
| Equipment rental and maintenance   | 1,663               | 4,989                   | 1,663            | 8,315               | 6,883                             |
| Publicity                          | 3,925               | 1,308                   | 1,308            | 6,541               | 7,576                             |
| Supplies and postage               | 2,088               | 2,088                   | 1,045            | 5,221               | 5,089                             |
| Programs                           | 5,000               |                         |                  | 5,000               | 5,000                             |
| Travel                             |                     |                         | 3,207            | 3,207               |                                   |
| Events                             | 2,232               |                         |                  | 2,232               | 2,005                             |
| Conferences and meetings           |                     | 1,720                   | 304              | 2,024               | 496                               |
| Property taxes                     | 1,104               |                         |                  | 1,104               | 1,100                             |
| Deferred income tax benefit        | (236)               |                         |                  | (236)               | (1,774)                           |
|                                    | <u>\$ 1,574,416</u> | <u>\$ 267,194</u>       | <u>\$ 44,083</u> | <u>\$ 1,885,693</u> | <u>\$ 2,424,818</u>               |

Combined Statement of Functional Expenses for the Year Ended December 31, 2021

|                      |                     |
|----------------------|---------------------|
| Program Services     | \$ 2,131,939        |
| Management & General | 253,332             |
| Fundraising          | <u>39,547</u>       |
| Total                | <u>\$ 2,424,818</u> |

See Notes to Combined Financial Statements.

**THE COMMUNITY FOUNDATION OF JACKSON COUNTY  
AND ITS SUBSIDIARIES AND AFFILIATES**

**COMBINED STATEMENTS OF CASH FLOWS**

Years Ended December 31, 2022 and 2021

|  | <u>2022</u>         | <u>2021</u>         |
|--|---------------------|---------------------|
| <b>Cash Flows From Operating Activities</b>  |                     |                     |
| Change in net assets   | \$ (1,389,076)      | \$ 1,807,690        |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: |                     |                     |
| Depreciation and amortization  | 17,010              | 17,754              |
| Interest and dividend income, net  | (348,396)           | (331,196)           |
| Realized gains on investments  | (403,840)           | (506,950)           |
| Unrealized losses/(gains) on investments   | 1,996,356           | (1,854,229)         |
| Deferred income tax benefit  | (236)               | (1,774)             |
| (Increase) decrease in assets:   |                     |                     |
| Receivables  | 1,860               | 9,056               |
| Other assets   | (691)               | (816)               |
| Increase (decrease) in liabilities:  |                     |                     |
| Deferred revenue   | (16,737)            | (57,324)            |
| Charitable gift annuity payable  | (984)               | (916)               |
| Custodial funds  | (154,448)           | 191,148             |
| Other liabilities  | <u>535</u>          | <u>(6,186)</u>      |
| <b>Net cash flows used in operating activities</b>   | <u>(298,647)</u>    | <u>(733,743)</u>    |
| <b>Cash Flows From Investing Activities</b>  |                     |                     |
| Purchase of equipment  | (8,867)             | (14,219)            |
| Purchase of investments  | (3,046,445)         | (5,349,866)         |
| Proceeds on sales and maturities of investments  | <u>4,007,228</u>    | <u>4,040,133</u>    |
| <b>Net cash flows provided by (used in) investing activities</b>                           | <u>951,916</u>      | <u>(1,323,952)</u>  |
| <b>Net change in cash and cash equivalents</b>   | 653,269             | (2,057,695)         |
| Cash and cash equivalents at the beginning of the year                                     | <u>2,210,912</u>    | <u>4,268,607</u>    |
| Cash and cash equivalents at the end of the year   | <u>\$ 2,864,181</u> | <u>\$ 2,210,912</u> |
| <b>Supplemental Disclosure of Cash Flow Information</b>                                    |                     |                     |
| Donated stock  | <u>\$</u>           | <u>\$ 185,096</u>   |

See Notes to Combined Financial Statements.

**THE COMMUNITY FOUNDATION OF JACKSON COUNTY  
AND ITS SUBSIDIARIES AND AFFILIATES**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**Note 1. Nature of Activities and Summary of Significant Accounting Policies**

**Organization activities:**

This summary of significant accounting policies of The Community Foundation of Jackson County, Inc. (“CFJC” or the “Foundation”) and its Subsidiaries and Affiliates: Seymour Industrial Corporation, Inc., Community Foundation of Jackson County Properties, LLC, Community Foundation of Jackson County Holding, Inc., and Jackson County Education Coalition, Inc. (“Organizations”), is presented to assist in understanding the Foundation’s combined financial statements.

The Community Foundation of Jackson County, Inc. was established as a not-for-profit organization in 1992. The Foundation’s purpose is to serve philanthropic and charitable needs in Jackson County, Indiana. To fulfill this purpose, the Foundation offers endowment services, grant making, scholarships, donor estate and planned gift services to individuals and qualified organizations in Jackson County.

Community Foundation of Jackson County Properties, LLC (“Community Foundation Properties”) is a single member Limited Liability Company that was established in 2007 by The Community Foundation of Jackson County (the single member). Community Foundation Properties owns the building in which the Foundation maintains its offices, and leases the building to the Foundation.

Community Foundation of Jackson County Holding, Inc. (“Community Foundation Holding”) was established as a not-for-profit charitable organization in 2007 in order to support and expand the works and activities of the Foundation within the community as a whole by contributing support to the Foundation and by receiving and maintaining a fund or funds of real or personal property, or both, and to use and apply the whole or any part of the income therefrom and the principal thereof exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the Foundation.

Jackson County Education Coalition, Inc. (“Education Coalition”) was established as a not-for-profit charitable organization in 2011 to support and facilitate education and lifelong learning across Jackson County.

The Seymour Industrial Corporation, Inc. (“SIC”) is a for-profit subsidiary owned approximately 94% by the Foundation at December 31, 2022 and 2021. SIC owns and develops land for industrial use.

These Organizations present combined financial statements with any inter-entity transactions and balances eliminated as part of the combined financial statements.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### Summary of significant accounting policies:

This summary of significant accounting policies of the Foundation is presented to assist in understanding the Foundation's combined financial statements. The combined financial statements and notes are representations of the Foundation's management who is responsible for the integrity and objectivity of the combined financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the combined financial statements.

### Basis of accounting:

The accompanying combined financial statements have been prepared on the accrual basis of accounting.

### Financial statement presentation:

The Foundation and its Subsidiaries and Affiliates are required to report information regarding their combined financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The following classes of net assets are maintained:

*Net assets with donor restrictions:* Net assets with donor restrictions includes assets and trust obligations of the Foundation related to gifts with explicit donor-imposed restrictions over which the Foundation does not maintain variance power. Charitable remainder trusts for which the Foundation is not the trustee are classified as net assets with donor restrictions due to time restrictions.

*Net assets without donor restrictions:* Net assets without donor restrictions includes general and board-designated assets and liabilities of the Foundation. The net assets without donor restrictions of the Foundation may be used at the discretion of management to support the Foundation's purposes and operations.

The Foundation currently maintains variance power over all funds received. Therefore, funds designated by the donor for endowment or pass-through purposes are deemed net assets without donor restrictions of the Foundation.

The Board has designated these net assets without donor restrictions to conform to donor requests. The following classifications are used for internal reporting purposes:

- *Operating fund:* The operating fund holds monies which provide the daily support for the operation of the Foundation. These assets include the building and improvements owned by Community Foundation Properties.
- *Administrative endowments:* This endowment provides grants restricted to use for usual and customary administrative costs and expenses incurred by the Foundation.

## NOTES TO COMBINED FINANCIAL STATEMENTS

- *Unrestricted endowments:* Discretionary, or unrestricted, endowments provide grants to a variety of countywide programs and services. Grant applications are reviewed by the Grants Committee and recommendations are made to the Board of Directors for approval. Unrestricted endowments allow the greatest flexibility in responding to emerging community needs.
- *Designated endowments:* Designated endowment funds allow the donor to determine in advance which organizations will be supported by annual grants from the fund.
- *Scholarship endowments:* Scholarship funds enable students to pursue traditional higher education or vocational training. These funds can be established to honor or memorialize an individual and/or to serve a specific purpose that is important to that donor.
- *Field of interest endowments:* Field of interest funds allow the donor to choose, but not restrict, grants to one or more areas of interest such as education, the arts or health.
- *Donor endowments:* Donor advised funds allow the donor to make recommendations for distribution to specific charities. Donors are invited annually to make recommendations for each year's grant.
- *Special project endowments:* Special project funds are created to assist with a particular need of the Jackson County community.
- *Nonendowment funds:* Nonendowed funds provide a vehicle for receiving tax-deductible donations to benefit an organization, usually for a specific purpose or project.

### **Cash and cash equivalents:**

For purposes of the combined statements of cash flows, the Foundation and its Subsidiaries and Affiliates consider all highly liquid investments with a maturity of three months or less to be cash equivalents except for those cash equivalents included in short-term investments.

### **Receivables:**

Receivables are stated at the amount management expects to collect from balances outstanding at year-end. No allowance is deemed necessary.

### **Grants and scholarships:**

Grants paid are recorded as expenses when they are approved by the Board of Directors for payment, unless there are restrictions and requirements that must be met by the grantee prior to payment. As of December 31, 2022 and 2021 certain grants and scholarships were approved but were subject to contingent requirements that had not been met, therefore, the amounts are not accrued in the combined statements of financial position.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### **Investments:**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the combined statements of financial position. Interest and dividends, realized and unrealized gains and losses, less investment expenses, are reflected in the combined statements of activities as net investment (loss) income. Investment in land is recorded at its appraised value at the time of donation.

### **Use of estimates:**

Management uses estimates and assumptions in preparing the combined financial statements in accordance with generally accepted accounting principles. These 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 vary from the estimates that were used.

### **Property and equipment:**

Items capitalized as part of land, buildings and equipment are valued at cost. Maintenance and repairs are expensed as incurred. The Foundation's policy is to expense minor equipment and software costing less than \$1,000. The Foundation and its Subsidiaries and Affiliates use the straight-line method of computing depreciation at rates adequate to amortize the cost of the applicable assets over their useful lives which range from five to thirty-nine years. Software is amortized over three years. The asset cost and related accumulated depreciation of assets sold, or otherwise disposed of, is removed from the related accounts and the gain or loss is included in operations.

### **Income taxes:**

The Foundation and its Subsidiaries and Affiliates, with the exception of SIC, are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a). The Foundation and its Subsidiaries and Affiliates evaluates uncertain tax positions in accordance with applicable standards. It has evaluated its tax positions, and believes that it has none that are uncertain. As of December 31, 2022 and 2021, the Foundation and its Subsidiaries and Affiliates did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended.

## NOTES TO COMBINED FINANCIAL STATEMENTS

SIC is a for-profit corporation. SIC has loss carryforwards totaling \$234,102 and \$227,755 as of December 31, 2022 and 2021 that may be used to offset against future years' taxable income. Federal and state income tax benefit of SIC in 2022 amounted to \$236 and federal and state income tax benefit of SIC in 2021 amounted to \$1,774. The deferred tax asset related to these future income tax benefits at December 31, 2022 and 2021 was \$62,960 and \$62,724, respectively. SIC has evaluated its uncertain tax positions as required. There is no tax position at December 31, 2022 or 2021 for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility.

### **Revenue and revenue recognition:**

The Foundation's major revenue sources consist of grants and contributions, administrative fees, and investment income.

The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. All contributions are considered to be available for use unless specifically restricted by the donor. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. The Foundation recognizes rental income from leases evenly over the term of the contract. The Foundation recognizes grant revenue based on the terms of the grant. The Foundation also provides accounting services to other community organizations and nonprofits. The revenue for these services is recognized either when the service is complete or evenly over the term of the contract if the service is provided regularly. Investment income includes investment interest and dividends, as well as realized and unrealized gains and losses on investments, less investment expenses. Finally, administrative fees revenue is recognized quarterly per the agreements with the individual endowment funds.

The Foundation recognizes revenue from contracts with customers under the provisions of Accounting Standards Update Topic 606 using a five-step revenue model. The five steps used in this process are: 1) identify the contract, 2) identify the performance obligations in the contract, 3) determine the transaction price, 4) allocate the price to the performance obligations, and 5) recognize the revenue. Under this standard, recognition of revenue occurs when a customer obtains control of promised services or goods in an amount that reflects the consideration which the Foundation expects to receive in exchange for those goods or services.

Refer to Note 11 for additional disclosures.

### **Deferred revenue:**

Income from grants and rent is deferred and recognized over the periods in which the related services will be provided and expenses incurred or other grant conditions met.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### **In-kind contributions:**

The Foundation received the following in-kind contributions for the years ended December 31, 2022 and 2021:

|       | <u>2022</u> | <u>2021</u> |
|-------|-------------|-------------|
| Stock |             | \$185,096   |

In-kind contributions are reported as contributions at their estimated fair value on the date of receipt and reported as assets or expenses when utilized. Estimated fair value is determined based on information provided by the donor regarding the value of goods and services received. In-kind contributions were used to support general programming during the years ended December 31, 2022 and 2021. There were no donor restrictions on in-kind contributions for the years ended December 31, 2022 and 2021.

### **Functional allocation of expenses:**

The combined statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited and are allocated on the basis of estimates of time and effort. The December 31, 2022 combined statement of functional expenses presents summarized comparative information from the prior year. Such information does not contain sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's combined financial statements for the year ended December 31, 2021, from which the summarized information was derived.

### **Recent accounting pronouncements:**

The Financial Accounting Standards Board issued ASU No. 2016-13, *Financial Instruments-Credit Losses*, effective for fiscal years beginning after December 15, 2022.

The Foundation is evaluating the impact of this standard on future combined financial statements.

### **Date of management's review:**

Management has evaluated events and transactions occurring subsequent to the combined statement of financial position date for items that should potentially be recognized or disclosed in these combined financial statements. The evaluation was conducted through the date of the report, which is the date these combined financial statements were available to be issued.



## NOTES TO COMBINED FINANCIAL STATEMENTS

### Note 2. Liquidity and Availability

The Community Foundation of Jackson County defines general expenditures as all expenditures, with the exception of restricted expenditures (for example, pass-through grants or other restricted grants). General expenditures include regular grant payments, other program service expenses, management and general expenses and fundraising expenses. The Foundation defines the following as liquid assets available for funding general expenditures:

|  | <u>2022</u>      | <u>2021</u>      |
|--|------------------|------------------|
| Cash, except for cash related to endowment funds, non-permanent funds, and SIC                 | \$635,877        | \$678,610        |
| Accounts receivable, except for items related to endowment funds, non-permanent funds, and SIC | <u>4,100</u>     | <u>5,960</u>     |
| Liquid assets available for funding general expenditures                                       | <u>\$639,977</u> | <u>\$684,570</u> |

From a cash management perspective, the Foundation holds cash related to endowment funds and non-permanent funds in cash accounts. These funds are held in cash accounts when received, and not invested in the Foundation’s investment portfolio, to allow the Foundation to better manage its cash flow. This practice allows the Foundation to meet its liquidity needs without an ongoing impact on its investment portfolio. The Foundation uses current contributions to fund grants and other program expenses rather than making ongoing additions to and withdrawals from the investment portfolio.

The Foundation has an annual grant approval process. This process includes evaluating a number of factors relative to the spending rate to be applied to the Foundation’s fund balances in accordance with its spending policy. Once the Foundation’s Board of Directors approves the spending rate, the related dollar amount of the funds becomes available for general expenditures.

In addition to liquid assets and assets appropriated for expenditure, the Foundation also relies on the administrative fees it charges its funds to fund general expenditures. The administrative fee percent charged to each fund currently varies by fund category according to the Foundation’s current fee schedule, which may be amended by the Foundation from time to time.

## NOTES TO COMBINED FINANCIAL STATEMENTS

The Foundation's investment portfolio, with the exception of the portion allocated for expenditure, is not available to support general expenditures. The Foundation has a spending policy that governs the amounts to be expended from the investment portfolio. As such, the Foundation has not designated its investments as either short-term (which might suggest liquidity) or long-term. The Foundation holds a large number of funds contributed by donors that constitute its investment portfolio. The Foundation has determined that these amounts are received with donor restrictions and intends to only utilize this investment portfolio within the confines of its spending policy. As disclosed in Note 6, while these amounts are received with donor restrictions, the Board of Directors classifies the funds without donor restrictions due to variance power.

The Foundation structures its financial assets to be available as its awarded grants, program expenses, management and general expenses, fundraising expenses, liabilities and other obligations become due. The Foundation invests cash in excess of daily requirements in money market accounts and other short-term investments.

### Note 3. Property and Equipment

Property and equipment consists of the following as of December 31, 2022 and 2021:

|   | <u>2022</u>      | <u>2021</u>      |
|---|------------------|------------------|
| Furniture and equipment                   | \$269,554        | \$270,887        |
| Land                                      | 60,000           | 60,000           |
| Buildings and improvements                | 444,236          | 444,236          |
| Closing costs and loan fees               | 9,189            | 9,189            |
| Computer software                         | <u>32,425</u>    | <u>32,425</u>    |
|   | 815,404          | 816,737          |
| Accumulated depreciation and amortization | <u>(478,935)</u> | <u>(472,124)</u> |
| Property and equipment, net               | <u>\$336,469</u> | <u>\$344,613</u> |

### Note 4. Investments

Investments at December 31, 2022 and 2021 consist of the following:

|                                | <u>2022</u>         | <u>2021</u>         |
|--------------------------------|---------------------|---------------------|
| Common stock                   | \$12,257,484        | \$13,420,849        |
| Fixed income                   | 3,405,750           | 4,391,978           |
| Mutual funds                   | 70,509              | 80,224              |
| Other investments: Real estate | <u>466,323</u>      | <u>511,917</u>      |
|                                | <u>\$16,200,066</u> | <u>\$18,404,968</u> |

## NOTES TO COMBINED FINANCIAL STATEMENTS

Investments in marketable securities are stated at fair value using quoted market prices. Investment return is summarized as follows:

|  | <u>2022</u>          | <u>2021</u>        |
|--|----------------------|--------------------|
| Unrealized (losses) gains on investments | \$(1,996,356)        | \$1,854,229        |
| Interest and dividend income             | 433,186              | 412,392            |
| Realized gains on investments            | 403,840              | 506,950            |
| Investment fees                          | <u>(84,790)</u>      | <u>(80,671)</u>    |
| Investment (loss) income, net            | <u>\$(1,244,120)</u> | <u>\$2,692,900</u> |

### Note 5. Fair Value of Financial Instruments

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a 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 active markets that the Organizations have the ability to access at the measurement date.

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 liabilities; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specific (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.

## NOTES TO COMBINED FINANCIAL STATEMENTS

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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

- Fixed income bonds, common stock, equity mutual funds, and exchange traded funds are valued at the closing price reported on the active market on which the individual securities are traded.
- Investment in real estate owned by SIC is carried at its appraised value at the time of donation plus improvements.
- Fair value of annuity payable is determined by calculating the present value of the annuities using published life expectancy tables and discounted rate of 7.3%.

The following tables set forth by level, within the fair value hierarchy, the assets of the Foundation and its Subsidiaries and Affiliates measured at fair value on a recurring basis as of December 31, 2022 and 2021. Common stock, fixed income, mutual funds, and exchange-traded funds are included in Level 1. Fair value of real estate, beneficial interest in charitable remainder trust, and annuity payable are included in Level 2.

| <u>December 31, 2022</u>   | <u>Level 1</u>              | <u>Level 2</u>   | <u>Total</u>        |
|----------------------------|-----------------------------|------------------|---------------------|
| <b>Assets</b>              |                             |                  |                     |
| Common stock               | \$12,257,484                |                  | \$12,257,484        |
| Fixed income               | 3,405,750                   |                  | 3,405,750           |
| Mutual funds               | 70,509                      |                  | 70,509              |
| Real estate owned by SIC   | <u>                    </u> | <u>\$466,323</u> | <u>466,323</u>      |
| Total assets at fair value | <u>\$15,733,743</u>         | <u>\$466,323</u> | <u>\$16,200,066</u> |
| <b>Liabilities</b>         |                             |                  |                     |
| Annuity payable            |                             | <u>\$ 5,076</u>  | <u>\$ 5,076</u>     |
| <br>                       |                             |                  |                     |
| <u>December 31, 2021</u>   | <u>Level 1</u>              | <u>Level 2</u>   | <u>Total</u>        |
| <b>Assets</b>              |                             |                  |                     |
| Common stock               | \$13,420,849                |                  | \$13,420,849        |
| Fixed income               | 4,391,978                   |                  | 4,391,978           |
| Mutual funds               | 80,224                      |                  | 80,224              |
| Real estate owned by SIC   | <u>                    </u> | <u>\$511,917</u> | <u>511,917</u>      |
| Total assets at fair value | <u>\$17,893,051</u>         | <u>\$511,917</u> | <u>\$18,404,968</u> |
| <b>Liabilities</b>         |                             |                  |                     |
| Annuity payable            |                             | <u>\$ 6,060</u>  | <u>\$ 6,060</u>     |

## NOTES TO COMBINED FINANCIAL STATEMENTS

### Note 6. Endowment

The Foundation and Affiliates' endowment consists of 206 individual funds established for a variety of purposes. The 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 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 allowing endowment funds to be classified as net assets without donor restrictions as each fund agreement includes variance power providing the Foundation's Board with discretion regarding the expenditure of the funds. Those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. 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 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 Foundation
- 7) The investment policies of the Foundation

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide long-term growth of capital and immediate income to support needs of the community. 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 Foundation desires its funds, over time, to provide an average rate of return of approximately 5% annually, net of inflation and fees. Actual returns in any given year may vary from this amount. To satisfy its long-term rate of return objectives, the Foundation 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 Foundation has a policy of appropriating for distribution each year 5% of its endowment funds' average fair value over the prior 12 quarters, or a lesser percentage as voted upon annually by the Board of Directors. In establishing this policy, the Foundation considered its long-term expected return on its endowment.

## NOTES TO COMBINED FINANCIAL STATEMENTS

Changes in endowed funds for the years ending December 31, 2022 and 2021 were as follows:

|   | <u>2022</u>         | <u>2021</u>         |
|---|---------------------|---------------------|
| Endowment net assets, beginning of the year       | \$17,160,257        | \$14,662,226        |
| Contributions and other revenue                   | 766,310             | 879,498             |
| Investment (loss) income, net                     | (1,183,414)         | 2,544,726           |
| Appropriation of endowment assets for expenditure | <u>(835,874)</u>    | <u>(926,193)</u>    |
| Endowment net assets, end of the year             | <u>\$15,907,279</u> | <u>\$17,160,257</u> |

From time to time, the fair value of assets associated with board designated endowment funds may fall below the level that the Foundation is required to retain as a fund of perpetual duration. The majority of these deficiencies resulted from unfavorable market fluctuations. The fair value of underwater endowment funds, original non-spendable portions, and deficiencies for the years ending December 31, 2022 and 2021 were as follows:

|   | <u>2022</u>       | <u>2021</u>    |
|---|-------------------|----------------|
| Fair value of underwater endowment funds    | \$(27,376)        | _____          |
| Non-spendable portion of original endowment | _____             | _____          |
| Deficiencies                                | <u>\$(27,376)</u> | <u>\$_____</u> |

### Note 7. Custodial Funds

Custodial funds represent funds placed on deposit with the Foundation by other organizations, based on their individual board resolutions. The Foundation accounts for these transfers as a liability. Income is added to these funds periodically, in accordance with the Foundation'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 Foundation's combined statements of activities.

Following is a progression of custodial funds during 2022 and 2021:

|                        | <u>2022</u>        | <u>2021</u>        |
|------------------------|--------------------|--------------------|
| Beginning balance      | \$1,210,724        | \$1,019,576        |
| Contributions          | _____              | 50,273             |
| Interest and dividends | 29,185             | 28,876             |
| Realized gains         | 28,501             | 36,086             |
| Unrealized gains       | (139,138)          | 131,560            |
| Investment expenses    | (5,790)            | (5,721)            |
| Administrative fees    | (18,469)           | (17,330)           |
| Grant payments         | <u>(48,737)</u>    | <u>(32,596)</u>    |
| Ending balance         | <u>\$1,056,276</u> | <u>\$1,210,724</u> |

## NOTES TO COMBINED FINANCIAL STATEMENTS

### Note 8. Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of contributions and grants without any donor restrictions, donor advised funds, and donor designated funds. Donor advised funds are contributions which are given by a donor with the needs of a particular community or area in mind. Donor designated funds are given by the donor with a specific organization designated as the beneficiary. These funds are classified as net assets without donor restrictions due to the variance power maintained by the Foundation and its Subsidiaries and Affiliates.

Although grant recommendations are accepted from donors and other providers of grants and are typically followed, the Foundation and its Subsidiaries and Affiliates has the right to redirect the distribution of the assets donated or the income obtained from them (“variance power”). This variance power provides that the ultimate discretion of the use of donated funds lies with the Foundation and its Subsidiaries and Affiliates’ Board of Directors. The variance power is explicitly stated in donor and grant agreements and effectively causes donor-specified restricted funds to be classified as net assets without donor restrictions.

### Note 9. Lease Activities

The most significant lease relationships entered into by the Foundation include the following:

The Foundation entered into a lease agreement with Ivy Tech Community College as an occupant of the learning center on July 1, 2010. The agreement has been renewed several times. The last agreement began August 1, 2022 and expires on July 31, 2024 at a rate of \$27,904 per year.

The Foundation entered into a lease agreement with Southeast Indiana Workforce Investment Board as an occupant of the learning center at a rate of \$937 per month. The lease began in 2015 and has been extended multiple times. The latest lease agreement expired June 30, 2023, and was verbally renewed for another year.

The Foundation entered into a lease agreement with Indiana University as an occupant of the learning center. The agreement has been renewed several times and the last agreement began on August 1, 2022 and expired July 31, 2023 at a base rate of \$2,750 per year. The lease automatically renewed after expiration under the same terms.

Rental income related to these leases was \$71,937 and \$76,314 during the years ending December 31, 2022 and 2021, respectively. Total rent payments received prior to December 31, 2022 and 2021 but intended for periods in the subsequent years totaled \$19,531 and \$19,386, respectively, and are included in deferred revenue in the combined financial statements.

Future minimum rental income under the operating leases are as follows:

|                          |          |
|--------------------------|----------|
| Year ending December 31, |          |
| 2023                     | \$47,435 |

## NOTES TO COMBINED FINANCIAL STATEMENTS

### Note 10. Defined Contribution Retirement Plan

The Foundation maintains a Simple IRA retirement plan covering eligible employees. The Foundation makes a contribution to the plan each year of 3% of participating employees' compensation. Total expense for the years ended December 31, 2022 and 2021 was \$8,947 and \$8,410, respectively, and is included with employee benefits.

### Note 11. Revenue from Contracts with Customers

The Foundation's revenue from contracts with customers consists of administrative fees, grants, and other items.

Administrative fees are paid to the Foundation for managing endowment funds. Performance obligations are satisfied over time as the services are provided. Transaction prices are set based on a fee schedule. The time between invoicing and when the performance obligations are satisfied is not significant, and there is not a significant financing component or significant payment terms.

Certain pass-through grants are paid to the Foundation with specific requirements regarding the timing and payment to the final specified recipient. Performance obligations are satisfied at a point in time. Transaction prices are set based on a contract. The time between invoicing and when the performance obligations are satisfied is not significant, and there is not a significant financing component or significant payment terms.

Other revenue consists of accounting services provided to other entities. Performance obligations are satisfied over time as the services are provided, and transaction prices are set based on a contract.

Revenue from contracts with customers as of December 31, 2022 and 2021 include the following:

|                     | <u>2022</u>      | <u>2021</u>      |
|---------------------|------------------|------------------|
| Administrative fees | \$346,316        | \$311,408        |
| Grants              | 245,000          | 235,000          |
| Other               | <u>12,305</u>    | <u>10,368</u>    |
|                     | <u>\$603,621</u> | <u>\$556,776</u> |

The Organizations have determined that the nature, amount, timing and uncertainty of contract revenues and cash flows are affected by the economy, public health regulations, and general public support.



## NOTES TO COMBINED FINANCIAL STATEMENTS

### Note 12. Risks And Uncertainties

The Foundation and its Subsidiaries and Affiliates maintain cash in bank deposit accounts, which at times may exceed federally insured limits. The Foundation and its Subsidiaries and Affiliates have not experienced any losses on such accounts. The Foundation and its Subsidiaries and Affiliates believe they are not exposed to any significant credit risk on cash. At December 31, 2022, the Foundation had approximately \$1,309,000 in excess of federally insured limits.

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

The Foundation holds investments which 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 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 combined financial statements.

### Note 13. Related Parties

The Foundation maintains cash accounts at various banks, including State Bank of Medora and Jackson County Bank. An employee of each bank was represented on the Foundation's Board of Directors during 2022 and 2021.

During 2022 and 2021, the Education Coalition rented space to Ivy Tech Community College in Columbus. Steven Combs, President of Ivy Tech Community College in Columbus, is on the Education Coalition's Board of Directors.

In 2016, the Education Coalition entered into a memo of understanding with the City of Seymour Redevelopment Commission and the Jackson County Industrial Development Corporation (JCIDC). Under the agreement, the Redevelopment Commission appropriates funds to the Education Coalition and then part of the funds are passed through to JCIDC. During 2022, the Education Coalition received \$245,000 and forwarded \$186,200. During 2021, the Education Coalition received \$235,000 and forwarded \$178,600. Members of the Redevelopment Commission and JCIDC are represented on the Education Coalition's Board of Directors.

**SUPPLEMENTARY INFORMATION**

**THE COMMUNITY FOUNDATION OF JACKSON COUNTY AND ITS SUBSIDIARIES AND AFFILIATES**

**COMBINING STATEMENT OF FINANCIAL POSITION**

December 31, 2022

| <b>Assets</b>                           | Community<br>Foundation | Jackson County<br>Education<br>Coalition | Seymour<br>Industrial<br>Corporation | Community<br>Foundation<br>Properties | Community<br>Foundation<br>Holding | Combining/<br>Eliminating<br>Adjustments | Total                |
|---|-------------------------|--|--------------------------------------|---------------------------------------|------------------------------------|--|----------------------|
| Cash and cash equivalents               | \$ 2,131,064            | \$ 335,106                               | \$ 397,858                           |                                       | \$ 153                             |  | \$ 2,864,181         |
| Investments                             | 15,733,743              |  | 466,323                              |                                       |                                    |  | 16,200,066           |
| Investment in subsidiary                | 757,940                 |  |                                      |                                       |                                    | \$ (757,940)                             |                      |
| Receivables                             | 79,005                  | 4,100                                    | 3,240                                |                                       |                                    | (79,005)                                 | 7,340                |
| Property and equipment, net             | 6,455                   | 11,842                                   |                                      | \$ 318,172                            |                                    |  | 336,469              |
| Deferred tax asset                      |                         |  | 62,960                               |                                       |                                    |  | 62,960               |
| Other assets                            | 8,828                   | 4,649                                    |                                      |                                       |                                    |  | 13,477               |
| <b>Total assets</b>                     | <b>\$ 18,717,035</b>    | <b>\$ 355,697</b>                        | <b>\$ 930,381</b>                    | <b>\$ 318,172</b>                     | <b>\$ 153</b>                      | <b>\$ (836,945)</b>                      | <b>\$ 19,484,493</b> |
| <b>Liabilities and Net Assets</b>       |                         |  |                                      |                                       |                                    |  |                      |
| <b>Liabilities</b>                      |                         |  |                                      |                                       |                                    |  |                      |
| Deferred revenue                        |                         | \$ 19,531                                |                                      |                                       |                                    |  | \$ 19,531            |
| Charitable gift annuity payable         | \$ 5,076                |  |                                      |                                       |                                    |  | 5,076                |
| Custodial funds                         | 1,056,276               |  |                                      |                                       |                                    |  | 1,056,276            |
| Other liabilities                       | 82,812                  |  |                                      |                                       |                                    | \$ (79,005)                              | 3,807                |
| <b>Total liabilities</b>                | <b>1,144,164</b>        | <b>19,531</b>                            |                                      |                                       |                                    | <b>(79,005)</b>                          | <b>1,084,690</b>     |
| <b>Net Assets</b>                       |                         |  |                                      |                                       |                                    |  |                      |
| Net assets without donor restrictions:  |                         |  |                                      |                                       |                                    |  |                      |
| Board designated                        | 17,572,871              | 336,166                                  | \$ 930,381                           | \$ 318,172                            | \$ 153                             | (930,381)                                | 18,227,362           |
| Non-controlling interest in subsidiary  |                         |  |                                      |                                       |                                    | 172,441                                  | 172,441              |
| <b>Total net assets</b>                 | <b>17,572,871</b>       | <b>336,166</b>                           | <b>930,381</b>                       | <b>318,172</b>                        | <b>153</b>                         | <b>(757,940)</b>                         | <b>18,399,803</b>    |
| <b>Total liabilities and net assets</b> | <b>\$ 18,717,035</b>    | <b>\$ 355,697</b>                        | <b>\$ 930,381</b>                    | <b>\$ 318,172</b>                     | <b>\$ 153</b>                      | <b>\$ (836,945)</b>                      | <b>\$ 19,484,493</b> |

**THE COMMUNITY FOUNDATION OF JACKSON COUNTY AND ITS SUBSIDIARIES AND AFFILIATES**

**COMBINING STATEMENT OF FINANCIAL POSITION**

December 31, 2021

| <b>Assets</b>                           | Community<br>Foundation | Jackson County<br>Education<br>Coalition | Seymour<br>Industrial<br>Corporation | Community<br>Foundation<br>Properties | Community<br>Foundation<br>Holding | Combining/<br>Eliminating<br>Adjustments | Total                |
|---|-------------------------|--|--------------------------------------|---------------------------------------|------------------------------------|--|----------------------|
| Cash and cash equivalents               | \$ 1,498,206            | \$ 355,040                               | \$ 357,513                           |                                       | \$ 153                             |  | \$ 2,210,912         |
| Investments                             | 17,893,051              |  | 511,917                              |                                       |                                    |  | 18,404,968           |
| Investment in subsidiary                | 762,626                 |  |                                      |                                       |                                    | \$ (762,626)                             |                      |
| Receivables                             | 72,432                  | 5,960                                    | 3,240                                |                                       |                                    | (72,432)                                 | 9,200                |
| Property and equipment, net             | 9,843                   | 5,415                                    |                                      | \$ 329,355                            |                                    |  | 344,613              |
| Deferred tax asset                      |                         |  | 62,724                               |                                       |                                    |  | 62,724               |
| Other assets                            | 8,092                   | 4,694                                    |                                      |                                       |                                    |  | 12,786               |
| <b>Total assets</b>                     | <b>\$ 20,244,250</b>    | <b>\$ 371,109</b>                        | <b>\$ 935,394</b>                    | <b>\$ 329,355</b>                     | <b>\$ 153</b>                      | <b>\$ (835,058)</b>                      | <b>\$ 21,045,203</b> |
| <b>Liabilities and Net Assets</b>       |                         |  |                                      |                                       |                                    |  |                      |
| <b>Liabilities</b>                      |                         |  |                                      |                                       |                                    |  |                      |
| Deferred revenue                        | \$                      | \$ 36,268                                |                                      |                                       |                                    |  | \$ 36,268            |
| Charitable gift annuity payable         | 6,060                   |  |                                      |                                       |                                    |  | 6,060                |
| Custodial funds                         | 1,210,724               |  |                                      |                                       |                                    |  | 1,210,724            |
| Other liabilities                       | 75,704                  |  |                                      |                                       |                                    | \$ (72,432)                              | 3,272                |
| <b>Total liabilities</b>                | <b>1,292,488</b>        | <b>36,268</b>                            |                                      |                                       |                                    | <b>(72,432)</b>                          | <b>1,256,324</b>     |
| <b>Net Assets</b>                       |                         |  |                                      |                                       |                                    |  |                      |
| Net assets without donor restrictions:  |                         |  |                                      |                                       |                                    |  |                      |
| Board designated                        | 18,951,762              | 334,841                                  | \$ 935,394                           | \$ 329,355                            | \$ 153                             | (935,394)                                | 19,616,111           |
| Non-controlling interest in subsidiary  |                         |  |                                      |                                       |                                    | 172,768                                  | 172,768              |
| <b>Total net assets</b>                 | <b>18,951,762</b>       | <b>334,841</b>                           | <b>935,394</b>                       | <b>329,355</b>                        | <b>153</b>                         | <b>(762,626)</b>                         | <b>19,788,879</b>    |
| <b>Total liabilities and net assets</b> | <b>\$ 20,244,250</b>    | <b>\$ 371,109</b>                        | <b>\$ 935,394</b>                    | <b>\$ 329,355</b>                     | <b>\$ 153</b>                      | <b>\$ (835,058)</b>                      | <b>\$ 21,045,203</b> |

**THE COMMUNITY FOUNDATION OF JACKSON COUNTY AND ITS SUBSIDIARIES AND AFFILIATES**

**COMBINING STATEMENT OF ACTIVITIES**

Year Ended December 31, 2022

|  | Community<br>Foundation | Jackson County<br>Education<br>Coalition | Seymour<br>Industrial<br>Corporation | Community<br>Foundation<br>Properties | Community<br>Foundation<br>Holding | Combining/<br>Eliminating<br>Adjustments | Total                 |
|--|-------------------------|--|--------------------------------------|---------------------------------------|------------------------------------|--|-----------------------|
| <b>Revenues, Gains, and Support</b>  |                         |  |                                      |                                       |                                    |  |                       |
| Grants and contributions   | \$ 997,082              | \$ 303,763                               |                                      |                                       |                                    |  | \$ 1,300,845          |
| Investment (loss) income, net  | (1,244,934)             | 434                                      | \$ 380                               |                                       |                                    |  | (1,244,120)           |
| Administrative fees  | 346,316                 |  |                                      |                                       |                                    |  | 346,316               |
| Rental income  | 23,950                  | 64,558                                   | 7,379                                |                                       |                                    | \$ (23,950)                              | 71,937                |
| Other  | 13,029                  |  |                                      |                                       |                                    |  | 13,029                |
| Events   | 8,610                   |  |                                      |                                       |                                    |  | 8,610                 |
| Interfund transfers  | 80,261                  | 87,819                                   |                                      |                                       |                                    | (168,080)                                |                       |
| Loss from subsidiary   | (4,687)                 |  |                                      |                                       |                                    | 4,687                                    |                       |
| <b>Total revenue, gains, and other support</b>   | <u>219,627</u>          | <u>456,574</u>                           | <u>7,759</u>                         |                                       |                                    | <u>(187,343)</u>                         | <u>496,617</u>        |
| <b>Expenses</b>  |                         |  |                                      |                                       |                                    |  |                       |
| Scholarships and grants  | 851,019                 | 191,200                                  |                                      |                                       |                                    |  | 1,042,219             |
| Administrative expenses  | 327,847                 |  |                                      |                                       |                                    |  | 327,847               |
| Salaries and benefits  | 242,531                 | 69,555                                   |                                      |                                       |                                    |  | 312,086               |
| Occupancy  | 22,194                  | 67,644                                   |                                      |                                       |                                    | (23,950)                                 | 65,888                |
| Payroll taxes  | 17,926                  | 5,590                                    |                                      |                                       |                                    |  | 23,516                |
| Insurance  | 7,270                   | 8,828                                    | 4,097                                |                                       |                                    |  | 20,195                |
| Memberships, printing, publication   | 12,462                  | 2,091                                    | 5,310                                |                                       |                                    |  | 19,863                |
| Depreciation and amortization  | 3,387                   | 2,440                                    |                                      | \$ 11,183                             |                                    |  | 17,010                |
| Professional fees  | 8,100                   | 3,100                                    | 2,478                                |                                       |                                    |  | 13,678                |
| Other  | 5,305                   | 4,659                                    | 19                                   |                                       |                                    |  | 9,983                 |
| Equipment rental and maintenance   | 1,961                   | 6,354                                    |                                      |                                       |                                    |  | 8,315                 |
| Publicity  | 6,411                   | 130                                      |                                      |                                       |                                    |  | 6,541                 |
| Supplies and postage   | 4,382                   | 839                                      |                                      |                                       |                                    |  | 5,221                 |
| Programs   |                         | 5,000                                    |                                      |                                       |                                    |  | 5,000                 |
| Travel   | 3,207                   |  |                                      |                                       |                                    |  | 3,207                 |
| Events   | 2,232                   |  |                                      |                                       |                                    |  | 2,232                 |
| Conferences and meetings   | 2,024                   |  |                                      |                                       |                                    |  | 2,024                 |
| Property taxes   |                         |  | 1,104                                |                                       |                                    |  | 1,104                 |
| Interfund transfers  | 80,261                  | 87,819                                   |                                      |                                       |                                    | (168,080)                                |                       |
| Deferred income tax benefit  |                         |  | (236)                                |                                       |                                    |  | (236)                 |
| <b>Total expenses</b>  | <u>1,598,519</u>        | <u>455,249</u>                           | <u>12,772</u>                        | <u>11,183</u>                         |                                    | <u>(192,030)</u>                         | <u>1,885,693</u>      |
| <b>Change in net assets</b>  | (1,378,892)             | 1,325                                    | (5,013)                              | (11,183)                              |                                    | 4,687                                    | (1,389,076)           |
| Change in net assets attributable to non-controlling interest                                | <u>327</u>              |  |                                      |                                       |                                    |  | <u>327</u>            |
| <b>Change in net assets attributable to Community<br/>Foundation of Jackson County, Inc.</b> | <u>\$ (1,378,565)</u>   | <u>\$ 1,325</u>                          | <u>\$ (5,013)</u>                    | <u>\$ (11,183)</u>                    |                                    | <u>\$ 4,687</u>                          | <u>\$ (1,388,749)</u> |

**THE COMMUNITY FOUNDATION OF JACKSON COUNTY AND ITS SUBSIDIARIES AND AFFILIATES**

**COMBINING STATEMENT OF ACTIVITIES**

Year Ended December 31, 2021

|  | Community<br>Foundation | Jackson County<br>Education<br>Coalition | Seymour<br>Industrial<br>Corporation | Community<br>Foundation<br>Properties | Community<br>Foundation<br>Holding | Combining/<br>Eliminating<br>Adjustments | Total               |
|--|-------------------------|--|--------------------------------------|---------------------------------------|------------------------------------|--|---------------------|
| <b>Revenues, Gains, and Support</b>  |                         |  |                                      |                                       |                                    |  |                     |
| Grants and contributions   | \$ 893,507              | \$ 332,112                               |                                      |                                       |                                    | \$ (84,127)                              | \$ 1,141,492        |
| Investment income, net   | 2,692,375               | 280                                      | \$ 245                               |                                       |                                    |  | 2,692,900           |
| Administrative fees  | 311,408                 |  |                                      |                                       |                                    |  | 311,408             |
| Rental income  | 23,460                  | 70,194                                   | 6,120                                |                                       |                                    | (23,460)                                 | 76,314              |
| Other  | 10,389                  | 5  |                                      |                                       |                                    |  | 10,394              |
| Interfund transfers  | 170,653                 | 84,127                                   |                                      |                                       |                                    | (254,780)                                |                     |
| Loss from subsidiary   | (4,908)                 |  |                                      |                                       |                                    | 4,908                                    |                     |
| <b>Total revenue, gains, and other support</b>   | <u>4,096,884</u>        | <u>486,718</u>                           | <u>6,365</u>                         |                                       |                                    | <u>(357,459)</u>                         | <u>4,232,508</u>    |
| <b>Expenses</b>  |                         |  |                                      |                                       |                                    |  |                     |
| Scholarships and grants  | 1,545,067               | 186,100                                  |                                      |                                       |                                    | (84,127)                                 | 1,647,040           |
| Salaries and benefits  | 228,879                 | 71,392                                   |                                      |                                       |                                    |  | 300,271             |
| Administrative expenses  | 294,078                 |  |                                      |                                       |                                    |  | 294,078             |
| Occupancy  | 18,430                  | 68,194                                   |                                      |                                       |                                    | (23,460)                                 | 63,164              |
| Payroll taxes  | 16,959                  | 5,454                                    |                                      |                                       |                                    |  | 22,413              |
| Insurance  | 6,281                   | 8,938                                    | 3,873                                |                                       |                                    |  | 19,092              |
| Depreciation and amortization  | 4,017                   | 2,552                                    |                                      | \$ 11,185                             |                                    |  | 17,754              |
| Memberships, printing, publication   | 10,308                  | 830                                      | 5,342                                |                                       |                                    |  | 16,480              |
| Professional fees  | 7,700                   | 3,100                                    | 3,050                                |                                       |                                    |  | 13,850              |
| Equipment rental and maintenance   | 346                     | 6,537                                    |                                      |                                       |                                    |  | 6,883               |
| Publicity  | 7,092                   | 484                                      |                                      |                                       |                                    |  | 7,576               |
| Programs   |                         | 5,000                                    |                                      |                                       |                                    |  | 5,000               |
| Supplies and postage   | 4,467                   | 603                                      | 19                                   |                                       |                                    |  | 5,089               |
| Other  | 4,296                   |  | 5                                    |                                       |                                    |  | 4,301               |
| Travel   | 2,005                   |  |                                      |                                       |                                    |  | 2,005               |
| Property taxes   |                         |  | 1,100                                |                                       |                                    |  | 1,100               |
| Conferences and meetings   | 496                     |  |                                      |                                       |                                    |  | 496                 |
| Interfund transfers  | 170,653                 | 84,127                                   |                                      |                                       |                                    | (254,780)                                |                     |
| Deferred income tax benefit  |                         |  | (1,774)                              |                                       |                                    |  | (1,774)             |
| <b>Total expenses</b>  | <u>2,321,074</u>        | <u>443,311</u>                           | <u>11,615</u>                        | <u>11,185</u>                         |                                    | <u>(362,367)</u>                         | <u>2,424,818</u>    |
| <b>Change in net assets</b>  | 1,775,810               | 43,407                                   | (5,250)                              | (11,185)                              |                                    | 4,908                                    | 1,807,690           |
| Change in net assets attributable to non-controlling interest                                | 342                     |  |                                      |                                       |                                    |  | 342                 |
| <b>Change in net assets attributable to Community<br/>Foundation of Jackson County, Inc.</b> | <u>\$ 1,776,152</u>     | <u>\$ 43,407</u>                         | <u>\$ (5,250)</u>                    | <u>\$ (11,185)</u>                    |                                    | <u>\$ 4,908</u>                          | <u>\$ 1,808,032</u> |