# MONTGOMERY COUNTY COMMUNITY FOUNDATION, INC.
# AND AFFILIATE

## CONSOLIDATED FINANCIAL STATEMENTS AND
## INDEPENDENT AUDITORS' REPORT

**December 31, 2025 and 2024**

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ESTEP BURKEY SIMMONS LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

# Independent Auditors' Report

**Board of Directors**
**Montgomery County Community Foundation, Inc. and Affiliate**

## Report on the Audit of the Consolidated Financial Statements

### *Opinion*

We have audited the consolidated financial statements of Montgomery County Community Foundation, Inc. and Affiliate, which comprise the consolidated statements of financial position as of December 31, 2025 and 2024 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Montgomery County Community Foundation, Inc. and Affiliate as of December 31, 2025 and 2024, and the changes in its consolidated net assets and its consolidated 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Montgomery County Community Foundation, Inc. and Affiliate 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 Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.



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In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Montgomery County Community Foundation, Inc. and Affiliate’s ability to continue as a going concern for one year after the date that the financial statements are issued.

***Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Montgomery County Community Foundation, Inc. and Affiliate’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Montgomery County Community Foundation, Inc. and Affiliate’s ability to continue as a going concern for a reasonable period of time.

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

*Estep Burkey Simmons, LLC*

Muncie, Indiana
May 21, 2026

**Montgomery County Community Foundation, Inc. and Affiliate**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**December 31,**

| | 2025 | 2024 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 7,018,888 | $ 6,621,138 |
| Accounts receivable | 73 | 73 |
| Estate receivable | 4,378,687 | - |
| Prepaid expenses | 140,295 | 58,269 |
| Investments | 66,066,809 | 58,384,305 |
| Property and equipment | | |
| Construction in progress | - | 4,205,225 |
| Buildings | 5,561,739 | 504,152 |
| Office and computer equipment | 508,329 | 249,970 |
| Less accumulated depreciation | 516,885 | 254,540 |
| | 5,553,183 | 4,704,807 |
| Real estate and improvements, net | 7,850,811 | 7,854,032 |
| Total assets | $ 91,008,746 | $ 77,622,624 |
| **LIABILITIES AND NET ASSETS** | | |
| **LIABILITIES** | | |
| Accounts payable and accrued expenses | $ 4,793 | $ 4,548 |
| Amounts held in agency endowments | 3,050,083 | 2,752,776 |
| Agency trust funds | 638,981 | 591,733 |
| Total liabilities | 3,693,857 | 3,349,057 |
| **NET ASSETS** | | |
| Without donor restrictions | 7,098,976 | 7,047,666 |
| With donor restrictions | 80,215,913 | 67,225,901 |
| Total net assets | 87,314,889 | 74,273,567 |
| Total liabilities and net assets | $ 91,008,746 | $ 77,622,624 |

**Montgomery County Community Foundation, Inc. and Affiliate**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

**Years Ended December 31,**

| | 2025 | | |
|---|---|---|---|
| | **Without Donor Restrictions** | **With Donor Restrictions** | **Total** |
| Operating revenue and support | | | |
| Contributions | $ 4,908 | $ 7,716,161 | $ 7,721,069 |
| Gifts-in-kind | | 56,275 | 56,275 |
| Farm rental income | | 209,176 | 209,176 |
| Building rental income | 33,144 | | 33,144 |
| Investment return, net of fees | 147,056 | 8,235,373 | 8,382,429 |
| Gain (loss) on disposal of assets | (1,726) | | (1,726) |
| Administrative fees, net and other income | 29,701 | 12,488 | 42,189 |
| Total operating revenue and support | 213,083 | 16,229,473 | 16,442,556 |
| Net assets released from restrictions: | | | |
| Satisfaction of purpose restrictions | 3,239,461 | (3,239,461) | |
| Operating expenses | | | |
| Program services | 2,671,815 | | 2,671,815 |
| Management and general | 640,770 | | 640,770 |
| Fundraising expenses | 88,649 | | 88,649 |
| Total operating expenses | 3,401,234 | | 3,401,234 |
| **CHANGE IN NET ASSETS** | 51,310 | 12,990,012 | 13,041,322 |
| Net assets at beginning of year | 7,047,666 | 67,225,901 | 74,273,567 |
| Net assets at end of year | $ 7,098,976 | $ 80,215,913 | $ 87,314,889 |

| 2024 | | |
|---|---|---|
| **Without Donor Restrictions** | **With Donor Restrictions** | **Total** |
| $ 1,753,748 | $ 2,712,122 | $ 4,465,870 |
| 429,361 | 32,360 | 461,721 |
| | 218,969 | 218,969 |
| 33,531 | | 33,531 |
| 127,685 | 5,496,508 | 5,624,193 |
| 25,746 | | 25,746 |
| 20,189 | 21,947 | 42,136 |
| 2,390,260 | 8,481,906 | 10,872,166 |
| 6,412,403 | (6,412,403) | |
| 1,927,934 | | 1,927,934 |
| 660,438 | | 660,438 |
| 85,890 | | 85,890 |
| 2,674,262 | | 2,674,262 |
| 6,128,401 | 2,069,503 | 8,197,904 |
| 919,265 | 65,156,398 | 66,075,663 |
| $ 7,047,666 | $ 67,225,901 | $ 74,273,567 |

**Montgomery County Community Foundation, Inc. and Affiliate**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

**Years Ended December 31,**

| | 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Program Services | | | | | |
| | Grant-making | Early Learning Center | Total | Management & General | Fundraising | Total |
| Grants, distributions, and scholarships | $ 1,496,722 | | $ 1,496,722 | | | $ 1,496,722 |
| Salaries and wages | 210,386 | | 210,386 | $ 307,606 | $ 61,521 | 579,513 |
| Payroll taxes | 15,955 | | 15,955 | 23,131 | 4,626 | 43,712 |
| Employee benefits | 24,519 | | 24,519 | 43,024 | 8,605 | 76,148 |
| Program expenses | | $ 287,929 | 287,929 | | | 287,929 |
| Provider management fees | | 361,701 | 361,701 | | | 361,701 |
| Professional fees | | 600 | 600 | 26,303 | | 26,903 |
| Bank fees | | | | 1,156 | | 1,156 |
| Community education | | 1,307 | 1,307 | 8,204 | 2,160 | 11,671 |
| Donor development | | | | | 8,650 | 8,650 |
| Telephone and internet | | 3,144 | 3,144 | 5,512 | | 8,656 |
| Postage and freight | | | | 2,867 | | 2,867 |
| Dues and subscriptions | | | | 8,997 | | 8,997 |
| Travel and meetings | 1,048 | | 1,048 | 7,182 | 3,087 | 11,317 |
| Office expenses | | | | 8,156 | | 8,156 |
| Insurance | | | | 31,487 | | 31,487 |
| Depreciation | | 227,423 | 227,423 | 45,168 | | 272,591 |
| Farm & miscellaneous | | | | 35,979 | | 35,979 |
| Scholarship promotions | | | | 6,711 | | 6,711 |
| Occupancy | | 29,070 | 29,070 | 19,444 | | 48,514 |
| Software, maint., & repairs | | 12,011 | 12,011 | 59,843 | | 71,854 |
| | $ 1,748,630 | $ 923,185 | $ 2,671,815 | $ 640,770 | $ 88,649 | $ 3,401,234 |

The accompanying notes are an integral part of these statements.

| 2024 | | | | | |
|---|---|---|---|---|---|
| Program Services | | | | | |
| Grant-making | Early Learning Center | Total | Management & General | Fundraising | Total |
| $ 1,654,162 | | $ 1,654,162 | | | $ 1,654,162 |
| 143,550 | | 143,550 | $ 307,606 | $ 61,521 | 512,677 |
| 10,794 | | 10,794 | 23,131 | 4,626 | 38,551 |
| 20,078 | | 20,078 | 43,024 | 8,605 | 71,707 |
| | $ 70,514 | 70,514 | | | 70,514 |
| | 14,381 | 14,381 | 56,106 | | 70,487 |
| | | | 1,536 | | 1,536 |
| | | | 9,168 | 2,711 | 11,879 |
| | | | | 5,340 | 5,340 |
| | | | 5,588 | | 5,588 |
| | | | 2,513 | | 2,513 |
| | | | 12,616 | | 12,616 |
| 1,048 | | 1,048 | 9,199 | 3,087 | 13,334 |
| | | | 8,012 | | 8,012 |
| | 1,528 | 1,528 | 9,066 | | 10,594 |
| | 8,120 | 8,120 | 47,046 | | 55,166 |
| | | | 31,487 | | 31,487 |
| | | | 5,408 | | 5,408 |
| | 3,662 | 3,662 | 20,848 | | 24,510 |
| | 97 | 97 | 68,084 | | 68,181 |
| $ 1,829,632 | $ 98,302 | $ 1,927,934 | $ 660,438 | $ 85,890 | $ 2,674,262 |

**Montgomery County Community Foundation, Inc. and Affiliate**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**Years Ended December 31,**

| | 2025 | 2024 |
|---|---|---|
| Cash flows from operating activities: | | |
| Change in net assets | $ 13,041,322 | $ 8,197,904 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 272,591 | 55,166 |
| Realized and unrealized gains | (6,688,390) | (3,794,622) |
| (Gain) loss on disposal of assets | 1,726 | (25,746) |
| Contributions to funds held in perpetuity | (1,298,947) | (887,898) |
| Non-cash contributions | (56,275) | (461,721) |
| (Increase) decrease in assets: | | |
| Estate receivable | (4,378,687) | |
| Interest and dividends receivable | | 574,352 |
| Prepaid expense | (82,026) | (35,364) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 245 | (278) |
| Payroll taxes payable | | (2,287) |
| Amounts held in agency endowments | 297,307 | 181,596 |
| Agency trust funds | 47,248 | 27,855 |
| Net cash provided by operating activities | 1,156,114 | 3,828,957 |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (1,119,472) | (3,696,620) |
| Proceeds from sale of farm ground | | 222,507 |
| Proceeds from sale of investments | 6,805,865 | 3,109,215 |
| Purchases of investments | (7,743,704) | (3,935,138) |
| Net cash used in investing activities | (2,057,311) | (4,300,036) |
| Cash flows from financing activities: | | |
| Cash received from contributors for funds held in perpetuity | 1,298,947 | 887,898 |
| Net cash provided by financing activities | 1,298,947 | 887,898 |
| Net change in cash and cash equivalents | 397,750 | 416,819 |
| Cash and cash equivalents at beginning of year | 6,621,138 | 6,204,319 |
| Cash and cash equivalents at end of year | $ 7,018,888 | $ 6,621,138 |
| Supplemental Disclosure | | |
| Non-cash contributions | $ 56,275 | $ 461,721 |

**Montgomery County Community Foundation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2025 and 2024**

## NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

The Montgomery County Community Foundation, Inc. and its affiliate, MCCF Bridge, Inc. (Foundation) are not-for-profit corporations organized under the laws of the State of Indiana. Montgomery County Community Foundation, Inc. was organized to act for the primary benefit of the citizens of Montgomery County. A community foundation is established to provide a permanent and growing endowment to benefit the communities, while providing ethical philanthropic leadership for the enrichment and assistance to human services, education, revitalization, social, art, and cultural endeavors. Individuals, families, businesses, private foundations, and non-profit organizations may donate to the community foundation.

MCCF Bridge, Inc. was incorporated in Indiana on January 4, 2023 to support and benefit Montgomery County Community Foundation, Inc. to implement charitable projects for the benefit of the residents of Montgomery County, Indiana, including, but not limited to, organization and operation of a child care center for the purpose of enabling individuals to be gainfully employed.

2. Contributions

Contributions are recognized when the donor makes a promise to give to the Foundation that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the financial year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

3. Cash and Cash Equivalents

The Foundation maintains its cash in accounts at local financial institutions, which are insured by agencies of the U.S. Government. For purposes of the Consolidated Statements of Cash Flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Investments

The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Consolidated Statements of Financial Position. Net investment return/(loss) is reported in the Consolidated Statements of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**Montgomery County Community Foundation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2025 and 2024**

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES** - Continued

5. Equipment and Depreciation

Purchased equipment is stated at cost. Donated equipment is recorded as support at the estimated fair value at the date of gift. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed according to the estimated useful lives of the respective assets using the straight-line method.

6. Compensated Absences

The employees of the Foundation earn vacation leave based upon length of service. Vacation leave must be used by the end of the calendar year. The Foundation's policy is to recognize the cost of compensated absences when actually paid to employees.

7. Concentration of Credit Risk

The Foundation maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2025 and 2024, the Foundation exceeded the insured limit by approximately $2,402,197 and $1,333,552, respectively.

8. Net Assets and Spending Policy

Net assets, support, investment return, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. While most gift instruments give the Foundation's Board of Directors the right to vary the terms of the gift, this only allows for a limited right of modification and does not relieve the restrictions imposed by the donor. Accordingly, the net assets of the Foundation are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and comprised of the Foundation's board designated funds and unrestricted investment income.

Net assets with donor restrictions - Net assets not yet appropriated for expenditure by the Foundation's Board of Directors in accordance with their spending policy or that have donor-imposed restrictions relating to a stipulated purpose or a specified time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished or amounts have been allocated for expenditure by the Board of Directors, net assets are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as net assets released from restrictions.

**Montgomery County Community Foundation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2025 and 2024**

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES** - Continued

8. Net Assets and Spending Policy - Continued

The objective of the investments is to provide for long-term growth of principal and income without undue exposure to risk to enable the Foundation to make grants on a continuing and reasonably consistent basis. In pursuing this objective, the Foundation endeavors to achieve total returns that, over time, are better than the relevant market averages. Controlling portfolio volatility to help provide stable distributions from year to year is an additional objective.

The Foundation has a policy (the distribution policy) of appropriating for expenditure each year a maximum of 4.5% of the moving average of the unitized market value at September 30 of the prior twenty quarters of the portfolio. In establishing this policy, the Foundation considered the long-term expected return on its endowment.

9. Grants and scholarships

Grants and scholarships, including multi-year awards, are recorded as an expense and a payable when grants are approved and communicated to the grantees. Grants and scholarships expense for the years ended December 31, 2025 and 2024 was $1,496,722 and $1,654,162, respectively.

10. In-Kind Contributions

During the years ended December 31, 2025 and 2024, the value of contributed services meeting the requirements for recognition in the consolidated financial statements was not material and has not been recorded. During the year ended December 31, 2024, the Foundation received a gift of a building valued at $400,000 and lighting fixtures valued at $29,361, which were used in the construction of the child care center. During the years ended December 31, 2025 and 2024, the Foundation received gifts of public securities of $56,275 and $32,360, respectively, which were valued at fair value. It is the Foundation’s policy to immediately liquidate gifts of public securities and gifts of grain and invest the proceeds in compliance with the Foundation’s investment policy.

11. Income Taxes

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision has been made for income taxes.

12. Uncollectible Accounts and Pledges

Uncollectible accounts are charged directly against revenue when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America.

**Montgomery County Community Foundation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2025 and 2024**

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES** - Continued

13. Agency Trust Fund

The Foundation is a successor trustee to one community trust. The assets of this trust are included in the Consolidated Statements of Financial Position and an offsetting payable has been recorded, as the Foundation is not the beneficiary of the trust. As of December 31, 2025 and 2024, agency trust funds amounted to $638,981 and $591,733, respectively.

14. Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense was $6,711 and $5,408 for the years ended December 31, 2025 and 2024, respectively.

15. Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Those expenses include salaries and wages, payroll taxes, and benefits. These expenses are allocated on the basis of estimates of time and effort.

16. Uncertain Tax Positions

The Foundation recognizes a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. The Foundation has examined this issue and has determined there are no material contingent tax liabilities.

The Foundation's federal and state exempt organization tax returns for 2022, 2023, and 2024 are subject to examination by the Internal Revenue Service and the Indiana Department of Revenue. Returns are generally subject to examination for three years after they are filed.

17. Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE B - REAL ESTATE**

In past years, the Foundation received contributions of approximately 600 acres of land. This land is currently being rented as farmland and the rental income is credited to the funds for which the land was contributed. Rent collected on this land totaled $209,176 and $218,969 during 2025 and 2024, respectively.

**Montgomery County Community Foundation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2025 and 2024**

## NOTE C - RISKS AND UNCERTAINTIES

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

## NOTE D - INVESTMENTS

The following is an analysis of the cost and fair value at December 31, 2025 and 2024 by type of investment.

| | 2025 | 2024 |
|---|---|---|
| Certificate of deposit | $ 200,000 | $ 200,000 |
| Alternative investment | 4,030,990 | 3,675,447 |
| Mutual funds - equities: | | |
| Large value | 8,228,506 | 6,390,228 |
| Small value | 5,341,970 | 4,341,585 |
| Foreign large value | 2,730,024 | 1,819,680 |
| Foreign large growth | 3,015,854 | 2,480,084 |
| Large growth | 7,295,354 | 6,101,141 |
| Tactical allocation | 646,916 | 587,738 |
| World stock | 1,023,788 | 859,672 |
| Infrastructure | 2,501,521 | 3,393,263 |
| Foreign large blend | 3,257,518 | 1,810,631 |
| Large blend | 8,047,952 | 6,627,208 |
| Total mutual funds - equities | 42,089,403 | 34,411,230 |
| Mutual funds - fixed income: | | |
| High yield bonds | 915,258 | 900,023 |
| Nontraditional bonds | 4,638,128 | 4,497,259 |
| Short-term bonds | 2,338,327 | 2,748,274 |
| Multisector bonds | 279,645 | 268,450 |
| Intermediate-term bonds | 11,575,058 | 11,683,622 |
| Total mutual funds - fixed income | 19,746,416 | 20,097,628 |
| Total investments, at fair value | $66,066,809 | $58,384,305 |
| Total investments, at historical cost | $51,694,849 | $50,514,975 |

**Montgomery County Community Foundation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2025 and 2024**

## NOTE E - ESTATE RECEIVABLE

During 2025, the Foundation was notified that it was a residual beneficiary of an estate. The estate consists of real property, cash, and marketable securities. The real property is valued by an appraisal. The value of the estate the Foundation expects to receive during the year ending December 31, 2026 is $4,378,687.

## NOTE E - FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A hierarchy of inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Foundation. Unobservable inputs are inputs that reflect the Foundation's assumptions about the assumptions that market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

| | 2025 | | | |
|---|---|---|---|---|
| | **Fair Value** | **Level 1** | **Level 2** | **Level 3** |
| Assets: | | | | |
| Investments: | | | | |
| Alternative invesment* | $ 4,030,990 | | | |
| Mutual funds - equities | $42,089,403 | $42,089,403 | | |
| Mutual funds - fixed income | $ 19,746,416 | $ 19,746,416 | | |
| Real estate | $ 7,773,239 | | | $ 7,773,239 |

**Montgomery County Community Foundation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2025 and 2024**

**NOTE E - FAIR VALUE MEASUREMENTS** - Continued

| | 2024 | | | |
|---|---|---|---|---|
| | **Fair Value** | **Level 1** | **Level 2** | **Level 3** |
| Assets: | | | | |
| Investments: | | | | |
| Alternative invesment* | $ 3,675,447 | | | |
| Mutual funds - equities | $34,411,230 | $34,411,230 | | |
| Mutual funds - fixed income | $20,097,628 | $20,097,628 | | |
| Real estate | $ 7,773,239 | | | $ 7,773,239 |

* In accordance with Accounting Standards, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented at fair value in the Consolidated Statements of Financial Position.

The following schedule provides further detail of the real estate being held as a Level 3 fair value measurement using significant unobservable inputs at December 31, 2025 and 2024:

| | Level 3 | |
|---|---|---|
| | **2025** | **2024** |
| Beginning balance | $ 7,773,239 | $ 7,970,000 |
| Sale of farm ground | | (196,761) |
| Ending balance | $ 7,773,239 | $ 7,773,239 |

Fair values for level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair values for real estate classified as level 3 in the fair value hierarchy consists of farmland. The value of the Foundation's farmland has been adjusted to reflect the fair value of the property. The Foundation reviews and adjusts, if needed, the value of the farmland on its books annually. The market valuation is conducted by the farm manager, who is employed to manage the farms. The valuation method used by the farm manager takes into consideration current farmland values in the area, soil conditions as well as the latest Purdue Agricultural Economics Report.

Alternative investments, including balances, restrictions on redemptions, and investment objectives consist of the following as of December 31, 2025 and 2024.

| | 2025 | | |
|---|---|---|---|
| | **Net Asset Value** | **Redemption Notice** | **Redemption Frequency** |
| North Rock Fund Limited | $ 4,030,990 | 90 days notice | Monthly |

**Montgomery County Community Foundation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2025 and 2024**

**NOTE E - FAIR VALUE MEASUREMENTS** - Continued

| | 2024 | | |
|---|---|---|---|
| | **Net Asset Value** | **Redemption Notice** | **Redemption Frequency** |
| North Rock Fund Limited | $ 3,675,447 | 90 days notice | Monthly |

**NOTE F - NET ASSETS RELEASED FROM DONOR RESTRICTION**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Purpose restrictions accomplished: | | |
| Lilly scholarship funds | $ 2,294 | $ 1,910 |
| Lilly intern funds | 5,732 | 5,361 |
| Lilly GIFT VIII Planning Grant | | 38,189 |
| Lilly Implementation Grant | 2,464 | 6,111 |
| Early Learning Center | 856,090 | 3,650,585 |
| Pass-through funds | 350,416 | 961,652 |
| Pathway funds | 512 | 318 |
| Endowment income expended in accordance with the fund agreement | 2,021,953 | 1,748,277 |
| | $ 3,239,461 | $ 6,412,403 |

**NOTE G - NET ASSETS WITHOUT DONOR RESTRICTIONS**

The Foundation's governing board has designated net assets without donor restrictions for the following purposes as of December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Operating funds | $ 7,098,010 | $ 7,046,700 |
| Board designated - non-endowed funds | 966 | 966 |
| Total net assets without donor restrictions | $ 7,098,976 | $ 7,047,666 |

**Montgomery County Community Foundation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2025 and 2024**

## NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Subject to expenditure for a specific purpose: | | |
| Lilly scholarship funds | $ 23,938 | $ 21,811 |
| Lilly intern funds | 2,803 | 3,514 |
| Lilly Implementation Grant | 286 | 2,750 |
| Lilly GIFT VIII Planning Grant | | 5,583 |
| Lilly GIFT IX Community Support Grant | 741,858 | |
| Early Learning Center | 1,024,842 | 866,108 |
| Pass-through funds | 351,752 | 354,847 |
| | 2,145,479 | 1,254,613 |
| Endowments: | | |
| Subject to the passage of time | | |
| Estate receivable, the proceeds from which have been restricted by donors for designated purposes | 4,378,687 | |
| Subject to expenditure for a specific purpose: | | |
| Pathway funds | 160,847 | 101,632 |
| Subject to Foundation spending and appropriation: | | |
| Restricted by donors for grants and scholarships | 73,530,900 | 65,870,183 |
| Underwater funds | | (527) |
| | $ 80,215,913 | $ 67,225,901 |

## NOTE I - ENDOWMENT FUNDS

The Foundation's endowment consists of 273 and 261 individual funds, as of December 31, 2025 and 2024, respectively, established for a variety of purposes. The endowment includes both funds established by donors and funds designated by the Board to function as endowments (board-designated endowment funds). The Foundation maintains variance power over all of the endowment funds (including those established by donors) as provided within the fund agreements. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. While the Foundation ultimately has variance power over all of the assets maintained in endowment funds, the Foundation considers the following factors in making a determination to appropriate or accumulate endowment funds:

**Montgomery County Community Foundation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2025 and 2024**

**NOTE I - ENDOWMENT FUNDS** - Continued

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

Endowment net assets composition by type of fund as of December 31, 2025 and 2024 was as follows:

| | 2025 With Donor Restrictions | 2024 With Donor Restrictions |
|---|---|---|
| Donor-restricted endowment funds: | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor | $ 37,518,927 | $ 36,219,980 |
| Accumulated investment gains | 40,551,507 | 29,751,308 |
| | $78,070,434 | $ 65,971,288 |

Changes in endowment net assets for the years ended December 31, 2025 and 2024, were as follows:

| | 2025 With Donor Restrictions | 2024 With Donor Restrictions |
|---|---|---|
| Revenue and support | | |
| Contributions, grants, and other income | $ 5,678,775 | $ 1,012,292 |
| Farm rental income | 209,176 | 218,969 |
| Investment return, net | 8,233,148 | 5,464,642 |
| Total revenue and support | 14,121,099 | 6,695,903 |
| Appropriation of endowment assets for expenditure | 2,021,953 | 1,748,277 |
| Change in endowment net assets | 12,099,146 | 4,947,626 |
| Endowment net assets, beginning of year | 65,971,288 | 61,023,662 |
| Endowment net assets, end of year | $78,070,434 | $ 65,971,288 |

Occasionally, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor of UPMIFA requires the Foundation to retain as a fund of perpetual duration. As of December 31, 2025, none of the endowment funds were underwater. As of December 31, 2024, 6 of the 261 endowment funds had deficiencies totaling $527.

**Montgomery County Community Foundation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2025 and 2024**

## NOTE J - AGENCY ENDOWMENT FUNDS

The Foundation reports contributions as a liability when third party organizations transfer these assets to the Foundation and specify themselves, or their affiliates, as the beneficiary. These liabilities are offset by the Foundation's investments.

During the years ended December 31, 2025 and 2024, the following activity occurred in the agency funds held by the Foundation. These amounts are not reflected on the Consolidated Statements of Activities.

| | 2025 | | 2024 | |
|---|---|---|---|---|
| Support and revenue | | | | |
| Contributions | $ - | | $ 200 | |
| Investment return, net | 403,953 | | 280,865 | |
| | | $ 403,953 | | $ 281,065 |
| Expenses | | | | |
| Grants expense | 81,719 | | 77,140 | |
| Project management fees | 24,927 | | 22,329 | |
| | | 106,646 | | 99,469 |
| Change in agency funds | | 297,307 | | 181,596 |
| Balance at beginning of year | | 2,752,776 | | 2,571,180 |
| Balance at end of year | | $ 3,050,083 | | $ 2,752,776 |

## NOTE K - LIQUIDITY

The Foundation has financial assets available within one year of the Consolidated Statements of Financial Position date consisting the following:

| | 2025 | 2024 |
|---|---|---|
| Cash and cash equivalents | $ 2,071,240 | $ 2,938,020 |
| Accounts receivable | 73 | 73 |
| | $ 2,071,313 | $ 2,938,093 |

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Consolidated Statements of Financial Position date. As part of its liquidity management, the Foundation invests cash in excess of daily requirements in various cash equivalents including money market funds and other interest earning opportunities.

**Montgomery County Community Foundation, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2025 and 2024**

## NOTE L - EMPLOYEE BENEFITS

The Foundation has a Simple IRA retirement plan. The Foundation will match up to 3% of an employee's wages. The Foundation contributed $16,054 and $14,078 to this plan in 2025 and 2024, respectively.

## NOTE M - RELATED PARTIES

The following conflict of interest occurred during 2025. One employee is a board member of Hoosier Heartland State Bank, which maintains cash accounts for the Foundation.

## NOTE N - LINE OF CREDIT

During the year ending December 31, 2024, the Foundation established a line of credit with a commercial bank which provides borrowings up to $1,500,000. The interest rate was 4.12% on December 31, 2024 and was secured by an investment account. Outstanding borrowings under this arrangement at December 31, 2025 and 2024 were $-0-. The line of credit expired on June 12, 2025.

## NOTE O - MONTGOMERY COUNTY EARLY LEARNING CENTER

MCCF Bridge, Inc. owns the property where the Montgomery County Early Learning Center (MCELC) operates. MCELC provides high-quality childcare for residents of Montgomery County. MCELC opened in March 2025 and has capacity to serve 124 children. MCELC is operated by KinderCare, who provides high-quality education to children in a safe environment with qualified staff.

## NOTE P - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through May 21, 2026, which is the date these consolidated financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2025, have been incorporated into these consolidated financial statements herein.