

**JOHNSON COUNTY COMMUNITY
FOUNDATION, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

CPAs / ADVISORS



JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Johnson County Community Foundation, Inc.
Franklin, Indiana

Opinion

We have audited the accompanying financial statements of Johnson County Community Foundation, Inc. (the "Foundation"), a nonprofit organization, which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Blue & Co., LLC

Seymour, Indiana

May 20, 2026

JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

ASSETS

	2025	2024
Cash and cash equivalents	\$ 989,027	\$ 1,135,153
Certificates of deposit	2,503,296	-0-
Investments	60,920,366	46,009,559
Pledges receivable	202,000	372,222
Property and equipment, net	262,218	266,675
Beneficial interest in charitable trusts	3,446,760	3,011,672
Other assets	28,012	27,163
	<u>\$ 68,351,679</u>	<u>\$ 50,822,444</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 53,125	\$ 40,870
Grants payable	400,000	-0-
Custodial funds	3,063,761	3,418,537
Charitable gift annuity	36,460	38,077
Other liabilities	6,600	3,000
Total liabilities	<u>3,559,946</u>	<u>3,500,484</u>

Net assets

Without donor restrictions		
Operating	1,649,436	1,231,870
Board designated reserves	308,820	293,871
Board designated endowment	3,276,893	2,657,559
	<u>5,235,149</u>	<u>4,183,300</u>
With donor restrictions		
Restricted for specified purposes	4,163,476	2,599,941
Restricted due to time restrictions	3,648,760	3,383,894
Endowment funds	51,744,348	37,154,825
	<u>59,556,584</u>	<u>43,138,660</u>
Total net assets	<u>64,791,733</u>	<u>47,321,960</u>
	<u>\$ 68,351,679</u>	<u>\$ 50,822,444</u>

See accompanying notes to financial statements.

JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenues				
Contributions	\$ 358,086	\$ 12,568,133	\$ 12,926,219	\$ 5,107,472
Special events and other support	101,263	85,960	187,223	99,666
Investment return, net	604,687	8,083,796	8,688,483	5,571,382
Administrative fees	857,027	-0-	857,027	700,860
Change in value of split-interest agreements	-0-	432,188	432,188	525,045
Loss on disposal of asset	-0-	(1,346)	(1,346)	-0-
Net assets released from restrictions	<u>4,750,807</u>	<u>(4,750,807)</u>	<u>-0-</u>	<u>-0-</u>
Total support and revenues	6,671,870	16,417,924	23,089,794	12,004,425
Expenses				
Program services	5,031,145	-0-	5,031,145	3,694,546
General and administrative	345,826	-0-	345,826	313,138
Fundraising	<u>243,050</u>	<u>-0-</u>	<u>243,050</u>	<u>229,555</u>
Total expenses	<u>5,620,021</u>	<u>-0-</u>	<u>5,620,021</u>	<u>4,237,239</u>
Change in net assets	1,051,849	16,417,924	17,469,773	7,767,186
Net assets, beginning of year	<u>4,183,300</u>	<u>43,138,660</u>	<u>47,321,960</u>	<u>39,554,774</u>
Net assets, end of year	<u>\$ 5,235,149</u>	<u>\$ 59,556,584</u>	<u>\$ 64,791,733</u>	<u>\$ 47,321,960</u>

See accompanying notes to financial statements.

JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions	\$ 13,012	\$ 5,094,460	\$ 5,107,472
Special events and other support	20,170	79,496	99,666
Investment return, net	491,192	5,080,190	5,571,382
Administrative fees	700,860	-0-	700,860
Change in value of split-interest agreements	-0-	525,045	525,045
Net assets released from restrictions	3,505,151	(3,505,151)	-0-
Total support and revenues	4,730,385	7,274,040	12,004,425
Expenses			
Program services	3,694,546	-0-	3,694,546
General and administrative	313,138	-0-	313,138
Fundraising	229,555	-0-	229,555
Total expenses	4,237,239	-0-	4,237,239
Change in net assets	493,146	7,274,040	7,767,186
Net assets, beginning of year	<u>3,690,154</u>	<u>35,864,620</u>	<u>39,554,774</u>
Net assets, end of year	<u>\$ 4,183,300</u>	<u>\$ 43,138,660</u>	<u>\$ 47,321,960</u>

See accompanying notes to financial statements.

JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025				2024			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Grants	\$ 3,739,806	\$ -0-	\$ -0-	\$ 3,739,806	\$ 2,549,093	\$ -0-	\$ -0-	\$ 2,549,093
Programs	241,608	-0-	-0-	241,608	250,808	-0-	-0-	250,808
Salaries and wages	97,585	180,171	172,077	449,833	88,876	164,980	157,475	411,331
Special events expenses	2,631	-0-	25,460	28,091	2,905	-0-	28,106	31,011
Payroll taxes and employee benefits	11,308	20,878	19,940	52,126	10,104	18,756	17,902	46,762
Administrative fees	801,044	-0-	-0-	801,044	644,866	-0-	-0-	644,866
Advertising	21,010	35,087	-0-	56,097	11,309	18,886	-0-	30,195
Annual report	6,895	-0-	-0-	6,895	8,075	-0-	-0-	8,075
Office supplies	2,298	2,038	886	5,222	2,857	2,534	1,102	6,493
Postage and printing	6,581	5,634	2,671	14,886	5,277	4,517	2,141	11,935
Telephone	3,249	3,457	863	7,569	2,546	2,709	677	5,932
Utilities	3,382	3,599	899	7,880	3,017	3,211	802	7,030
Repairs and maintenance	7,823	8,323	2,080	18,226	6,261	6,662	1,665	14,588
Board and staff training	7,919	6,774	3,211	17,904	5,677	4,902	2,322	12,901
Depreciation	12,462	10,665	5,059	28,186	12,866	11,011	5,223	29,100
Professional fees	36,010	11,948	2,610	50,568	62,165	20,627	4,505	87,297
Dues and subscriptions	2,491	2,131	1,011	5,633	3,896	3,333	1,581	8,810
Board and committees	2,092	2,751	152	4,995	2,469	3,246	179	5,894
Insurance	17,695	17,640	5,491	40,826	18,090	18,034	5,614	41,738
License and fees	-0-	28,615	-0-	28,615	-0-	26,862	-0-	26,862
Miscellaneous	7,256	6,115	640	14,011	3,389	2,868	261	6,518
Total expense	\$ 5,031,145	\$ 345,826	\$ 243,050	\$ 5,620,021	\$ 3,694,546	\$ 313,138	\$ 229,555	\$ 4,237,239

See accompanying notes to financial statements.

JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Operating activities		
Change in net assets	\$ 17,469,773	\$ 7,767,186
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	28,185	29,099
Restricted contributions for endowment	(8,091,997)	(2,743,115)
Reinvested interest and dividends received on investments	(1,294,159)	(1,222,642)
Realized and unrealized (gains) losses on investments	(8,042,886)	(5,015,120)
Change in value of split-interest agreements	(432,188)	(509,705)
Changes in assets and liabilities:		
Pledges receivable	170,222	(372,222)
Other assets	(849)	(21,898)
Accounts payable and accrued expenses	12,255	(12,647)
Grants payable	400,000	-0-
Custodial funds	(354,776)	385,581
Other liabilities	3,600	(3,200)
Net cash flows from operating activities	(132,820)	(1,718,683)
Investing activities		
Purchases of property and equipment	(23,728)	(34,337)
Purchases of certificates of deposit	(2,503,296)	-0-
Maturity of certificates of deposit	-0-	250,326
Purchases of investments	(25,755,006)	(14,295,179)
Proceeds on sale of investments	20,181,244	12,833,789
Net cash flows from investing activities	(8,100,786)	(1,245,401)
Financing activities		
Restricted contributions for endowment	8,091,997	2,743,115
Receipt of charitable gift annuity obligation	-0-	29,417
Charitable gift annuity payments	(4,517)	(4,750)
Net cash flows from financing activities	8,087,480	2,767,782
Net change in cash and cash equivalents	(146,126)	(196,302)
Cash and cash equivalents, beginning of year	1,135,153	1,331,455
Cash and cash equivalents, end of year	\$ 989,027	\$ 1,135,153

See accompanying notes to financial statements.

JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Johnson County Community Foundation, Inc. (the "Foundation") is a not-for-profit entity that began operations in 1991. The Foundation is located in Franklin, Indiana, and was created by and for the people of Johnson County to help make the community a better place for everyone by connecting people who care with causes that matter.

Management's Estimates

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

Basis of Presentation

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

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

Operating – used to fund current operations of the Foundation

Board designated reserves – used to fund future operations and capital improvements of the Foundation as designated by the board

Board designated endowments – established with the expectation that the principal be maintained in perpetuity to generate grants, subject to the spending policy, used to support the general operations of the Foundation and community needs as designated by the Board

JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

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

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

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

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

Cash and Cash Equivalents

The Foundation considers highly liquid investments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of money market, savings, and checking accounts and excludes amounts held by the Foundation's fund managers and included in investments.

Investments and Investment Return

The Foundation carries its investments at fair value for financial reporting purposes, except for the investment in real estate which is carried at the fair value as of the date of the donation. Changes in unrealized appreciation or depreciation of investments are reflected in the Statements of Activities in the periods in which such changes occur.

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

Pledges Receivable

Contributions are recognized when the donor makes a pledge to give cash or other assets to the Foundation that is, in substance, unconditional. Pledges receivable are initially recorded at fair value based on estimated future cash flows of the unconditional pledges and are reported net of an allowance for uncollectible pledges. Management estimates an allowance for doubtful pledges receivable based on an evaluation of historical losses, current economic conditions, and other factors unique to the Foundation's donors. No allowance for doubtful pledges receivable was determined necessary as of December 31, 2025 or 2024.

JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Property and Equipment

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

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

Beneficial Interests in Charitable Trusts

Beneficial interests in charitable trusts represent the future interest in trust assets or estimated trust assets held by others or that will benefit the Foundation once the time restrictions and payments cease.

Support, Revenues and Expense Recognition

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

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

All other revenue is recorded when earned.

Administrative Fees

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

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statements of Activities and Statements of Functional Expenses.

JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report expenses that are attributed to more than one program or supporting function. These expenses include salaries and wages, payroll taxes and employee benefits, office supplies and various occupancy expenses. These expenses are allocated on the basis of estimates of time, effort, and usage. While the methods of allocation are considered appropriate, other methods could produce different results.

Income Taxes

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

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Foundation, and has concluded that as of December 31, 2025 and 2024, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

As such, the Foundation is generally exempt from income taxes. However, the Foundation is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

Subsequent Events

The Foundation has evaluated events or transactions occurring subsequent to the Statement of Financial Position date for recognition and disclosure in the accompanying financial statements through the date the financial statements are available to be issued, which is May 20, 2026.

2. CERTIFICATES OF DEPOSIT

The Foundation held two certificates of deposit totaling \$2,503,296 at December 31, 2025. These certificates of deposit mature through August 2026 and earn interest at rates ranging from 3.65% to 3.95%. There was no certificate of deposit as of December 31, 2024. Certificates of deposit are recorded at cost plus accrued interest.

JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

3. INVESTMENTS

Investments at December 31, 2025 and 2024 consist of the following:

	<u>2025</u>	<u>2024</u>
Money market funds	\$ 6,356,627	\$ 5,802,528
Common stocks		
Industrial	6,803,649	4,666,813
Communication services	5,812,142	3,683,426
Consumer discretionary	4,165,233	3,407,650
Financial	8,616,659	6,963,776
Health care	1,900,993	707,192
Information technology	4,983,012	3,709,170
Government bonds	2,194,552	1,230,847
Corporate bonds	11,876,175	9,052,475
Foreign bonds	304,842	19,545
Fixed income exchange traded funds		
Government bonds	5,814	-0-
Intermediate	5,528	-0-
Equity exchange traded funds		
Large cap	4,566,855	3,550,194
Mid/small cap	1,653,797	1,674,147
Emerging markets	<u>1,674,488</u>	<u>1,541,796</u>
	<u>\$ 60,920,366</u>	<u>\$ 46,009,559</u>

4. RISKS AND UNCERTAINTIES

The Foundation holds investments (Note 3) 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 the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

5. FAIR VALUE MEASUREMENTS

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

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

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

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2025 and 2024.

- *Money market funds*: Generally transact subscriptions and redemption activity at a \$1 stable net asset value (NAV); however, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.
- *Common stocks*: Valued at the closing price reported on the active market on which the individual securities are traded.
- *Government, corporate and foreign bonds*: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- *Exchange traded funds*: Valued at the daily closing price as reported by the fund. Exchange traded funds ("funds") are held by the Plan and are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to

JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

publish their daily NAV and to transact at that price. The funds held by the Foundation are deemed to be actively traded.

- *Beneficial interest in charitable trust:* Fair value is determined by subtracting the present value of future payments to beneficiaries using published life expectancy tables, discount rates ranging from 7 percent to 8 percent, a 6 percent rate of return, and payouts ranging from 6.5 percent to 8 percent from the fair value of the trust assets.
- *Charitable gift annuity:* Fair value is determined by calculating the present value of future payments to beneficiaries using published life expectancy tables with a discount rate of 4.4 percent.

The following table sets forth by level, within the hierarchy, the Foundation’s assets measured at fair value on a recurring basis as of December 31, 2025 and 2024:

	2025			
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Money market funds	\$ 6,356,627	\$ -0-	\$ 6,356,627	\$ -0-
Common stocks	32,281,688	32,281,688	-0-	-0-
Government bonds	2,194,552	-0-	2,194,552	-0-
Corporate bonds	11,876,175	-0-	11,876,175	-0-
Foreign bonds	304,842	-0-	304,842	-0-
Exchange traded funds	7,906,482	7,906,482	-0-	-0-
Beneficial interest in charitable trusts	3,446,760	-0-	-0-	3,446,760
Liabilities:				
Charitable gift annuity	36,460	-0-	36,460	-0-

	2024			
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Money market funds	\$ 5,802,528	\$ -0-	\$ 5,802,528	\$ -0-
Common stocks	23,138,027	23,138,027	-0-	-0-
Government bonds	1,230,847	-0-	1,230,847	-0-
Corporate bonds	9,052,475	-0-	9,052,475	-0-
Foreign bonds	19,545	19,545	-0-	-0-
Exchange traded funds	6,766,137	6,766,137	-0-	-0-
Beneficial interest in charitable trusts	3,011,672	-0-	-0-	3,011,672
Liabilities:				
Charitable gift annuity	38,077	-0-	38,077	-0-

JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

The following is a reconciliation of activity for 2025 and 2024 for the fair value of beneficial interest in charitable trusts based upon significant unobservable inputs (level 3):

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 3,011,672	\$ 2,545,914
Change in present value	<u>435,088</u>	<u>465,758</u>
	<u>\$ 3,446,760</u>	<u>\$ 3,011,672</u>

6. PLEDGES RECEIVABLE

Unconditional pledges receivable consist of the following at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Amounts due in:		
Less than one year	\$ 1,000	\$ 222,222
One to five years	<u>201,000</u>	<u>150,000</u>
Ending balance	<u>\$ 202,000</u>	<u>\$ 372,222</u>

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

7. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 68,000	\$ 68,000
Building	357,000	357,000
Building and land improvements	215,806	202,439
Office equipment and software	<u>90,994</u>	<u>91,101</u>
	731,800	718,540
Less accumulated depreciation	<u>(469,582)</u>	<u>(451,865)</u>
	<u>\$ 262,218</u>	<u>\$ 266,675</u>

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8. BENEFICIAL INTEREST IN CHARITABLE TRUSTS

The Foundation has been named the full beneficiary of several charitable remainder trusts in which the Foundation is not the trustee. Upon termination of the trusts on the donors' deaths, the applicable remainder of the trusts will revert to the Foundation. The trust agreements stipulate that a certain portion of the trusts' assets are to be paid out each year to third party beneficiaries named by donors. The Foundation's interest under these trusts was \$3,446,760 and \$3,011,672 at December 31, 2025 and 2024, respectively. In calculating the present value of the amount to be received upon termination of the trusts, the assumed rate of return was 6 percent and the discount rates used ranged from 7 percent to 8 percent. The date of the termination of the trusts was determined based on the applicable mortality tables. The change in the present value of the amounts expected to be received under these charitable trusts was an increase of \$435,088 and \$465,758 for the years ended December 31, 2025 and 2024, respectively.

9. CHARITABLE GIFT ANNUITY

The Foundation has one active charitable gift annuity as of December 31, 2025 and 2024, under which the Foundation received \$50,101. The Foundation is required to make annual payments to the donor in the amount of \$3,808 for the remainder of the beneficiary's lifetime. Upon the death of the specified person, the remaining amount of the gift is to be used by the Foundation in a fund designated by the donor. The Foundation has recognized a liability for the present value of the amount expected to be paid to the third-party beneficiaries at December 31, 2025 and 2024. The liability was calculated based on the life expectancy of the beneficiary of the annuity, derived from the applicable single-life annuity expected return tables. The present value was calculated using a discount rate of 4.4 percent established at the inception of the gift annuity. The present value of amounts expected to be paid to the third party beneficiaries was \$36,460 and \$38,077 at December 31, 2025 and 2024, respectively.

10. CUSTODIAL FUNDS

Custodial funds represent funds placed on deposit with the Foundation by other organizations based on their individual board resolutions. In addition, the Foundation has received a designated bequest which provided no variance power over the use of the funds and serves strictly as the trustee of the funds. The Foundation accounts for these transfers as a liability in accordance with applicable accounting standards. Income is added to these funds and 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 in the Statements of Activities.

During 2025, the trust from the bequest noted above was terminated by the court and the remaining funds were moved into a scholarship fund. Therefore, \$1,574,354 has been recognized as contributions and removed from the custodial fund liability.

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Following is a progression of custodial funds during 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 3,418,537	\$ 3,032,956
Contributions	1,013,000	46,550
Investment return, net	447,308	497,993
Administrative fees	(45,550)	(49,294)
Trust termination and transfer to scholarship fund	(1,574,354)	-0-
Grant payments	<u>(195,180)</u>	<u>(109,668)</u>
Ending balance	<u>\$ 3,063,761</u>	<u>\$ 3,418,537</u>

11. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2025</u>	<u>2024</u>
Restricted for specified purposes		
Various based on fund agreements	\$ 4,163,476	\$ 2,599,941
Restricted due to time restrictions		
Pledges receivable	202,000	372,222
Charitable remainder trusts	3,446,760	3,011,672
Endowment funds		
Restricted in perpetuity	33,280,443	25,188,451
Restricted subject to the Foundation's spending policy	<u>18,463,905</u>	<u>11,966,374</u>
Total net assets with donor restrictions	<u>\$ 59,556,584</u>	<u>\$ 43,138,660</u>

12. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions based on the Foundation's spending policy in the amount of \$4,750,807 and \$3,505,151 based on funds appropriated for expenditure for the years ended December 31, 2025 and 2024, respectively.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

13. ENDOWMENT

The majority of the Foundation's funds consist of endowed funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted endowment funds are subject to appropriation 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 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

From time to time, due to unfavorable market fluctuations, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. The Foundation has a policy that does allow spending from underwater endowment funds, unless otherwise precluded by donor intent or relevant laws and regulations.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for granting purposes while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must use for a donor-specified purpose as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce long-term growth of capital without undue exposure to risk. The Foundation expects its endowment funds, over time,

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to provide a return that will preserve the purchasing power of the Foundation's assets while considering the spending requirements. Actual returns in any given year may vary.

To satisfy its long-term rate of return objectives, the 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 up to 5 percent of its endowment funds' average fair value over the previous twelve quarter rolling average, or a lesser percentage as voted upon annually by the Board of Directors. In establishing this policy, the Foundation considered the long-term expected return on its endowment.

Endowed funds by net asset type at December 31, 2025 and 2024 were as follows:

	2025		2024	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Board Designated Funds	\$ 3,276,893	\$ -0-	\$ 2,657,559	\$ -0-
Donor Restricted Funds	<u>-0-</u>	<u>51,744,348</u>	<u>-0-</u>	<u>37,154,825</u>
	<u>\$ 3,276,893</u>	<u>\$ 51,744,348</u>	<u>\$ 2,657,559</u>	<u>\$ 37,154,825</u>

Changes in endowed funds for the years ended December 31, 2025 and 2024 were as follows:

	2025		2024	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ 2,657,559	\$ 37,154,825	\$ 2,224,342	\$ 30,934,401
Contributions	200,000	8,337,129	33,182	3,171,221
Investment return, net	546,341	8,023,658	491,192	4,133,777
Proceeds on charitable trust	-0-	-0-	-0-	-0-
Appropriation of endowment assets for expenditure	<u>(127,007)</u>	<u>(1,771,264)</u>	<u>(91,157)</u>	<u>(1,084,574)</u>
Endowment net assets, end of year	<u>\$ 3,276,893</u>	<u>\$ 51,744,348</u>	<u>\$ 2,657,559</u>	<u>\$ 37,154,825</u>

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

14. LIQUIDITY AND AVAILABILITY

The Foundation manages its liquid resources to meet the cash needs for operations, endowment appropriations, and grants and scholarships from non-permanent programs. The Foundation defines liquid assets as cash, certificates of deposit, investments, and other assets without purpose restrictions and unrelated to endowments and non-endowed investments.

Financial assets available for general expenditures (operating and board designated reserves) within one year of the Statement of Financial Position date comprise of the following as of December 31, 2025 and 2024:

	2025	2024
Cash	\$ 757,155	\$ 715,274
Certificates of deposit	253,296	-0-
Investments	<u>704,086</u>	<u>553,871</u>
	<u>\$ 1,714,537</u>	<u>\$ 1,269,145</u>

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. The 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 approves the spending rate, the related dollar amount of the funds becomes available for general expenditures.

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

The administrative endowment is subject to an annual spending rate of up to 5 percent as described in Note 13. Although the Foundation does not intend to spend from this administrative endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available, if necessary.

The Foundation also relies on the administrative fees it charges its funds annually ranging from 1.5 to 2 percent of fund balance to fund operational expenditures.

JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025 AND 2024

15. CONCENTRATIONS OF CREDIT RISK

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

Marketable securities, certificates of deposit and money market funds are maintained with one investment firm. Such balances exceed the Securities Investor Protection Corporation insured limits of up to \$500,000.