

**JOHNSON COUNTY COMMUNITY  
FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

*CPAs / ADVISORS*



**JOHNSON COUNTY COMMUNITY FOUNDATION, INC.**

TABLE OF CONTENTS  
DECEMBER 31, 2022 AND 2021

---

	Page
<b>Report of Independent Auditors</b> .....	1
 <b>Financial Statements</b>	
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Functional Expenses.....	6
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8

---



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

## 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, 2022 and 2021, 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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis 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 25, 2023

# JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2022 AND 2021

---

	<b>ASSETS</b>	
	2022	2021
Cash	\$ 2,895,300	\$ 2,750,046
Certificates of deposit	150,000	108,421
Investments	29,747,744	34,689,350
Property and equipment, net	282,374	299,145
Beneficial interest in charitable trusts	2,655,029	2,992,285
Other assets	3,090	8,415
	<u>\$ 35,733,537</u>	<u>\$ 40,847,662</u>

### LIABILITIES AND NET ASSETS

#### Liabilities

Accounts payable and accrued expenses	\$ 58,251	\$ 56,647
Custodial funds	2,714,663	3,350,747
Other liabilities	8,600	15,600
Total liabilities	<u>2,781,514</u>	<u>3,422,994</u>

#### Net assets

Without donor restrictions		
Operating	1,140,837	1,019,847
Board designated reserves	222,676	238,892
Board designated endowment	1,276,796	1,517,155
	<u>2,640,309</u>	<u>2,775,894</u>
With donor restrictions		
Restricted for specified purposes	1,789,071	1,735,636
Restricted due to time restrictions	2,655,029	2,992,285
Endowment funds	25,867,614	29,920,853
	<u>30,311,714</u>	<u>34,648,774</u>
Total net assets	<u>32,952,023</u>	<u>37,424,668</u>
	<u>\$ 35,733,537</u>	<u>\$ 40,847,662</u>

---

See accompanying notes to financial statements.

**JOHNSON COUNTY COMMUNITY FOUNDATION, INC.**

STATEMENTS OF ACTIVITIES  
 YEAR ENDED DECEMBER 31, 2022  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

	2022			2021
	Without donor Restrictions	With donor Restrictions	Total	Total
<b>Support and revenues</b>				
Contributions	\$ 148,588	\$ 1,188,051	\$ 1,336,639	\$ 1,706,510
Special events	46,590	55,339	101,929	115,819
Investment return, net	(206,578)	(4,252,067)	(4,458,645)	3,485,135
Administrative fees	526,220	-0-	526,220	568,002
Change in value of split-interest agreements	-0-	(337,256)	(337,256)	588,244
Gain on sale of real estate	-0-	1,191,693	1,191,693	-0-
Net assets released from restrictions	<u>2,182,820</u>	<u>(2,182,820)</u>	<u>-0-</u>	<u>-0-</u>
Total support and revenues	2,697,640	(4,337,060)	(1,639,420)	6,463,710
<b>Expenses</b>				
Program services	2,389,196	-0-	2,389,196	2,628,501
General and administrative	303,052	-0-	303,052	254,184
Fundraising	<u>140,977</u>	<u>-0-</u>	<u>140,977</u>	<u>147,043</u>
Total expenses	<u>2,833,225</u>	<u>-0-</u>	<u>2,833,225</u>	<u>3,029,728</u>
Change in net assets	(135,585)	(4,337,060)	(4,472,645)	3,433,982
<b>Net assets, beginning of year</b>	<u>2,775,894</u>	<u>34,648,774</u>	<u>37,424,668</u>	<u>33,990,686</u>
<b>Net assets, end of year</b>	<u>\$ 2,640,309</u>	<u>\$ 30,311,714</u>	<u>\$ 32,952,023</u>	<u>\$ 37,424,668</u>

*See accompanying notes to financial statements.*

# JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

## STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2021

---

	Without donor Restrictions	With donor Restrictions	Total
<b>Support and revenues</b>			
Contributions	\$ 124,453	\$ 1,582,057	\$ 1,706,510
Special events	44,959	70,860	115,819
Investment return, net	172,304	3,312,831	3,485,135
Administrative fees	568,002	-0-	568,002
Change in value of split-interest agreements	-0-	588,244	588,244
Net assets released from restrictions	<u>2,298,838</u>	<u>(2,298,838)</u>	<u>-0-</u>
Total support and revenues	3,208,556	3,255,154	6,463,710
<b>Expenses</b>			
Program services	2,628,501	-0-	2,628,501
General and administrative	254,184	-0-	254,184
Fundraising	<u>147,043</u>	<u>-0-</u>	<u>147,043</u>
Total expenses	<u>3,029,728</u>	<u>-0-</u>	<u>3,029,728</u>
Change in net assets	178,828	3,255,154	3,433,982
<b>Net assets, beginning of year</b>	<u>2,597,066</u>	<u>31,393,620</u>	<u>33,990,686</u>
<b>Net assets, end of year</b>	<u>\$ 2,775,894</u>	<u>\$ 34,648,774</u>	<u>\$ 37,424,668</u>

---

*See accompanying notes to financial statements.*

**JOHNSON COUNTY COMMUNITY FOUNDATION, INC.**

STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022				2021			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Grants	\$ 1,530,838	\$ -0-	\$ -0-	\$ 1,530,838	\$ 1,760,458	\$ -0-	\$ -0-	\$ 1,760,458
Programs	68,441	-0-	-0-	68,441	66,162	-0-	-0-	66,162
Salaries and wages	174,843	149,630	70,968	395,441	146,397	141,996	68,109	356,502
Special events expenses	3,973	-0-	38,444	42,417	3,026	-0-	37,251	40,277
Payroll taxes and employee benefits	31,046	26,569	12,602	70,217	26,604	25,804	12,377	64,785
Administrative fees	475,426	-0-	-0-	475,426	512,369	-0-	-0-	512,369
Advertising	10,125	16,909	-0-	27,034	13,223	-0-	7,064	20,287
Annual report	5,000	-0-	-0-	5,000	4,365	-0-	-0-	4,365
Office supplies	1,548	1,373	597	3,518	1,463	1,386	630	3,479
Postage and printing	3,430	2,936	1,392	7,758	2,986	1,389	2,896	7,271
Telephone	1,761	1,874	468	4,103	2,004	1,717	573	4,294
Utilities	3,801	4,045	1,011	8,857	3,669	3,144	1,048	7,861
Repairs and maintenance	5,013	5,334	1,333	11,680	10,525	9,022	3,007	22,554
Rent	1,238	1,059	502	2,799	1,787	1,732	831	4,350
Depreciation	12,635	10,813	5,129	28,577	10,834	10,508	5,040	26,382
Professional fees	38,553	37,764	4,153	80,470	39,679	21,465	3,965	65,109
Dues and subscriptions	3,649	3,122	1,481	8,252	2,598	2,520	1,209	6,327
Board and committees	2,149	2,826	156	5,131	1,705	2,258	128	4,091
Insurance	6,094	6,075	1,891	14,060	5,473	4,824	1,776	12,073
License and fees	-0-	24,599	-0-	24,599	-0-	19,859	-0-	19,859
Miscellaneous	9,633	8,124	850	18,607	13,174	6,560	1,139	20,873
Total expense	<u>\$ 2,389,196</u>	<u>\$ 303,052</u>	<u>\$ 140,977</u>	<u>\$ 2,833,225</u>	<u>\$ 2,628,501</u>	<u>\$ 254,184</u>	<u>\$ 147,043</u>	<u>\$ 3,029,728</u>

*See accompanying notes to financial statements.*



**JOHNSON COUNTY COMMUNITY FOUNDATION, INC.**

STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
<b>Operating activities</b>		
Change in net assets	\$ (4,472,645)	\$ 3,433,982
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	28,577	26,382
Restricted contributions for endowment	(319,583)	(611,509)
Reinvested interest and dividends received on investments	(599,163)	(628,462)
Realized and unrealized gains on investments	5,552,301	(3,280,598)
Gain on sale of real estate	(1,191,693)	-0-
Change in value of split-interest agreements	337,256	(588,244)
Changes in assets and liabilities:		
Other assets	5,325	(5,949)
Accounts payable and accrued expenses	1,604	785
Custodial funds	(636,084)	334,420
Other liabilities	(7,000)	(20,071)
Net cash flows from operating activities	(1,301,105)	(1,339,264)
<b>Investing activities</b>		
Purchases of property and equipment	(11,806)	(40,435)
Purchases of certificates of deposit	(150,000)	(108,421)
Maturity of certificates of deposit	108,421	105,724
Purchases of investments	(40,467,708)	(807,347)
Proceeds on sale of investments	39,822,801	1,114,749
Proceeds on sale of real estate held for sale	1,825,068	-0-
Net cash flows from investing activities	1,126,776	264,270
<b>Financing activities</b>		
Restricted contributions for endowment	319,583	611,509
Net change in cash	145,254	(463,485)
<b>Cash, beginning of year</b>	2,750,046	3,213,531
<b>Cash, end of year</b>	\$ 2,895,300	\$ 2,750,046

*See accompanying notes to financial statements.*

# JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

### 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

*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:

# JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

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

### 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.

### 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.

---

# JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

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. 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, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or

# JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

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 25, 2023.

## **2. CERTIFICATE OF DEPOSIT**

The Foundation held a certificate of deposit of \$150,000 at December 31, 2022 with an interest rate of 3.05 percent. The maturity date on the certificate of deposit is August 2023. A certificate of deposit of \$108,421 was held at December 31, 2021, with an interest rate of 0.50 percent. Certificates of deposit are recorded at cost plus accrued interest.

# JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

### 3. INVESTMENTS

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

	2022	2021
	<u>                    </u>	<u>                    </u>
Cash	\$ -0-	\$ 914,717
Money market funds	6,116,651	647,771
Common stocks		
Industrials	2,021,178	-0-
Communication services	1,746,242	-0-
Consumer discretionary	2,307,097	-0-
Financials	4,708,553	-0-
Health care	1,371,387	-0-
Information technology	2,711,035	-0-
Government bonds	321,862	-0-
Corporate bonds	2,523,786	-0-
Fixed income mutual funds		
Domestic taxable	-0-	7,813,276
International	-0-	492,450
Government bonds	5,635	-0-
Equity mutual funds		
Large cap	-0-	5,393,702
International	-0-	2,849,871
Small cap	-0-	1,190,218
Multialternative	-0-	733,768
Equity exchange traded funds		
Large cap	2,953,789	6,007,035
Mid/small cap	1,477,804	4,394,607
International	-0-	2,695,413
Other	1,482,725	923,147
Other investments		
Real estate	-0-	633,375
	<u>\$ 29,747,744</u>	<u>\$ 34,689,350</u>

# JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

### 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.

### 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'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 measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

- *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.

# JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

- *Government and corporate bonds:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- *Mutual funds/Exchange traded funds:* Valued at the daily closing price as reported by the fund. Mutual and 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 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% to 8%, a 6% rate of return, and payouts ranging from 6.5% to 8% from the fair value of the trust assets.

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, 2022 and 2021:

	2022			
	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 6,116,651	\$ -0-	\$ 6,116,651	\$ -0-
Common stocks	14,865,492	14,865,492	-0-	-0-
Government bonds	321,862	-0-	321,862	-0-
Corporate bonds	2,523,786	-0-	2,523,786	-0-
Mutual funds	5,635	5,635	-0-	-0-
Exchange traded funds	5,914,318	5,914,318	-0-	-0-
Beneficial interest in charitable trusts	2,655,029	-0-	-0-	2,655,029
	2021			
	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 647,771	\$ -0-	\$ 647,771	\$ -0-
Mutual funds	18,473,285	18,473,285	-0-	-0-
Exchange traded funds	14,020,202	14,020,202	-0-	-0-
Beneficial interest in charitable trusts	2,992,285	-0-	-0-	2,992,285



# JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

The following is a reconciliation of activity for 2022 and 2021 for the fair value of beneficial interest in charitable trusts based upon significant unobservable inputs (level 3):

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 2,992,285	\$ 2,404,041
Change in present value	<u>(337,256)</u>	<u>588,244</u>
	<u>\$ 2,655,029</u>	<u>\$ 2,992,285</u>

Assets measured at fair value on a non-recurring basis as of December 31, 2021 consisted of real estate held for sale classified as Level 2. The fair value of real estate held for sale was valued at the appraised value as of the date the real estate was donated, which considers transactions on similar assets. This land was sold during 2022 for \$1,825,068 resulting in a gain in the amount \$1,191,693 that was recognized in the statement of activities along with the statement of cash flows.

### 6. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 68,000	\$ 68,000
Building	357,000	357,000
Building and land improvements	166,812	166,884
Office equipment and software	<u>98,856</u>	<u>88,925</u>
	690,668	680,809
Less accumulated depreciation	<u>(408,294)</u>	<u>(381,664)</u>
	<u>\$ 282,374</u>	<u>\$ 299,145</u>

### 7. 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 \$2,655,029 and \$2,992,285 at December 31, 2022 and 2021, 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

---

# JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

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 a decrease of \$(337,256) and an increase of \$588,244 for the years ended December 31, 2022 and 2021, respectively.

### 8. 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.

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

	2022	2021
Beginning balance	\$ 3,350,747	\$ 3,016,327
Contributions	46,547	133,910
Investment return, net	(508,449)	408,128
Administrative fees	(43,694)	(48,533)
Program expenses	(1,095)	(3,200)
Grant payments	(129,393)	(155,885)
Ending balance	<u>\$ 2,714,663</u>	<u>\$ 3,350,747</u>

# JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

### 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2022 and 2021:

	2022	2021
Restricted for specified purposes		
Various based on fund agreements	\$ 1,789,071	\$ 1,735,636
Restricted due to time restrictions		
Charitable remainder trusts	2,655,029	2,992,285
Endowment funds		
Restricted in perpetuity	20,487,078	20,167,495
Restricted subject to the Foundation's spending policy	<u>5,380,536</u>	<u>9,753,358</u>
Total net assets with donor restrictions	<u>\$ 30,311,714</u>	<u>\$ 34,648,774</u>

### 10. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions based on the Foundation's spending policy in the amount of \$2,182,820 and \$2,298,838 based on funds appropriated for expenditure for the years ended December 31, 2022 and 2021, respectively. There were no net assets released from donor restrictions due to time expirations in 2022 or 2021.

### 11. 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

---

# JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

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, 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.

**JOHNSON COUNTY COMMUNITY FOUNDATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

Endowed funds by net asset type at December 31, 2022 and 2021 were as follows:

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Board Designated Funds	\$ 1,276,796	\$ -0-	\$ 1,517,155	\$ -0-
Donor Restricted Funds	<u>-0-</u>	<u>25,867,614</u>	<u>-0-</u>	<u>29,920,853</u>
	<u>\$ 1,276,796</u>	<u>\$ 25,867,614</u>	<u>\$ 1,517,155</u>	<u>\$ 29,920,853</u>

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

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ 1,517,155	\$ 29,920,853	\$ 1,418,256	\$ 27,201,621
Contributions	45,000	360,138	17,757	805,050
Investment return, net	(215,217)	(3,058,097)	169,822	3,310,340
Appropriation of endowment assets for expenditure	<u>(70,142)</u>	<u>(1,355,280)</u>	<u>(88,680)</u>	<u>(1,396,158)</u>
Endowment net assets, end of year	<u>\$ 1,276,796</u>	<u>\$ 25,867,614</u>	<u>\$ 1,517,155</u>	<u>\$ 29,920,853</u>

**12. 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, 2022 and 2021:

	2022	2021
Cash	\$ 950,819	\$ 859,633
Certificates of deposit maturing	150,000	108,421
Investments	<u>39,228</u>	<u>43,950</u>
	<u>\$ 1,140,047</u>	<u>\$ 1,012,004</u>

# JOHNSON COUNTY COMMUNITY FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

---

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 5 percent as described in Note 11. 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.

### **13. 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.