

COMMUNITY FOUNDATION OF MORGAN COUNTY, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

**WITH SUMMARIZED COMPARATIVE FINANCIAL
INFORMATION AS OF AND FOR THE YEAR
ENDED DECEMBER 31, 2023**

COMMUNITY FOUNDATION OF MORGAN COUNTY, INC.

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WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023**

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Independent Auditors' Report

To the Board of Directors
Community Foundation of Morgan County, Inc.
Martinsville, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Community Foundation of Morgan County, Inc. which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Community Foundation of Morgan County, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Foundation of Morgan County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Community Foundation of Morgan County, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with 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 financial statements.

In performing an audit in accordance with GAAS, 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 Community Foundation of Morgan County, Inc.'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 Community Foundation of Morgan County, Inc.'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.

Report on Summarized Comparative Financial Information

We have previously audited the Community Foundation of Morgan County, Inc.'s financial statements as of and for the year ended December 31, 2023, and expressed an unmodified audit opinion on those audited financial statements in our report dated May 21, 2024. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Agresta, Storms & O'Leary, P.C.

Indianapolis, Indiana
June 2, 2025

COMMUNITY FOUNDATION OF MORGAN COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024
WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
AS OF DECEMBER 31, 2023

	ASSETS	
	2024	2023
Current assets:		
Cash and cash equivalents	\$ 3,118,036	\$ 1,859,522
Prepaid expenses	500	-0-
Total current assets	3,118,536	1,859,522
Investments, at fair value	10,379,811	9,303,517
Property and equipment:		
Furniture and equipment	30,639	30,639
	30,639	30,639
Less: accumulated depreciation	(29,297)	(23,072)
Net property and equipment	1,342	7,567
TOTAL ASSETS	\$ 13,499,689	\$ 11,170,606
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 6,650	\$ 14,203
Accrued payroll, taxes and benefits	7,430	4,756
Total current liabilities	14,080	18,959
Other liabilities:		
Funds held for others	1,271,869	1,306,170
Total liabilities	1,285,949	1,325,129
Net assets:		
Net assets without donor restrictions	554,714	946,573
Net assets without donor restrictions, board designated for endowments and donor funds	11,659,026	8,898,904
Total net assets	12,213,740	9,845,477
TOTAL LIABILITIES AND NET ASSETS	\$ 13,499,689	\$ 11,170,606

See Accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF MORGAN COUNTY, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2024
WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

	Year Ended December 31,		Year Ended December 31, 2023
	Without Donor Restrictions	Total	
Revenues and other support:			
Contributions and grants	\$ 2,149,894	\$ 2,149,894	\$ 261,327
Investment return, net	1,312,694	1,312,694	1,245,399
Administrative fees	282,265	282,265	248,038
Other income	6,835	6,835	-0-
Gain on sale of property and equipment	-0-	-0-	126,391
	<u>3,751,688</u>	<u>3,751,688</u>	<u>1,881,155</u>
Expenses:			
Program services	1,050,744	1,050,744	859,312
Supporting services:			
General and administrative	249,804	249,804	212,619
Fundraising	82,877	82,877	73,024
	<u>1,383,425</u>	<u>1,383,425</u>	<u>1,144,955</u>
Change in net assets	<u>2,368,263</u>	<u>2,368,263</u>	<u>736,200</u>
Net assets, beginning of year	<u>9,845,477</u>	<u>9,845,477</u>	<u>9,109,277</u>
Net assets, end of year	<u>\$ 12,213,740</u>	<u>\$ 12,213,740</u>	<u>\$ 9,845,477</u>

See Accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF MORGAN COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

**YEAR ENDED DECEMBER 31, 2024
WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Description	Year Ended December 31, 2024			Total	Year Ended December 31, 2023
	Program Services	Supporting Services General and Administrative Fundraising			
Grants and scholarships	\$ 479,751	\$ -0-	\$ -0-	\$ 479,751	\$ 257,632
Salaries and wages	108,948	85,602	64,850	259,400	245,757
Administrative fees	246,369	-0-	-0-	246,369	214,816
Pass-through programming	200,192	-0-	-0-	200,192	265,260
Repairs and maintenance	-0-	57,836	-0-	57,836	9,711
Professional fees	-0-	24,870	-0-	24,870	20,836
Computer, software, and internet	-0-	24,471	-0-	24,471	29,509
Payroll taxes	8,429	6,623	5,017	20,069	18,764
Employee benefits	7,055	5,543	4,200	16,798	25,012
Rent	-0-	10,491	-0-	10,491	4,935
Donor development	-0-	-0-	7,580	7,580	641
Professional development	-0-	6,929	-0-	6,929	7,635
Insurance	-0-	6,774	-0-	6,774	9,795
Depreciation	-0-	6,225	-0-	6,225	15,242
Office supplies	-0-	4,296	-0-	4,296	7,847
Dues and subscriptions	-0-	3,337	-0-	3,337	1,608
Travel and entertainment	-0-	2,753	-0-	2,753	2,066
Advertising	-0-	2,205	-0-	2,205	1,954
Events and other	-0-	-0-	1,230	1,230	-0-
Printing and postage	-0-	1,201	-0-	1,201	1,551
Service charges	-0-	648	-0-	648	894
Occupancy	-0-	-0-	-0-	-0-	3,490
	<u>\$ 1,050,744</u>	<u>\$ 249,804</u>	<u>\$ 82,877</u>	<u>\$ 1,383,425</u>	<u>\$ 1,144,955</u>

See Accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF MORGAN COUNTY, INC.

STATEMENT OF CASH FLOWS

**YEAR ENDED DECEMBER 31, 2024
WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

	2024	2023
Cash Flows from operating activities:		
Change in net assets	\$ 2,368,263	\$ 736,200
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized gains on investments	(1,088,725)	(1,079,309)
Gain on sale of property and equipment	-0-	(126,391)
Depreciation	6,225	15,242
Changes in operating assets:		
Prepaid expenses	(500)	-0-
Changes in operating liabilities:		
Accounts payable	(7,553)	8,336
Accrued payroll, taxes and benefits	2,674	399
Funds held for others, net	(34,301)	38,685
	1,246,083	(406,838)
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Proceeds from sale of investments	3,259,533	1,919,374
Purchase of investments	(3,247,102)	(1,496,975)
Proceeds from sale of property and equipment	-0-	247,553
	12,431	669,952
Net cash provided by investing activities		
Net increase in cash and cash equivalents	1,258,514	263,114
Cash and cash equivalents, beginning of year	1,859,522	1,596,408
Cash and cash equivalents, end of year	\$ 3,118,036	\$ 1,859,522

See Accompanying Notes to Financial Statements.

COMMUNITY FOUNDATION OF MORGAN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024
WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The Community Foundation of Morgan County, Inc. (the "Foundation") is a not-for-profit organization. The Foundation was established primarily to serve Morgan County by managing and distributing charitable contributions, supporting qualified not-for-profit organizations, and providing philanthropic leadership to improve the quality of life in the county.

BASIS OF ACCOUNTING

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

BASIS OF PRESENTATION

The Foundation's activities are reported in the following functional expense categories: program services are expenses principally related to the Foundation's programs described above and supporting services including fundraising and general and administrative expenses which consist of all other non-program expenses. Expenses that are common to these categories are periodically allocated based upon management's estimate. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification.

The net assets and revenues, expenses, and gains and losses of the Foundation are classified based on the existence or absence of donor-imposed restrictions. Net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations or restrictions have expired or have been satisfied. While many of the Foundation's assets are subject to donor-imposed purpose and/or endowment restrictions, as a community foundation, the Foundation's fund agreements provide for the exercise of "variance power," which is the power to lift one or more restrictions in a gift instrument where changed circumstances have rendered literal compliance with the restriction unnecessary, undesirable, impractical, or impossible. Accounting standards provide that if the governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as net assets without donor restrictions. Since it is the Foundation's intent to conform to donor's requests, the Foundation's Board of Directors makes voluntary restrictions on net assets without donor restrictions as considered necessary to meet donor requests. The designated net assets set aside by the Board of Directors are included in net assets without donor restrictions. See Note 6.

Net Assets with Donor Restrictions – Funds received from donors or grantors who have specified as to the use of their gifts or grants for specific purposes. Net assets with donor restrictions are not subject to variance power and are subject to donor imposed restrictions that will be met by future obligations or are to be invested and maintained intact in perpetuity. At December 31, 2024 and 2023, the Foundation had \$-0- of net assets with donor restrictions.

COMMUNITY FOUNDATION OF MORGAN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

CASH AND CASH EQUIVALENTS

For the purposes of the statements of financial position and cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

INVESTMENTS, AT FAIR VALUE

Investments in marketable securities with readily determinable fair values, including debt and equity securities and certificates of deposit, are reported at their fair values in the statement of financial position. 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.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the dividend date. Unrealized gains and losses are included in the change in net assets in the period in which such changes occur. Investment income and gains restricted by a donor are reported as increases in net assets with donor restrictions until the restrictions are met (either by passage of time or by use) or are based on the related fund appropriations for expenditures in accordance with the Foundation's spending policy.

PROPERTY AND EQUIPMENT

Property and equipment with a purchase price of \$1,000 or greater is capitalized at cost or, if donated, at the approximate fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has explicit time or use restrictions. Major expenses incurred which substantially increase the useful lives of the existing assets are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. The Foundation depreciates property and equipment using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Life</u>
Furniture and equipment	3-5

Depreciation expense totaled \$6,225 and \$15,242 for the years ended December 31, 2024 and 2023, respectively.

During the year ended December 31, 2023, the Foundation sold its building and building improvements. The carrying value of the assets totaled \$188,701 with accumulated depreciation of \$67,539 at the time of the sale. The Foundation received proceeds on the sale, net of related selling costs, of \$247,553, resulting in a gain on sale of property and equipment of \$126,391 during the year ended December 31, 2023.

USE OF ESTIMATES

The preparation of 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. Estimates are used by the Foundation when accounting for depreciation, fair value of investments, accrued expenses, and allocation of functional expenses.

COMMUNITY FOUNDATION OF MORGAN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

REVENUE RECOGNITION

The Foundation receives grants and contributions from various not-for-profit organizations, corporate, and individual sources that are recognized as revenue when they are received or unconditionally pledged. The Foundation reports grants and contributions as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, or amounts have been allocated for expenditure by the Board of Directors, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue for administrative fees are recognized as income as the related services are provided according to the terms of the various management fee arrangements with individual funds held by the Foundation. At December 31, 2024 and 2023, there were no amounts receivable related to administrative fee income. The Foundation does not have any significant financing components as payment is received at or shortly after the delivery of products and services.

The Foundation recognizes administrative fees for financial reporting purposes at points in time throughout the respective administrative fee agreements as performance obligations are achieved; typically quarterly or as funds are deposited, as governed by the specific agreements. Administrative fees are recorded in amounts that reflect the consideration the Foundation expects to be entitled to in exchange for those services.

The Foundation pays incremental costs upon the signing of contracts. Because the amount of incremental costs expected to occur is not considered significant, the Foundation charges incremental costs to expense as incurred.

ADMINISTRATIVE FEES

Administrative fees from endowed funds are expensed from the funds to support the operations of the Foundation. Administrative fees from all funds are reflected as revenue on the statement of activities and changes in net assets. The administrative fees from funds held for others are not included as expenses on the statement of activities and changes in net assets since they are included in the change in funds held for others.

FUNCTIONAL EXPENSES

The allocation of the costs of providing the Foundation's programs has been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain indirect costs have been allocated to program services, general and administrative, and fundraising based on management's estimates of resources devoted to these activities. Expenses that can be identified with specific programs and support services are allocated directly according to their natural expenditure classification.

ADVERTISING COSTS

The Foundation incurs advertising costs in the normal course of business which are expensed as incurred. Advertising costs totaled \$2,205 and \$1,954 during the years ended December 31, 2024 and 2023, respectively.

COMMUNITY FOUNDATION OF MORGAN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

FUNDS HELD FOR OTHERS

The Foundation receives contributions from other not-for-profit organizations in which the donor organization specifies itself as the beneficiary of the fund. In such instances, the Foundation records the contributed assets and any accumulated investments earnings as a liability in the statement of financial position. See Note 5.

GOING CONCERN

Management evaluates whether there are conditions or events that raise substantial doubt about the Foundation's ability to continue as a going concern for the period of one year from the date the financial statements are available to be issued.

INCOME TAXES

The Foundation is a not-for-profit organization under the laws of the State of Indiana and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

LEASES

The Foundation recognizes a right-of-use (ROU) asset and an offsetting lease liability on the statement of financial position for leased assets with terms over twelve months for the rights and obligations created by those leases. For leased assets with terms less than twelve months, the Foundation is not required to report leasing transactions on the statement of financial position or recognize the right-of-use (ROU) asset and offsetting lease liability. The Foundation recognizes lease expense in the statement of activities and changes in net assets. See Note 10.

ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

The Foundation is subject to audit by federal, state or local authorities in the area of income taxes. Along with a federal tax filing, the Foundation files in the State of Indiana. The Foundation's federal and state income tax returns for 2021 through 2024 are subject to examination by the applicable tax authorities, generally for three years after the later of the original or extended due date. These audits could include questioning the Foundation's tax-exempt status and compliance with federal, state, and local tax laws. Management is not aware of any tax positions that are more likely than not to change in the next twelve months or that would not sustain an examination by applicable taxing authorities. Therefore, there is no effect recorded in these financial statements for assets or liabilities resulting from unrecognized tax benefits. The Foundation's policy is to recognize penalties and interest as incurred in the statement of activities and changes in net assets, which totaled \$-0- for each of the years ended December 31, 2024 and 2023.

COMMUNITY FOUNDATION OF MORGAN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024
 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
 AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

2. INVESTMENTS, AT FAIR VALUE

Investments are stated at fair value and consist of fixed income debt securities, common stocks, mutual funds, exchange-traded funds, and a certificate of deposit. Fair values and unrealized appreciation (depreciation) are summarized as follows:

<u>December 31, 2024:</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Fixed income debt securities:			
U.S. Government	\$ 197,734	\$ 197,547	\$ (187)
State and municipal	106,560	103,580	(2,980)
Corporate mortgage/asset backed	3,155,031	3,059,121	(95,910)
Foreign obligations	197,081	201,231	4,150
Common stock:			
Industrials	425,446	996,964	571,518
Communication services	423,621	861,682	438,061
Consumer discretionary	343,680	855,748	512,068
Financial	690,556	1,576,087	885,531
Health care	181,236	178,316	(2,920)
Information technology	232,428	912,797	680,369
Mutual funds:			
International	21,222	21,030	(192)
Exchange-traded funds:			
Developed markets	774,997	844,932	69,935
Emerging markets	273,466	270,846	(2,620)
Small-cap	139,450	262,817	123,367
Short-term bonds	38,461	37,113	(1,348)
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 7,200,969</u>	<u>\$10,379,811</u>	<u>\$ 3,178,842</u>

COMMUNITY FOUNDATION OF MORGAN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

<u>December 31, 2023:</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Fixed income debt securities:			
U.S. Government	\$ 198,060	\$ 198,744	\$ 684
State and municipal	107,516	102,255	(5,261)
Corporate mortgage/asset backed	2,706,804	2,592,443	(114,361)
Common stock:			
Industrials	412,829	766,683	353,854
Communication services	394,054	656,049	261,995
Consumer discretionary	339,047	740,218	401,171
Financial	788,485	1,359,996	571,511
Health care	295,629	291,258	(4,371)
Information technology	315,011	917,353	602,342
Mutual funds:			
International	21,222	21,030	(192)
Exchange-traded funds:			
Developed markets	798,288	871,780	73,492
Emerging markets	281,692	260,369	(21,323)
Small-cap	162,009	286,861	124,852
Short-term bonds	38,461	36,729	(1,732)
Certificate of deposit	200,000	201,749	1,749
	\$ 7,059,107	\$ 9,303,517	\$ 2,244,410
Totals	\$ 7,059,107	\$ 9,303,517	\$ 2,244,410

COMMUNITY FOUNDATION OF MORGAN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

The following schedule summarizes the investment return and its classification in the statement of activities and changes in net assets for the year ended:

December 31, 2024:

	Without Donor Restrictions	Total
Interest and dividend income	\$ 288,405	\$ 288,405
Realized and unrealized gains on investments	1,088,725	1,088,725
Investment fees	(64,436)	(64,436)
Investment return, net	\$ 1,312,694	\$ 1,312,694

December 31, 2023:

	Without Donor Restrictions	Total
Interest and dividend income	\$ 237,768	\$ 237,768
Realized and unrealized gains on investments	1,079,309	1,079,309
Investment fees	(71,678)	(71,678)
Investment return, net	\$ 1,245,399	\$ 1,245,399

Contractual maturities for fixed income debt securities are as follows:

	Fair Value December 31, 2024	Fair Value December 31, 2023
Due in one year or less	\$ 367,031	\$ 383,074
Due in one to two years	424,188	255,963
Due in two to five years	1,003,354	748,187
Due after five years	1,766,906	1,506,218
Total	\$ 3,561,479	\$ 2,893,442

3. CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of temporary cash investments and investments in various securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the account balances.

COMMUNITY FOUNDATION OF MORGAN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

The Foundation places its cash investments with high quality financial institutions and are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The bank accounts, at times, may exceed federally insured limits. At December 31, 2024 and 2023, there were cash and cash equivalents in the bank in excess of insured amounts and cash held in uninsured investment accounts of \$2,823,295 and \$1,547,772. The Foundation has not experienced any losses on such accounts.

4. FAIR VALUE MEASUREMENTS

The Foundation's financial assets and liabilities are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial assets or liabilities could result in a different fair value measurement at the reporting date.

The Foundation uses a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. The fair values of common stocks, mutual funds and exchange-traded funds are based on quoted market prices which represent the last reported sales price for these instruments on the last business day at year end.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, similar assets and liabilities in markets that are not active or can be corroborated by observable market data. The fair value of fixed income debt securities, including U.S. Government securities, state and municipal securities, corporate mortgage/asset backed bonds, foreign obligations, and certificates of deposit are valued by the financial institution holding the securities using pricing models maximizing the use of observable inputs for similar securities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of 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.

The carrying amounts reflected in the statement of financial position for cash and cash equivalents approximates its respective fair value.

COMMUNITY FOUNDATION OF MORGAN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

The following tables present information on these assets as well as the fair value hierarchy used to determine their fair value:

<u>December 31, 2024:</u>	Level 1: Quoted Prices in Active Markets for <u>Identical Assets</u>	Level 2: Significant Other Observable <u>Inputs</u>	Total Fair <u>Value</u>
Fixed income debt securities:			
U.S. Government	\$ -0-	\$ 197,547	\$ 197,547
State and municipal	-0-	103,580	103,580
Corporate mortgage/asset backed	-0-	3,059,121	3,059,121
Foreign obligations	-0-	201,231	201,231
Common stock:			
Industrials	996,964	-0-	996,964
Communication services	861,682	-0-	861,682
Consumer discretionary	855,748	-0-	855,748
Financial	1,576,087	-0-	1,576,087
Health care	178,316	-0-	178,316
Information technology	912,797	-0-	912,797
Mutual funds:			
International	21,030	-0-	21,030
Exchange-traded funds:			
Developed markets	844,932	-0-	844,932
Emerging markets	270,846	-0-	270,846
Small-cap	262,817	-0-	262,817
Short-term bonds	37,113	-0-	37,113
Totals	<u>\$ 6,818,332</u>	<u>\$ 3,561,479</u>	<u>\$ 10,379,811</u>

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YEAR ENDED DECEMBER 31, 2024
WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

<u>December 31, 2023:</u>	Level 1: Quoted Prices in Active Markets for <u>Identical Assets</u>	Level 2: Significant Other Observable <u>Inputs</u>	Total Fair <u>Value</u>
Fixed income debt securities:			
U.S. Government	\$ -0-	\$ 198,744	\$ 198,744
State and municipal	-0-	102,255	102,255
Corporate mortgage/asset backed	-0-	2,592,443	2,592,443
Common stock:			
Industrials	766,683	-0-	766,683
Communication services	656,049	-0-	656,049
Consumer discretionary	740,218	-0-	740,218
Financial	1,359,996	-0-	1,359,996
Health care	291,258	-0-	291,258
Information technology	917,353	-0-	917,353
Mutual funds:			
International	21,030	-0-	21,030
Exchange-traded funds:			
Developed markets	871,780	-0-	871,780
Emerging markets	260,369	-0-	260,369
Small-cap	286,861	-0-	286,861
Short-term bonds	36,729	-0-	36,729
Certificate of deposit	-0-	201,749	201,749
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 6,208,326</u>	<u>\$ 3,095,191</u>	<u>\$ 9,303,517</u>

5. FUNDS HELD FOR OTHERS

Funds held for others represent funds placed on deposit with the Foundation by other organizations based on their individual board resolutions or the Foundation has entered into an agreement to serve as a fiscal agent for the organizations. The Foundation accounts for these transfers as a liability. Income is added to these funds periodically in accordance with the Foundation's investment allocation policies. Contributions, net investment return, and distributions to those organizations are reflected as adjustments to the liability account and are not reflected in the accompanying statement of activities and changes in net assets.

COMMUNITY FOUNDATION OF MORGAN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

The following is a progression of funds held for others during the years ended December 31:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 1,306,170	\$ 1,267,485
Contributions	843,615	178,745
Investment return, net	118,229	133,084
Administrative fees	(35,989)	(33,222)
Grants and scholarships paid	(958,217)	(237,413)
Other program expenses	<u>(1,939)</u>	<u>(2,509)</u>
Ending balance	<u>\$ 1,271,869</u>	<u>\$ 1,306,170</u>

6. NET ASSETS WITH BOARD DESIGNATIONS

At December 31, 2024 and 2023, net assets with board designations included with net assets without donor restrictions are designated for the following purposes or periods:

<u>December 31,</u>	<u>2024</u>	<u>2023</u>
Historic gift value of funds that are designated perpetual in nature	\$ 6,013,343	\$ 5,455,373
Purpose designated and endowed funds not yet appropriated for expenditure	<u>5,645,683</u>	<u>3,443,531</u>
Total board designated net assets	<u>\$ 11,659,026</u>	<u>\$ 8,898,904</u>

7. FINANCIAL ASSETS AVAILABLE AND LIQUIDITY

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of restrictions within one year of the date of the statement of financial position. Amounts not available for general use include amounts set aside for long-term investing in the Foundation's board-restricted endowment that could be drawn upon if the board of directors approves that action. Endowments and funds held with the Foundation that are subject to fund agreements and for which the Foundation has variance power are also included in board designated financial assets below based on the individual fund agreement's intent. However, amounts already appropriated from board-designated endowment funds for general expenditure within one year of the statement of financial position date have not been reduced from available financial assets at year end.

COMMUNITY FOUNDATION OF MORGAN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

December 31,	2024	2023
Cash and cash equivalents	\$3,118,036	\$1,859,522
Investments at fair value	10,379,811	9,303,517
 Total financial assets available	 13,497,847	 11,163,039
 Less: Financial assets unavailable for general expenditures within one year, due to contractual or board-imposed designations:		
Board designated perpetual in nature for endowment funds	(6,013,343)	(5,455,373)
Board designated with purpose restrictions	(5,645,683)	(3,443,531)
Funds held for others	(1,271,869)	(1,306,170)
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 566,952</u>	 <u>\$ 957,965</u>

The Foundation is supported by donor contributions and grants and administrative fees on endowment funds. Because it is the Foundation's intent to use donor's contributions in a particular manner or future period consistent with the donor's requests, the Foundation must maintain sufficient resources to meet responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of the Foundation's liquidity management, it has a policy to have financial assets available for general expenditures, liabilities, and other obligations that are due.

8. ENDOWMENT

The majority of the Foundation's funds consist of endowed funds established for a variety of purposes. Its endowment includes funds designated by the Board of Directors to function as endowments. The Foundation maintains variance power over all endowment funds (including those established by donors) as provided within all fund agreements. 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.

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YEAR ENDED DECEMBER 31, 2024 WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the historic gift value as of the gift date of the donor gift instrument funding individual endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies the following as board designated net assets without donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the board designated endowment fund is classified as net assets without donor restrictions subject board designations until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard procedure prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate the endowment funds:

- a. The duration and preservation of the fund
- b. The purposes of the Foundation and the endowment fund
- c. General economic conditions
- d. The possible effect of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the Foundation
- g. The investment policies of the Foundation

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. 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.

To satisfy its long-term rate of return objectives, the Foundation relies on a total 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 4.5 percent of its endowment funds’ average fair value over the prior 36 months, 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.

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Since the Foundation maintains variance power over all endowment funds, all endowment funds are considered net assets without donor restrictions subject to board designations as of December 31, 2024 and 2023. Changes in endowment net assets for the years ended December 31, 2024 and 2023 were as follows:

<u>Year Ended December 31, 2024:</u>	
Endowment net assets, beginning of year	\$8,447,109
Investment return, net	1,244,501
Contributions and grants	700,593
Appropriation of endowment assets for expenditures	<u>(513,554)</u>
Endowment net assets, end of year	<u><u>\$9,878,649</u></u>
 <u>Year Ended December 31, 2023:</u>	
Endowment net assets, beginning of year	\$7,620,906
Investment return, net	1,202,220
Contributions and grants	140,984
Appropriation of endowment assets for expenditures	<u>(517,001)</u>
Endowment net assets, end of year	<u><u>\$8,447,109</u></u>

9. UNDERWATER ENDOWMENTS

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or the UPMIFA requires the Foundation to retain as a fund of perpetual duration. At December 31, 2024 and 2023, deficiencies of this nature existed in 12 and 14 endowment funds with fund agreements subject to variance power. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new contributions for endowment funds and continued appropriation for certain programs that were deemed prudent by the Board of Directors. At December 31, 2024 and 2023, the historic value, current value, and deficiency were as follows:

	<u>2024</u>	<u>2023</u>
Historical gift value	\$ 1,182,995	\$ 1,459,143
Current fair value	<u>1,064,921</u>	<u>1,277,123</u>
Deficiency	<u>\$ (118,074)</u>	<u>\$ (182,020)</u>

The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless precluded by donor intent or relevant laws and regulations.

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10. LEASES

The Foundation leases its operating office space under a noncancelable lease agreement. The initial lease term was for 6-months with monthly rent totaling \$597 expiring in April 2024, which was renewed for another 6-months until October 2024. At the conclusion of the renewal term, the lease continued on the same terms on a month-to-month basis. The Foundation also leases various office equipment under short-term rentals. Total operating lease expense was \$10,491 and \$4,935 for these short-term leases for the years ended December 31, 2024 and 2023, respectively.

11. CONCENTRATIONS

The Foundation is funded by grants and contributions awarded by corporate and individual sources. During the year ended December 31, 2024 one grantor accounted for approximately 29.17% of the Foundation's total revenues and other support. No similar concentration existed for the year ended December 31, 2023.

12. SUBSEQUENT EVENTS

In accordance with ASC Topic 855, Subsequent Events, the Organization has evaluated subsequent events through June 2, 2025, which is the date these financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure in the financial statements.