

**DUBOIS COUNTY COMMUNITY FOUNDATION,
INC. AND AFFILIATE**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

CPAs / ADVISORS



DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

TABLE OF CONTENTS
DECEMBER 31, 2020 AND 2019

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



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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Dubois County Community Foundation, Inc. and Affiliate
Jasper, Indiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Dubois County Community Foundation, Inc. and Affiliate (the "Foundation") which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting

estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blue & Co., LLC

Seymour, Indiana

May 4, 2021

DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
Cash	\$ 2,514,101	\$ 1,944,015
Certificate of deposit	200,000	-0-
Investments	55,796,351	43,763,730
Contributions receivable, net	405,502	544,972
Interest in charitable remainder trusts	109,458	98,081
Property and equipment, net	564,370	585,572
Land held for sale	115,292	115,292
Other assets	93,690	89,901
	<u>\$ 59,798,764</u>	<u>\$ 47,141,563</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 46,107	55,265
Grants payable	251,554	134,867
Custodial funds	1,539,208	1,354,071
Total liabilities	<u>1,836,869</u>	<u>1,544,203</u>

Net assets

Without donor restrictions		
Operating	1,144,048	977,785
Operating reserve	246,637	242,816
Board designated endowments	573,884	506,750
	<u>1,964,569</u>	<u>1,727,351</u>
With donor restrictions		
Restricted due to time restrictions	514,960	643,053
Restricted for specified purpose	5,564,688	1,055,040
Endowment funds	49,917,678	42,171,916
	<u>55,997,326</u>	<u>43,870,009</u>
Total net assets	<u>57,961,895</u>	<u>45,597,360</u>
	<u>\$ 59,798,764</u>	<u>\$ 47,141,563</u>

See accompanying notes to consolidated financial statements.

DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenues				
Contributions and grants	\$ 92,890	\$ 7,770,676	\$ 7,863,566	\$ 4,646,270
Investment return, net	89,249	7,312,289	7,401,538	7,765,172
Administrative fee income	493,534	-0-	493,534	483,871
Change in discount of contributions receivable	-0-	10,058	10,058	27,641
Change in value of split interest agreements	-0-	11,377	11,377	(26,416)
Loss on disposal of assets	-0-	-0-	-0-	(1,938)
Net assets released from restrictions	<u>2,977,083</u>	<u>(2,977,083)</u>	<u>-0-</u>	<u>-0-</u>
Total support and revenues	3,652,756	12,127,317	15,780,073	12,894,600
Expenses				
Program services	3,035,370	-0-	3,035,370	2,529,791
Management & general	272,882	-0-	272,882	275,129
Fundraising & development	<u>107,286</u>	<u>-0-</u>	<u>107,286</u>	<u>130,011</u>
Total expenses	<u>3,415,538</u>	<u>-0-</u>	<u>3,415,538</u>	<u>2,934,931</u>
Change in net assets	237,218	12,127,317	12,364,535	9,959,669
Net assets, beginning of year	<u>1,727,351</u>	<u>43,870,009</u>	<u>45,597,360</u>	<u>35,637,691</u>
Net assets, end of year	<u>\$ 1,964,569</u>	<u>\$ 55,997,326</u>	<u>\$ 57,961,895</u>	<u>\$ 45,597,360</u>

See accompanying notes to consolidated financial statements.

DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions and grants	\$ 18,756	\$ 4,627,514	\$ 4,646,270
Investment return, net	82,820	7,682,352	7,765,172
Administrative fee income	483,871	-0-	483,871
Change in discount of contributions receivable	-0-	27,641	27,641
Change in value of split interest agreements	-0-	(26,416)	(26,416)
Loss on disposal of assets	(1,938)	-0-	(1,938)
Net assets released from restrictions	<u>2,487,310</u>	<u>(2,487,310)</u>	<u>-0-</u>
Total support and revenues	3,070,819	9,823,781	12,894,600
Expenses			
Program services	2,529,791	-0-	2,529,791
Management & general	275,129	-0-	275,129
Fundraising & development	<u>130,011</u>	<u>-0-</u>	<u>130,011</u>
Total expenses	<u>2,934,931</u>	<u>-0-</u>	<u>2,934,931</u>
Change in net assets	135,888	9,823,781	9,959,669
Net assets, beginning of year	<u>1,591,463</u>	<u>34,046,228</u>	<u>35,637,691</u>
Net assets, end of year	<u><u>\$ 1,727,351</u></u>	<u><u>\$ 43,870,009</u></u>	<u><u>\$ 45,597,360</u></u>

See accompanying notes to consolidated financial statements.

DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020				2019			
	Program Services	Management & General	Fundraising & Development	Total	Program Services	Management & General	Fundraising & Development	Total
Grants	\$ 2,317,946	\$ -0-	\$ -0-	\$ 2,317,946	\$ 1,844,890	\$ -0-	\$ -0-	\$ 1,844,890
Programs	41,979	-0-	-0-	41,979	12,878	-0-	-0-	12,878
Administrative fees	479,189	-0-	-0-	479,189	468,956	-0-	-0-	468,956
Salaries and wages	117,017	135,990	63,252	316,259	113,921	129,314	64,657	307,892
Payroll taxes and employee benefits	36,351	42,236	19,661	98,248	36,329	41,237	20,619	98,185
Staff training & education	1,548	155	232	1,935	13,926	1,392	2,089	17,407
Travel and auto expense	4,162	297	1,487	5,946	7,568	540	2,703	10,811
Office supplies	5,418	1,354	-0-	6,772	5,602	1,402	-0-	7,004
Staff, board & committee meetings	1,857	-0-	-0-	1,857	1,868	-0-	-0-	1,868
Bank fees	-0-	2,453	-0-	2,453	-0-	3,505	-0-	3,505
Membership dues & subscriptions	4,078	-0-	-0-	4,078	4,024	-0-	-0-	4,024
Technology	9,905	10,517	147	20,569	6,263	5,687	158	12,108
Professional fees	4,467	15,817	-0-	20,284	-0-	30,060	-0-	30,060
Miscellaneous	-0-	588	-0-	588	-0-	-0-	4,923	4,923
Insurance	-0-	18,985	-0-	18,985	-0-	18,378	-0-	18,378
Occupancy	-0-	14,150	-0-	14,150	-0-	13,451	-0-	13,451
Depreciation	-0-	30,340	-0-	30,340	-0-	30,163	-0-	30,163
Membership and development	1,023	-0-	-0-	1,023	4,456	-0-	-0-	4,456
Donor relations	-0-	-0-	2,544	2,544	-0-	-0-	6,940	6,940
Advertising and publicity	10,430	-0-	10,431	20,861	9,110	-0-	9,110	18,220
Special events expense	-0-	-0-	9,532	9,532	-0-	-0-	18,812	18,812
Total expenses	\$ 3,035,370	\$ 272,882	\$ 107,286	\$ 3,415,538	\$ 2,529,791	\$ 275,129	\$ 130,011	\$ 2,934,931

See accompanying notes to consolidated financial statements.

DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Operating activities		
Change in net assets	\$ 12,364,535	\$ 9,959,669
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	30,340	30,163
Loss on sale of property and equipment	-0-	1,938
Reinvested interest and dividends received on investments	(676,303)	(818,591)
Realized and unrealized gains on investments	(7,099,244)	(7,330,934)
Contributions restricted to endowment funds	(2,169,593)	(3,622,752)
Change in discount of contributions receivable	(10,058)	(27,641)
Change in value of split interest agreement	(11,377)	26,416
Changes in assets and liabilities:		
Contributions receivable	149,528	239,537
Other assets	(3,789)	(12,350)
Accounts payable and accrued expenses	(9,158)	2,743
Grants payable	116,687	85,035
Deferred revenue	-0-	(340,000)
Custodial funds	185,137	232,719
Net cash flows from operating activities	2,866,705	(1,574,048)
Investing activities		
Purchase of certificate of deposit	(200,000)	-0-
Purchases of property and equipment	(9,138)	(3,700)
Proceeds on sales of investments	11,282,166	13,746,526
Purchases of investments	(15,539,240)	(16,191,319)
Net cash flows from investing activities	(4,466,212)	(2,448,493)
Financing activities		
Contributions restricted to endowment funds	2,169,593	3,622,752
Net cash flows from financing activities	2,169,593	3,622,752
Net change in cash and cash equivalents	570,086	(399,789)
Cash, beginning of year	1,944,015	2,343,804
Cash, end of year	\$ 2,514,101	\$ 1,944,015

See accompanying notes to consolidated financial statements.

DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Dubois County Community Foundation, Inc. was established as a not-for-profit organization in 1996. The Dubois County Community Foundation, Inc. engages in programs and activities benefiting primarily the residents of Dubois County, Indiana. This purpose is accomplished by being the trusted charitable partner in shaping the future of the community.

Community Holdings of Dubois County, Inc. was established as a not-for-profit organization in 2012. It will act as a supporting organization of Dubois County Community Foundation, Inc. to accept on its behalf certain charitable gifts of properties and assets, such as real estate and privately held or S corporation stock.

Consolidation Policy

The accounts of Dubois County Community Foundation, Inc. are consolidated with the accounts of Community Holdings of Dubois County, Inc. as a result of common control and economic interest. All inter-entity transactions have been eliminated in consolidation. The consolidated operations of the organization are hereinafter collectively referred to as the "Foundation."

Management's Estimates

Management uses estimates and assumptions in preparing consolidated 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 consolidated 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

Operating reserve – used to fund operations of the Foundation as designated by the Board

Board designated endowments – established with the expectation that the principal

DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

be maintained in perpetuity to generate grants, subject to the spending policy, used to support the general operations of the Foundation 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:

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

Restricted for specified purpose – 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

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. Changes in unrealized appreciation or depreciation of investments are reflected in the Consolidated Statements of Activities in the period 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 property and equipment of the Foundation are being depreciated over their estimated useful lives ranging from five to forty years using straight-line method.

DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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 asset 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 Consolidated Statements of Activities. The administrative fees from custodial funds are not included as expenses on the Consolidated 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 Consolidated Statements of Activities and Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Those expenses include salaries and wages, payroll taxes and employee benefits, office supplies and technology 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 Dubois County Community Foundation, Inc. and Community Holdings of Dubois County, Inc. are not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal taxes on related income pursuant to Section 501(a) of the 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

DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying consolidated 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 Dubois County Community Foundation, Inc. and Community Holdings of Dubois County, Inc. are generally exempt from income taxes and are required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

Going Concern Evaluation

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

Subsequent Events

The Foundation has evaluated events or transactions occurring subsequent to the Consolidated Statements of Financial Position date for recognition and disclosure in the accompanying consolidated financial statements through the date the consolidated financial statements are available to be issued, which is May 4, 2021.

2. CERTIFICATE OF DEPOSIT

The Foundation's certificate of deposit, which is valued at cost, consists of the following at December 31, 2020:

<u>Amount</u>	<u>Maturity</u>	<u>Interest Rate</u>
<u>\$ 200,000</u>	7/27/2021	0.65%

DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

3. INVESTMENTS

Investments at December 31, 2020 and 2019 consist of the following:

	2020	2019
Money market funds	\$ 5,293,900	\$ 472,343
Common stocks		
Consumer discretionary	905,848	470,565
Consumer staples	536,044	360,507
Energy	181,028	190,346
Financial	1,298,902	534,565
Healthcare	1,131,748	618,695
Industrials	1,295,900	369,221
Information technology	2,079,464	1,010,405
Communication services	494,942	345,427
Other	596,895	166,667
Foreign stocks	218,040	222,512
Equity mutual funds		
Small/mid	4,254,466	6,792,113
Large	16,021,088	13,389,245
International	7,586,877	6,678,190
Fixed income mutual funds		
Intermediate core plus	13,719,074	11,964,223
Equity exchange traded funds		
Mid	-0-	67,087
Large	182,135	111,619
	<u>\$ 55,796,351</u>	<u>\$ 43,763,730</u>

4. RISKS AND UNCERTAINTIES

The Foundation holds a variety of investments (Note 3). Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying consolidated financial statements.

DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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

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, 2020 and 2019.

- *Money market funds*: Generally transact subscription 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 and foreign stocks*: Valued at closing price reported on the active market on which the individual securities are traded.
- *Mutual funds and exchange traded funds*: Valued at the daily closing price as reported by the fund. Mutual funds and exchange traded funds ("funds") are held by the Foundation and are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The funds held by the Foundation are deemed to be actively traded.

DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

- *Interest in charitable remainder trusts:* Fair value is determined by subtracting the calculated present value of the future payments to beneficiaries using published life expectancy tables, rates of return of 6 and 8 percent, discount rates of 2 and 7.6 percent, and payout rates of 20 and 6 percent from the fair value of the trust assets.

The following table sets forth financial assets measured at fair value in the Consolidated Statement of Financial Position and the respective levels to which the fair value measurements are classified within the fair value hierarchy as of December 31, 2020 and 2019:

	2020			
	Fair Value	Level 1	Level 2	Level 3
<i>Assets:</i>				
Money market funds	\$ 5,293,900	\$ -0-	\$ 5,293,900	\$ -0-
Common and foreign stocks	8,738,811	8,738,811	-0-	-0-
Mutual funds	41,581,505	41,581,505	-0-	-0-
Exchange traded funds	182,135	182,135	-0-	-0-
Interest in charitable remainder trusts	109,458	-0-	-0-	109,458
Total	<u>\$ 55,905,809</u>	<u>\$ 50,502,451</u>	<u>\$ 5,293,900</u>	<u>\$ 109,458</u>

	2019			
	Fair Value	Level 1	Level 2	Level 3
<i>Assets:</i>				
Money market funds	\$ 472,343	\$ -0-	\$ 472,343	\$ -0-
Common and foreign stocks	4,288,910	4,288,910	-0-	-0-
Mutual funds	38,823,771	38,823,771	-0-	-0-
Exchange traded funds	178,706	178,706	-0-	-0-
Interest in charitable remainder trusts	98,081	-0-	-0-	98,081
Total	<u>\$ 43,861,811</u>	<u>\$ 43,291,387</u>	<u>\$ 472,343</u>	<u>\$ 98,081</u>

The progression of interest in charitable remainder trusts during the years ended December 31, 2020 and 2019 is as follows:

	2020	2019
Beginning balance	\$ 98,081	\$ 124,497
Change in present value	11,377	(26,416)
Ending balance	<u>\$ 109,458</u>	<u>\$ 98,081</u>

See accompanying notes to consolidated financial statements.

DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

6. CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable at December 31, 2020 and 2019 consist of the following:

	2020	2019
Unconditional contributions receivable	\$ 452,834	\$ 612,834
Less unamortized discount	<u>(47,332)</u>	<u>(67,862)</u>
	<u>\$ 405,502</u>	<u>\$ 544,972</u>
Amounts due in:		
Less than one year	\$ 128,334	\$ 181,667
One to five years	225,000	331,667
More than five years	<u>99,500</u>	<u>99,500</u>
	<u>\$ 452,834</u>	<u>\$ 612,834</u>

Qualifying contributions receivable were discounted at a range of 1.56% to 3.32%.

Management estimates an allowance for doubtful contributions receivable based on an evaluation of historical losses, current economic conditions, and other factors unique to the Foundation's donors. No allowance for doubtful contributions receivable was determined to be necessary at December 31, 2020 and 2019.

7. INTEREST IN CHARITABLE REMAINDER TRUSTS

The Foundation has been named the full or partial beneficiary of two charitable remainder trusts in which the Foundation is not the trustee. Upon termination of the trusts, the applicable remainder of the trust will revert to the Foundation to funds designated by the donors. 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 the donors. In calculating the present value of the amount to be received upon termination of the trusts, discount rates of 2 and 7.6 percent and rates of return of 6 and 8 percent were used. The date of the termination of the trusts was determined based on the applicable mortality tables. The Foundation's interest under these trusts was \$109,458 and \$98,081 at December 31, 2020 and 2019, respectively.

DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

8. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 68,194	\$ 68,194
Building and building improvements	655,964	655,964
Furniture and equipment	<u>160,360</u>	<u>151,223</u>
	884,518	875,381
Less accumulated depreciation	<u>(320,148)</u>	<u>(289,809)</u>
	<u>\$ 564,370</u>	<u>\$ 585,572</u>

9. CUSTODIAL FUNDS

Custodial funds represent funds placed on deposit with the Foundation by other organizations based on their individual board resolutions. The Foundation accounts for these transfers as a liability in accordance with standards set by the Financial Accounting Standards Board. Income is added to these funds periodically in accordance with the Foundation's investment allocation policies. Contributions by, investment return credits for, and distributions to those organizations are reflected as adjustments to the liability account and are not reflected in the Consolidated Statements of Activities. Following is a progression of custodial funds during 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 1,354,071	\$ 1,121,352
Contributions	20,180	30,625
Investment return, net	224,430	260,511
Administrative fees	(14,345)	(14,915)
Other expenses	(53)	(47)
Grant and scholarship payments	<u>(45,075)</u>	<u>(43,455)</u>
Ending balance	<u>\$ 1,539,208</u>	<u>\$ 1,354,071</u>

See accompanying notes to consolidated financial statements.

DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Restricted due to time restrictions		
Contributions receivable	\$ 405,502	\$ 544,972
Interest in charitable remainder trusts	<u>109,458</u>	<u>98,081</u>
	514,960	643,053
Restricted for specified purposes		
Various based on fund agreements	5,564,688	1,055,040
Endowment funds		
Restricted in perpetuity	31,895,315	30,017,441
Restricted subject to the Foundation's spending policy	<u>18,022,363</u>	<u>12,154,475</u>
	<u>49,917,678</u>	<u>42,171,916</u>
	<u>\$ 55,997,326</u>	<u>\$ 43,870,009</u>

11. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions based on the Foundation's spending policy in the amount of \$2,977,083 and \$2,487,310 based on funds appropriated for expenditure for the years ended December 31, 2020 and 2019, respectively.

12. 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

DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

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. 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

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 total return that exceeds inflation (as measured by the U.S. consumer price index) by the average rate of the Foundation's distribution policy (5% target). Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment decisions shall be made with the intent of maximizing the long-term total return of the portfolio through market changes (realized and unrealized) and through earned income (interest and dividends).

The Foundation has a policy of appropriating for distribution each year up to a 5 percent of its endowment funds' average fair value over the previous twenty quarter rolling average, or 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.

DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Endowed funds by net asset type at December 31, 2020 and 2019 were as follows:

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Donor Restricted Funds	\$ -0-	\$ 49,914,485	\$ -0-	\$ 42,171,916
Board Designated Funds	<u>573,884</u>	<u>-0-</u>	<u>506,750</u>	<u>-0-</u>
	<u>\$ 573,884</u>	<u>\$ 49,914,485</u>	<u>\$ 506,750</u>	<u>\$ 42,171,916</u>

Changes in endowment funds for the year ended December 31, 2020 and 2019 were as follows:

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ 506,750	\$ 42,171,916	\$ 427,043	\$ 32,104,987
Contributions and other revenue	15	2,169,593	20	3,622,752
Investment return, net	89,955	7,309,421	100,501	7,658,131
Interfund, net	(17,936)	123,929	-0-	357,186
Appropriation of endowment assets for expenditure	<u>(4,900)</u>	<u>(1,860,374)</u>	<u>(20,814)</u>	<u>(1,571,140)</u>
Endowment net assets, end of year	<u>\$ 573,884</u>	<u>\$ 49,914,485</u>	<u>\$ 506,750</u>	<u>\$ 42,171,916</u>

13. LIQUIDITY AND AVAILABILITY

As part of the Foundation's liquidity management, it structures its financial assets to be available as its awarded grants, general expenditures and other obligations become due. The Foundation defines liquid assets as cash and investments without purpose restrictions and unrelated to endowments and non-endowed investments.

DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

Financial assets available for general expenditures (operating and operating reserve) within one year of the Consolidated Statements of Financial Position date comprise of the following:

	<u>2020</u>	<u>2019</u>
Cash	\$ 835,490	\$ 649,305
Certificate of deposit	200,000	-0-
Investments	<u>379,545</u>	<u>-0-</u>
	<u>\$ 1,415,035</u>	<u>\$ 649,305</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 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 12. 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 0.5% to 2% of fund balance to fund operational expenditures.

14. 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 and money market funds are maintained with an investment firm. Such

DUBOIS COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

balances exceed the Securities Investor Protection Corporation insured limits of up to \$500,000.

15. CONTINGENCY

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the Foundation's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19, increased demand for grants, delays, loss of, or reduction to contributions and funding, and investment portfolio declines. Management believes the Foundation is taking appropriate actions to respond to the pandemic, however, the full impact is unknown and cannot be reasonably estimated at the date the consolidated financial statements were available to be issued.