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March 13, 2024

To the Board of Directors
Huntington County Community Foundation, Inc.
356 West Park Drive
Huntington, Indiana 46750

We have audited the financial statements of Huntington County Community Foundation, Inc. for the year ended December 31, 2023, and have issued our report thereon dated March 13, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 30, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Huntington County Community Foundation, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 13, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Huntington County Community Foundation, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,



Culp CPA Group
Certified Public Accountants



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Board of Directors and Management
Huntington County Community Foundation, Inc.
Huntington, Indiana 46750

In planning and performing our audit of the financial statements of Huntington County Community Foundation, Inc. (Foundation) as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered Huntington County Community Foundation, Inc.'s system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we considered to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We considered the following deficiency in Huntington County Community Foundation, Inc.'s internal control to be a significant deficiency.

1. Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, results of operations, cash flows, and disclosures in the financial statements, in conformity with U.S. generally accepted accounting principles (GAAP). The Foundation does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP. As such, management requested us to prepare a draft of the financial statements, including the related footnote disclosures. The outsourcing of these services is not unusual in organizations of your size and is a result of management's cost benefit decision to rely on our accounting expertise rather than incurring this internal resource cost.

This communication is intended solely for the information and use of management, the board of directors, and others within the Foundation, and is not intended to be and should not be used by anyone other than these specified parties.



Culp CPA Group
Certified Public Accountants

Huntington, Indiana
March 13, 2024

HUNTINGTON COUNTY COMMUNITY FOUNDATION, INC.

AUDIT REPORT

DECEMBER 31, 2023 AND 2022

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Huntington County Community Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities 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 Huntington County Community Foundation, Inc. as of December 31, 2023 and 2022, 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 Huntington County Community Foundation, Inc. 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 Huntington County Community Foundation, Inc.'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 is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made considered material if there

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 Huntington County Community Foundation, 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 Huntington County Community Foundation, 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.



Culp CPA Group
Certified Public Accountants

Huntington, Indiana
March 13, 2024

HUNTINGTON COUNTY COMMUNITY FOUNDATION, INC.**STATEMENTS OF FINANCIAL POSITION****DECEMBER 31, 2023 AND 2022****ASSETS**

	<u>2023</u>	<u>2022</u>
<u>Current Assets:</u>		
Cash and cash equivalents - Notes 1 and 2	\$ 1,497,819	\$ 1,188,430
Pledges receivable - Note 4	45,500	77,992
Investments - Notes 1, 2 and 3	23,427,305	17,803,300
Other receivable	-	2,223
Accrued interest receivable	1,115	-
Loan receivable - Note 5	15,000	30,000
	<hr/>	<hr/>
Total current assets	24,986,739	19,101,945
	<hr/>	<hr/>
<u>Property and Equipment, Net - Notes 1 and 6</u>	72,790	78,398
	<hr/>	<hr/>
<u>Other Assets:</u>		
Pledges receivable - Long-term - Note 4	-	62,914
	<hr/>	<hr/>
Total other assets	-	62,914
	<hr/>	<hr/>
Total assets	<u>\$ 25,059,529</u>	<u>\$ 19,243,257</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u>		
Grants payable - Note 8	\$ 77,701	\$ 47,218
Accrued and withheld payroll expenses	9,260	11,700
Agency payables - Note 7	2,617,664	2,332,450
	<hr/>	<hr/>
Total current liabilities	2,704,625	2,391,368
	<hr/>	<hr/>
<u>Long-Term Liabilities:</u>		
Grants payable - Note 8	135,762	-
	<hr/>	<hr/>
Total liabilities	2,840,387	2,391,368
	<hr/>	<hr/>
<u>Net Assets:</u>		
Without donor restrictions	7,714,338	6,835,064
With donor restrictions - Note 9	14,504,804	10,016,825
	<hr/>	<hr/>
Total net assets	22,219,142	16,851,889
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 25,059,529</u>	<u>\$ 19,243,257</u>

HUNTINGTON COUNTY COMMUNITY FOUNDATION, INC.**STATEMENT OF ACTIVITIES****FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues, gains and other support:</u>			
Net gifts and bequests	\$ 223,051	\$ 3,851,104	\$ 4,074,155
Grants	-	6,500	6,500
Net investment return - Note 3	1,103,929	1,689,500	2,793,429
Rental income	12,600	-	12,600
Administrative fee income	209,532	-	209,532
Miscellaneous income	1,867	-	1,867
	<hr/>	<hr/>	<hr/>
Total revenue, gains and other support before net assets released from program restrictions	1,550,979	5,547,104	7,098,083
	<hr/>	<hr/>	<hr/>
Net assets released from program restrictions	1,056,878	(1,056,878)	-
	<hr/>	<hr/>	<hr/>
Total revenue, gains and other support	2,607,857	4,490,226	7,098,083
	<hr/>	<hr/>	<hr/>
<u>Expenses:</u>			
Grants and scholarships - Note 1			
Arts and culture	49,604	-	49,604
Community development	331,229	-	331,229
Education	84,097	-	84,097
Scholarship	194,700	-	194,700
Health and human services	298,472	-	298,472
Other charitable purpose	301,719	-	301,719
	<hr/>	<hr/>	<hr/>
	1,259,821	-	1,259,821
	<hr/>	<hr/>	<hr/>
<u>Less: Agency</u>	70,892	-	70,892
	<hr/>	<hr/>	<hr/>
Net grants and scholarships	1,188,929	-	1,188,929
	<hr/>	<hr/>	<hr/>
Program expenses	226,740	-	226,740
Management and general expenses	315,161	-	315,161
	<hr/>	<hr/>	<hr/>
Total expenses	1,730,830	-	1,730,830
	<hr/>	<hr/>	<hr/>
Change in net assets	879,274	4,487,979	5,367,253
	<hr/>	<hr/>	<hr/>
<u>Net assets, beginning of year</u>	6,835,064	10,016,825	16,851,889
	<hr/>	<hr/>	<hr/>
<u>Net assets, end of year</u>	\$ 7,714,338	\$ 14,504,804	\$ 22,219,142
	<hr/>	<hr/>	<hr/>

HUNTINGTON COUNTY COMMUNITY FOUNDATION, INC.**STATEMENT OF ACTIVITIES****FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues, gains and other support:</u>			
Net gifts and bequests	\$ 140,673	\$ 1,103,816	\$ 1,244,489
Grants	0	6,500	6,500
Net investment return - Note 3	(1,489,857)	(2,074,348)	(3,564,205)
Rental income	12,600	-	12,600
Administrative fee income	195,419	-	195,419
Miscellaneous income	1,897	-	1,897
	<hr/>	<hr/>	<hr/>
Total revenue, gains and other support before net assets released from program restrictions	(1,139,268)	(964,032)	(2,103,300)
	<hr/>	<hr/>	<hr/>
Net assets released from program restrictions	1,638,244	(1,638,244)	-
	<hr/>	<hr/>	<hr/>
Total revenue, gains and other support	498,976	(2,602,276)	(2,103,300)
	<hr/>	<hr/>	<hr/>
<u>Expenses:</u>			
Grants and scholarships - Note 1			
Arts and culture	57,463	-	57,463
Community development	193,587	-	193,587
Education	188,914	-	188,914
Scholarship	197,454	-	197,454
Health and human services	1,098,224	-	1,098,224
Other charitable purpose	102,233	-	102,233
	<hr/>	<hr/>	<hr/>
	1,837,875	-	1,837,875
	<hr/>	<hr/>	<hr/>
<u>Less:</u> Grants/scholarships made from agency endowments	80,225	-	80,225
	<hr/>	<hr/>	<hr/>
Net grants and scholarships	1,757,650	-	1,757,650
	<hr/>	<hr/>	<hr/>
Program expenses	209,292	-	209,292
Management and general expenses	283,436	-	283,436
	<hr/>	<hr/>	<hr/>
Total expenses	2,250,378	-	2,250,378
	<hr/>	<hr/>	<hr/>
Change in net assets	(1,751,402)	(2,602,276)	(4,353,678)
	<hr/>	<hr/>	<hr/>
<u>Net assets</u> , beginning of year	8,586,466	12,619,101	21,205,567
	<hr/>	<hr/>	<hr/>
<u>Net assets</u> , end of year	\$ 6,835,064	\$ 10,016,825	\$ 16,851,889
	<hr/>	<hr/>	<hr/>

HUNTINGTON COUNTY COMMUNITY FOUNDATION, INC.**STATEMENT OF FUNCTIONAL EXPENSES**
FOR THE YEAR ENDED DECEMBER 31, 2023

	Management and General	Program Services	Fundraising	Total
Advertising	\$ -	\$ 4,938	\$ 1,646	\$ 6,584
Bank Charge	-	255	-	255
Building Expense	8,241	-	-	8,241
Conference Expense	1,059	1,059	235	2,353
Depreciation	1,907	1,851	1,851	5,609
Due and Subscriptions	882	856	856	2,594
Insurance	1,632	1,584	1,584	4,800
Integrated Software Systems	6,234	6,051	6,051	18,336
Legal and Professional Fees	18,833	-	-	18,833
Mileage	631	613	613	1,857
Miscellaneous	152	152	-	304
Outside Contract Services	10,500	-	-	10,500
Payroll Taxes	7,558	7,558	-	15,116
Postage	54	297	189	540
Printing	77	1,074	384	1,535
Salary and Wages	97,723	97,723	-	195,446
Employee Benefits	6,582	6,582	-	13,164
Supplies	668	648	648	1,964
Telephone	815	791	791	2,397
Utilities	1,609	1,562	1,562	4,733
	<u>\$ 165,157</u>	<u>\$ 133,594</u>	<u>\$ 16,410</u>	<u>\$ 315,161</u>
Total functional expenses				

HUNTINGTON COUNTY COMMUNITY FOUNDATION, INC.**STATEMENT OF FUNCTIONAL EXPENSES****FOR THE YEAR ENDED DECEMBER 31, 2022**

	Management and General	Program Services	Fundraising	Total
Advertising	\$ -	\$ 770	\$ 257	\$ 1,027
Bank Charge	-	180	-	180
Building Expense	5,254	-	-	5,254
Conference Expense	1,200	1,200	267	2,667
Depreciation	1,856	1,801	1,801	5,458
Due and Subscriptions	862	837	837	2,536
Education	64	62	62	188
Insurance - Building	1,566	1,520	1,520	4,606
Insurance - Health	3,940	3,940	-	7,880
Integrated Software Systems	5,369	5,211	5,211	15,791
Legal and Professional Fees	17,635	-	-	17,635
Mileage	727	705	705	2,137
Miscellaneous	38	42	-	80
Outside Contract Services	26,500	-	-	26,500
Payroll Taxes	6,296	6,296	-	12,592
Postage	69	379	241	689
Printing	6	79	28	113
Salary and Wages	81,693	81,693	-	163,386
Simple IRA	2,602	2,602	-	5,204
Supplies	837	812	814	2,463
Telephone	1,351	1,311	1,311	3,973
Travel	117	113	113	343
Utilities	930	902	902	2,734
	<hr/>	<hr/>	<hr/>	<hr/>
Total functional expenses	\$ 158,912	\$ 110,455	\$ 14,069	\$ 283,436

HUNTINGTON COUNTY COMMUNITY FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ 5,367,253	\$ (4,353,678)
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Unrealized and realized (gain) loss from investments	(2,066,260)	4,126,882
Depreciation	5,608	5,459
Changes in assets and liabilities -		
Pledges receivable	95,406	36,011
Other receivable	2,223	-
Accrued interest receivable	(1,115)	-
Grants payable	30,483	(3,041)
Accrued expenses	(2,440)	(402)
Agency payables	285,214	(607,755)
	<u>3,716,372</u>	<u>(796,524)</u>
Net cash flows from operating activities		
<u>Cash flows from investing activities:</u>		
Purchase of equipment	-	(3,343)
Purchases of investment securities	(5,807,477)	(2,007,326)
Proceeds from sale of investment securities	2,385,494	2,950,328
Payment received on loan receivable	15,000	-
Loan to fundholder	-	(30,000)
	<u>(3,406,983)</u>	<u>909,659</u>
Net cash flows from investing activities		
<u>Net change in cash and cash equivalents</u>	309,389	113,135
<u>Cash and cash equivalents at beginning of period</u>	<u>1,188,430</u>	<u>1,075,295</u>
<u>Cash and cash equivalents at end of period</u>	<u>\$ 1,497,819</u>	<u>\$ 1,188,430</u>

HUNTINGTON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 1: Organization and significant accounting policies -

Organization - Huntington County Community Foundation, Inc. (Foundation) is a nonprofit organization whose purpose is to administer contributions received and distribute grants which meet community needs primarily in the Huntington County, Indiana area. Contributions are received from individuals and businesses.

Basis of accounting - The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Under this method, revenues are recognized when earned and expenses are recognized when liabilities are incurred.

Basis of presentation - Financial statement presentation follows Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASU No. 2016-14, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Donor-imposed stipulations are reported as net assets without donor restrictions if the stipulations expire in the reporting period in which the revenue is recognized.

With donor restrictions - Net assets whose use by the Foundation is subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire by passage of time. Also, net assets include amounts whose use is limited by donor-imposed restrictions which stipulate that resources be maintained permanently, but permits the Foundation to expend part or all of the income derived from the donated assets. Resources arising from the results of operations or assets set aside by the Board of Directors are not considered to be donor restricted.

Revenue recognition - All contributions are considered to be available for use unless specifically restricted by the donor. Gifts of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit their use. When a donor restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions of donated noncash assets are recorded at their fair values in the period received. Grant revenue is recognized when contract terms are fulfilled. Other revenue is recognized when earned.

Dividends, capital gain distributions, interest and gains and losses on investments are reported as increases or decreases in net assets without donor restrictions or net assets with restriction if their use is restricted by explicit donor stipulation or by law.

Administrative fees earned from investing donor funds are recorded as net assets without restrictions and are available to pay for general expenditures. The fee is collected quarterly and is based on a percentage of the value of each fund type.

Pledges received for the Huntington Arts and Entrepreneurial Center Fund are recorded as net assets with restrictions. Pledges due in periods greater than one year have been discounted. Management does not believe an allowance for uncollectible pledges is necessary.

HUNTINGTON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023 AND 2022

Note 1: Organization and significant accounting policies (Continued) -

Cash and cash equivalents - For purposes of the statements of cash flows, the Foundation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Investments - Investments are stated at fair market value in the statements of financial position. Realized and unrealized gains and losses are reflected in the statements of activities. The Foundation invests in a variety of asset classes. These funds are exposed to interest rate, market, credit and other risks depending on the nature of the specific investment. Accordingly, it is at least reasonably possible that these factors will result in changes in the value of the Foundation's investments, which could materially affect amounts reported in the financial statements.

Property and equipment - Expenditures for property and equipment or items which substantially increase the useful life of existing assets are capitalized at cost. Depreciation is computed using the straight-line method over the useful lives of the assets. Routine repairs and maintenance are expensed when incurred.

Depreciation - Depreciation charged against income was \$5,608 and \$5,459 for the years ended December 31, 2023 and 2022, respectively.

Scholarship and grants - Scholarships and grants are recorded as expenses when they are approved by the Board of Directors for payment.

Income tax status - The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the 50% charitable contributions deduction limitation, and is not considered to be a private foundation under Section 509(a) of the Code.

The Foundation has adopted the accounting standard on accounting for uncertainty in income taxes. This standard addresses the determination of whether tax benefits claimed, or expected to be claimed, on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits that could be recognized in the financial statements from such positions would be measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses derecognition, classification, interest and penalties on income taxes, and accounting in interim periods. At December 31, 2023 and 2022, there were no unrecognized tax benefits identified or recorded as liabilities. The Organization files Form 990 and the related state of Indiana return.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Advertising - Advertising costs are charged to operations as incurred. Total advertising costs expensed during the years ended December 31, 2023 and 2022 were \$6,584 and \$1,027, respectively.

HUNTINGTON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023 AND 2022

Note 1: Organization and significant accounting policies (Continued) -

Liquidity and funds available - The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. Foundation operations are funded through management fees. Cash and cash equivalents of \$74,659 are available to meet cash needs for general expenditures within one year.

Note 2: Concentration of credit risk - The Foundation maintains its cash accounts and temporary cash investments in several commercial banks. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. During the year, the Organization exceeded the federal depository insurance coverage limit. At December 31, 2023, the Organization exceeded the federal depository coverage limit by \$199,052.

Note 3: Investments - The Foundation's investments are reported at fair value in the accompanying statements of financial position.

	<u>2023</u>	<u>2022</u>
Mutual funds	\$ 23,427,305	\$ 17,571,971
Exchange traded funds	-	231,329
	<u>\$ 23,427,305</u>	<u>\$ 17,803,300</u>

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820 (ASC 820), *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 - Inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority.

Level 2 - Inputs consist of observable inputs other than quoted prices for identical assets.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 and Level 3 inputs would only be used when Level 1 inputs were not available. All of the Foundation's investments at December 31, 2023 and 2022 were Level 1.

Investment return is summarized below:

	<u>2023</u>	<u>2022</u>
Dividends	\$ 475,511	\$ 301,890
Capital gain distributions	233,024	255,676
Interest	18,634	5,111
Net unrealized and realized gain (loss) on investments	2,066,260	(4,126,882)
Total return on investments	<u>\$ 2,793,429</u>	<u>\$ (3,564,205)</u>

HUNTINGTON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023 AND 2022

Note 4: Pledges receivable - In 2019, a capital campaign was started to fund the Huntington Arts and Entrepreneurial Center Fund. Pledges due in periods greater than one year were discounted using the five-year Treasury Bill rate of 1.95%, which has been deemed commensurate with the credit risk of the donors. Additionally, management does not believe an allowance for uncollectible pledges is necessary for the year ended December 31, 2023. Pledges receivable as of December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 45,500	\$ 77,992
Receivable in one to two years	-	64,900
Total pledges receivable	<u>45,500</u>	<u>142,892</u>
Less: Discount to net present value at 1.95%	-	(1,986)
Total net present value of pledges receivable	<u>45,500</u>	<u>140,906</u>
Current portion of pledges receivable	<u>45,500</u>	<u>77,992</u>
Long-term portion of pledges receivable	<u>\$ -</u>	<u>\$ 62,914</u>

Note 5: Loan receivable - On July 1, 2022, the Organization entered into a loan with the Roanoke Beautification Foundation, Inc. (the Agency) in the amount of \$120,000. Interest was 2.5% per annum through September 30, 2022. Any sum not paid will incur interest at 8%. Balance at December 31, 2023 and 2022 was \$15,000 and \$30,000, respectively.

Note 6: Property and equipment - The Foundation's property and equipment at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 15,000	\$ 15,000
Building	109,597	109,597
Equipment	<u>17,513</u>	<u>17,513</u>
	142,110	142,110
Less: Accumulated Depreciation	<u>69,320</u>	<u>63,712</u>
Total	<u>\$ 72,790</u>	<u>\$ 78,398</u>

Note 7: Agency payables and funds held for others - As of December 31, 2023 and 2022, the Foundation held and administered agency endowment funds, held for the benefit of non-profit organizations of \$2,617,664 and \$2,332,450, respectively.

Note 8: Grants payable - In 2023, a capital campaign was started to fund the Huntington Arts and Entrepreneurial Center Fund. Pledges due in periods greater than one year were discounted using the five-year Treasury Bill rate of 5.40%, which has been deemed commensurate with the credit risk of the donors. Grants payable as of December 31, 2023 and 2022 are as follows:

HUNTINGTON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023 AND 2022

Note 8: Grants payable (Continued) -

	<u>2023</u>	<u>2022</u>
Payable in less than one year	\$ 77,701	\$ 47,218
Payable in one to four years	154,500	-
Total pledges payable	<u>232,201</u>	<u>47,218</u>
Less: Discount to net present value at 5.40%	(18,738)	-
Total net present value of grants payable	<u>213,463</u>	<u>47,218</u>
Current portion of grants payable	<u>77,701</u>	<u>47,218</u>
Long-term portion of grants payable	<u>\$ 135,762</u>	<u>\$ -</u>

Note 9: Net assets with donor restrictions - The Foundation has net assets with donor restrictions under the following fund types at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
ICI Promotions	\$ -	\$ 6,300
Pass-Through Funds	2,365,981	1,691,789
Endowment Funds	<u>12,138,823</u>	<u>8,318,736</u>
Total	<u>\$ 14,504,804</u>	<u>\$ 10,016,825</u>

The pass-through and the endowment funds consist of mutual funds valued at quoted market price.

Note 10: Net assets released from restrictions - Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the following years:

	<u>2023</u>	<u>2022</u>
Grants and scholarships	\$ 861,850	\$ 1,457,893
Administrative fees	188,728	174,484
Program expenses	<u>6,300</u>	<u>5,867</u>
Total	<u>\$ 1,056,878</u>	<u>\$ 1,638,244</u>

Note 11: Endowment composition - The Foundation's endowment consists of donor-restricted endowment funds. These funds include donor advised funds, donor designated funds, scholarship funds and community funds. As required by FASC 958-205-20, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of UPMIFA - The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as striving to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds, while balancing the need for consistent spending to support the charitable and similar exempt purposes of such endowments. The policy is that all ordinary income and capital appreciation (realized and unrealized), net of the fees and expenses, may be committed, granted, or expended pursuant to the spending policy of the Foundation. In addition, principal contributions can be temporarily expended to carry out the grant making goals of the foundations.

HUNTINGTON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023 AND 2022

Note 11: Endowment composition (Continued) -

Interpretation of UPMIFA (Continued) -

As a result of this interpretation, the Foundation classifies as net assets with donor restrictions the original value of gifts donated to the endowment fund and the original value of subsequent gifts to the endowment fund. The remaining portion of the donor-restricted endowment fund is classified as temporarily restricted net assets until those amounts are appropriated 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 donor-restricted 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 effects 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.

Return objectives and risk parameters - The Foundation has adopted investment and spending policies for endowment assets that provide meaningful guidance and expectations in the management and performance of the endowment and not be overly restrictive given the changing economic, business and investment market conditions. Endowment assets include those assets of donor-restricted funds that the Foundation intends to, but is not required to, hold in perpetuity or for donor-specified periods as well as unrestricted funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that allows shorter term flexibility while considering the Foundation's longer term investment philosophy. The current investment policy is intended to provide current income while producing an average long-term rate of return (10 year rolling average) of 8% annualized. The current investment policy assumes a moderate level of investment risk (equities, alternatives, fixed income, and cash) and is diversified over all asset classes.

Strategies employed for achieving objectives - To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Investments shall be made solely in the interest of providing for the needs and activities of Huntington County and for the purpose of providing long-term total return at a moderate level of risk. To obtain this objective, the Foundation shall invest in a mix of moderate, fixed income and equity investments.

Spending policy and how the investment objectives relate to spending policy - The Foundation has established a distribution policy to carry out a grant making program which supports the immediate and long-term needs of fund beneficiaries and the communities. The distributions are based on the market value of each fund at the end of the previous year. Up to 4% of the market value may be distributed each year. The Foundation Board of Directors may also elect to make no distribution in any given year.

HUNTINGTON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2023 AND 2022

Note 11: Endowment composition (Continued) -

Funds with deficiencies - From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the Foundation wishes to retain as a fund of perpetual duration. However, due to the Foundation's policy of allowing distribution of up to 30% of each fund's contributed value for funds established prior to January 1, 2007, and 50% of the fund's contributed value established thereafter, the Foundation can spend from the principal balance if circumstances require as long as they do so prudently and with the donor's intentions in mind.

Note 12: Functional allocation of expenses - The costs of providing program services and management and general expenses have been summarized in the statements of activities. Expenses are recorded directly to either program or management and general. However, certain categories of expenditures are attributable to more than one type of expense and therefore, require allocation on a reasonable basis that is consistently applied. These expenditures are allocated on the basis of time and effort estimates made by management of the Organization.

Note 13: Subsequent events - Management has evaluated the activities and transactions subsequent to December 31, 2023 for potential recognition and/or disclosure within the financial statements for the year ended December 31, 2023. This analysis was performed through March 13, 2024, which is the date that the financial statements were available to be issued.