

**COMMUNITY FOUNDATION  
OF UNION COUNTY, INC.**  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

**CONTENTS**

	Page
<b>INDEPENDENT AUDITORS' REPORT</b> .....	3
<b>FINANCIAL STATEMENTS:</b>	
Statements of Financial Position .....	4
Statements of Activities and Changes in Net Assets .....	5-6
Statements of Functional Expenses .....	7
Statements of Cash Flows .....	8
<b>NOTES TO FINANCIAL STATEMENTS</b> .....	9-16



## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Community Foundation of Union County, Inc.  
Marysville, Ohio

We have audited the accompanying financial statements of the Community Foundation of Union County, Inc. (the Foundation) (a nonprofit organization) which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Community Foundation of Union County, Inc. as of December 31, 2020 and 2019, 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.

A handwritten signature in dark ink that reads "Holbrook &amp; Manter". The signature is written in a cursive, flowing style.

Certified Public Accountants

Marysville, Ohio  
April 12, 2021

- 3 -

MEMBERS

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**COMMUNITY FOUNDATION OF UNION COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

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**ASSETS**

	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>CURRENT ASSETS:-</b>		
Cash and cash equivalents	\$ 1,176,285	\$ 770,288
Certificates of deposit	834,608	601,928
Investments	14,334,782	10,154,128
Land held for sale	22,880	15,000
Pledge and contribution receivables	14,010	20,040
Prepaid expenses	<u>6,237</u>	<u>3,850</u>
 Total current assets	 16,388,802	 11,565,234
<b>OTHER ASSETS:-</b>		
Certificates of deposit	596,771	948,351
Pledge and contribution receivables	7,000	14,010
Note receivable	102,759	97,866
Cash surrender value of life insurance after policy loans of \$102,759 and \$97,866 for 2020 and 2019, respectively.	112,324	109,485
Deposits	<u>800</u>	<u>800</u>
 Total other assets	 <u>819,654</u>	 <u>1,170,512</u>
 <b>Total assets</b>	 <b>\$ <u>17,208,456</u></b>	 <b>\$ <u>12,735,746</u></b>

See Accompanying Notes To the Financial Statements.

**LIABILITIES AND NET ASSETS**

	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>CURRENT LIABILITIES:-</b>		
Accounts payable	\$ 449	\$ 1,452
Charitable remainder unitrust liability	2,422	2,378
Charitable gift annuity liability	<u>11,000</u>	<u>16,500</u>
Total current liabilities	13,871	20,330
<b>LONG TERM LIABILITIES:-</b>		
Charitable remainder unitrust liability	24,571	23,112
Charitable gift annuity liability	<u>136,802</u>	<u>138,840</u>
Total long term liabilities	161,373	161,952
Total liabilities	175,244	182,282
<b>NET ASSETS:-</b>		
Without donor restrictions	17,012,202	12,519,414
With donor restrictions	<u>21,010</u>	<u>34,050</u>
Total net assets	<u>17,033,212</u>	<u>12,553,464</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 17,208,456</u></b>	<b><u>\$ 12,735,746</u></b>

**COMMUNITY FOUNDATION OF UNION COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT:-</b>			
Contributions	\$ 4,305,589	\$ 0	\$ 4,305,589
Interest	40,536	0	40,536
Dividends	224,886	0	224,886
Realized/unrealized gain on investments	1,126,053	0	1,126,053
Other income	96,194	0	96,194
Net assets released from restrictions	<u>13,040</u>	<u>( 13,040)</u>	<u>0</u>
Total revenues and other support	5,806,298	( 13,040)	5,793,258
<b>OPERATING EXPENSES:-</b>			
Program Services	1,272,723	0	1,272,723
Management and General	37,939	0	37,939
Fundraising	<u>2,848</u>	<u>0</u>	<u>2,848</u>
Total operating expenses	<u>1,313,510</u>	<u>0</u>	<u>1,313,510</u>
Change in net assets	4,492,788	( 13,040)	4,479,748
Net assets beginning of year	<u>12,519,414</u>	<u>34,050</u>	<u>12,553,464</u>
<b>Net assets at end of year</b>	<u><u>\$ 17,012,202</u></u>	<u><u>\$ 21,010</u></u>	<u><u>\$ 17,033,212</u></u>

See Accompanying Notes To the Financial Statements.

**COMMUNITY FOUNDATION OF UNION COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES AND OTHER SUPPORT:-</b>			
Contributions	\$ 1,040,524	\$ 30,000	\$ 1,070,524
Interest	44,287	0	44,287
Dividends	235,038	0	235,038
Realized/unrealized gain on investments	1,452,594	0	1,452,594
Other income	93,793	0	93,793
Net assets released from restrictions	32,040	( 32,040)	0
Total revenues and other support	2,898,276	( 2,040)	2,896,236
<b>OPERATING EXPENSES:-</b>			
Program Services	1,429,422	0	1,429,422
Management and General	38,108	0	38,108
Fundraising	16,539	0	16,539
Total operating expenses	1,484,069	0	1,484,069
Change in net assets	1,414,207	( 2,040)	1,412,167
Net assets beginning of year	11,105,207	36,090	11,141,297
<b>Net assets at end of year</b>	<b>\$ 12,519,414</b>	<b>\$ 34,050</b>	<b>\$ 12,553,464</b>

See Accompanying Notes To the Financial Statements.

**COMMUNITY FOUNDATION OF UNION COUNTY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020				2019			
	Program	Management & General	Fundraising	Total	Program	Management & General	Fundraising	Total
Grants	\$ 1,018,407	\$ 0	\$ 0	\$ 1,018,407	\$ 1,176,021	\$ 0	\$ 0	\$ 1,176,021
Change in value of split interest	8,960	0	0	8,960	8,773	0	0	8,773
Salaries and wages, benefits, and taxes	102,572	18,101	0	120,673	111,867	19,741	0	131,608
Fees for service	0	12,893	0	12,893	0	12,678	0	12,678
Advertising	100	0	0	100	789	0	0	789
Office expenses	14,632	2,582	0	17,214	16,153	2,851	0	19,004
Occupancy	12,109	2,137	0	14,246	12,096	2,135	0	14,231
Travel, meetings, and meals	1,123	0	0	1,123	1,724	0	0	1,724
Interest	4,893	0	0	4,893	4,660	0	0	4,660
Insurance	2,185	385	0	2,570	2,146	379	0	2,525
Administrative fee	95,903	0	0	95,903	92,793	0	0	92,793
Fundraising	0	0	2,848	2,848	0	0	16,539	16,539
Dues and subscriptions	1,410	0	0	1,410	565	0	0	565
Miscellaneous	10,429	1,841	0	12,270	1,835	324	0	2,159
<b>Total</b>	<b>\$ 1,272,723</b>	<b>\$ 37,939</b>	<b>\$ 2,848</b>	<b>\$ 1,313,510</b>	<b>\$ 1,429,422</b>	<b>\$ 38,108</b>	<b>\$ 16,539</b>	<b>\$ 1,484,069</b>

See Accompanying Notes To the Financial Statements.



**COMMUNITY FOUNDATION OF UNION COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:-</b>		
Change in net assets	\$ 4,479,748	\$ 1,412,167
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:-		
Net realized and unrealized (gain) on investments	( 1,117,093)	( 1,443,821)
Decrease in pledge and contribution receivables	13,040	2,040
(Increase) in note receivable	( 4,893)	( 4,661)
(Increase) decrease in other assets	( 5,226)	( 196)
(Decrease) increase in accounts payable	( 1,003)	73
Increase in charitable remainder unitrust liability	1,503	5,402
(Decrease) in charitable gift annuity liability	( 7,538)	( 7,729)
Net cash provided (used) by operating activities	3,358,538	( 36,725)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:-</b>		
Sale of investments	1,901,722	727,850
Purchases of investments	( 4,735,363)	( 990,134)
Proceeds of certificates of deposit	532,845	565,031
Purchases of certificates of deposit	( 651,745)	( 290,232)
Net cash (used) provided by investing activities	( 2,952,541)	12,515
Net increase (decrease) in cash and cash equivalents	405,997	( 24,210)
Cash and cash equivalents - beginning of year	770,288	794,498
<b>Cash and cash equivalents - end of year</b>	<b>\$ 1,176,285</b>	<b>\$ 770,288</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:-</b>		
Cash paid for:		
Interest	\$ 4,893	\$ 4,660
Income taxes	\$ 0	\$ 0

See Accompanying Notes To the Financial Statements.

**COMMUNITY FOUNDATION OF UNION COUNTY, INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

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**NOTE 1 - PURPOSE OF FOUNDATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Organization***

Community Foundation of Union County, Inc. (the Foundation) is a nonprofit corporation classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and as a non-private foundation under Section 509(a)(1) of the Internal Revenue Code of 1986. The Foundation is responsible for charitable funds and the income generated by funds of many donors. The Foundation is committed to promoting the wellbeing of mankind and to serving the general charitable, educational and scientific needs of the inhabitants of Union County, Ohio through charitable grants at the discretion of the Board of Trustees.

***Basis of Presentation and Accounting***

The Foundation has adopted the Accounting Standards Codification (ASC) No. 958-205-45, Financial Statements of Not-for-Profit Organizations. The financial statements of the Foundation also have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

***Financial Statement Presentation***

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

Net assets without donor restrictions - net assets without donor restrictions are available for use at the discretion of the Board of Trustees and/or management to fulfill the mission and vision of the Foundation. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. For example, the Board has designated a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing the Foundation's long-term financial viability.

See Note 10 for more information on the composition of net assets without donor restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that: a) restrict their use to a specific purpose which will be satisfied by actions of the Foundation or the passage of time; or b) require that they be maintained in perpetuity by the Foundation; generally, the donor of these assets permit the Foundation to use all or part of the income earned, including capital appreciation, or related investments for purposes with or without donor restrictions.

See Note 11 for more information on the composition of net assets with donor restrictions.

***Cash and Cash Equivalents***

Cash and cash equivalents includes cash on hand and on deposit and all highly liquid investments with an original maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

***Investments***

The Foundation has adopted ASC No. 958-320-45, "Accounting for Certain Investments Held by Not-for-Profit Organizations." Under ASC No. 958-320-45, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities and changes in net assets. Investment income and gains restricted by a donor are reported in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

***Property Held for Investment***

Land is held for investment purposes and is recorded at estimated fair market value each year based upon the county treasurer's valuation for real estate taxes.

**COMMUNITY FOUNDATION OF UNION COUNTY, INC.**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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**Revenue Recognition (outside ASC 606 scope)**

**Contributions**

The Foundation recognizes contributions received and contributions made in accordance with ASC 958-605-25, "Accounting for Contributions Received and Contributions Made". Under ASC 958-605-25, a contribution received by the Foundation is recognized when the donor makes an unconditional promise to give to the Foundation. Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and nature of any donor imposed restrictions. Contributions received with donor-imposed restrictions that are met in the same reporting period are reported as without donor restrictions contributions. These contributions are considered nonreciprocal (contribution) transactions under accounting guidance ASU 2018-08.

**Operating Activities**

Operating revenues of the Foundation include investment income, advisory fees, unrestricted grants and contributions.

**Pledges Receivable**

Pledges are unconditional promises to give from trustees of the Foundation and other third party donors. Pledges are presented at present value, net of the allowance for doubtful accounts. As of December 31, 2020 and 2019, there was no allowance for doubtful accounts.

**Federal Income Taxes**

The Foundation has been determined, by the Internal Revenue Service, as exempt from Federal income taxes as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Services as other than a private foundation and, as a result, a provision for taxes is not required. The Foundation follows ASC No. 740-10 "Accounting for Uncertainty in Income Taxes". The Foundation records interest and penalties, if any, in interest expense and other expense, respectively, in operating expenses. The Foundation did not have any interest or penalties related to taxes during the year. Management believes that there are no uncertain tax positions as of December 31, 2020 and 2019.

**Liquidity and Availability**

The Foundation regularly monitors the availability of resources required to meet its operating needs and other commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities as well as the conduct of services to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows, which identifies the sources and uses of the Foundation's cash and shows positive cash flow generated by operations for years ended 2020 and 2019.

The following table reflects the Foundation's financial assets as of December 31, 2020 and 2019 that are available to meet cash needs for operating expenditures within one year:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,176,285	\$ 770,288
Certificate of deposit	834,608	601,928
Investments	<u>14,334,782</u>	<u>10,154,128</u>
Total assets available	<u>\$ 16,345,675</u>	<u>\$ 11,526,344</u>

**Grants**

Grants are recorded as expenses when they are approved by the Board of Trustees for payment and when grant conditions are satisfied.

**COMMUNITY FOUNDATION OF UNION COUNTY, INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

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***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.

***Functional Allocation***

The costs of providing the program and various management and general activities have been summarized on a functional basis in the statements of functional expenses. Certain categories of expenses are attributed to both Program Services and Management and General expenses. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated on the basis of estimates of time and effort. Accordingly, certain estimates have been made to allocate costs among the program and supporting activities.

***Recent Accounting Pronouncements***

In February 2016, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (ASU) No. 2016-02, Leases (*Topic 842*), which amends existing accounting standards for lease accounting, including by requiring lessees to recognize most leases on the balance sheet and making certain changes to lessor accounting. The new standard is effective for non-public entities for fiscal years beginning after December 15, 2021 and for interim periods therein with early adoption permitted. The Foundation is currently evaluating the impact on the financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which creates a single source of revenue guidance. The new standard provides accounting guidance for all revenue arising from contracts with customers and affects all entities that enter into contracts to provide goods and services to their customers (unless the contracts are in scope of other U.S. GAAP requirements, such as the leasing literature). The guidance also provides a model for the measurement and recognition of gains and losses on the sale of certain nonfinancial assets, such as property and equipment, including real estate. The new standard is effective for non-public entities for the fiscal years beginning after December 15, 2018 and for interim periods therein. The financial statements reflect the application of ASC 606 beginning in 2019. No cumulative-effect adjustments in net assets was recorded, as the adoption of ASU 2014-09 did not significantly impart the Foundation’s reported historical revenue.

On June 21, 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard is intended to address questions stemming from FASB ASU No. 2014-09, Revenue from Contracts with Customers, regarding its implications on the grants and contracts of not-for-profit organizations. ASU 2018-08 applies to resource providers and resource recipients. It includes decision trees to assist in evaluating a transaction. The first decision for both parties to consider is whether each party directly receives commensurate value. If the transaction is reciprocal (i.e., an exchange), the recipient would follow ASU 2014-09, and the contributor would follow the guidance in Topic 720, Other Expenses, or other applicable topics. If the transaction is nonreciprocal (i.e., a contribution), the recipient would apply contribution guidance. This guidance was adopted by the Foundation at the beginning of 2019.

**NOTE 2 - FAIR VALUE MEASUREMENTS**

The Foundation follows the Accounting Standards Codification (ASC) No. 820, Fair Value Measurements. ASC No. 820 establishes a framework for measuring fair value. That framework 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC No. 820 are described below:

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.

**COMMUNITY FOUNDATION OF UNION COUNTY, INC.**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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 or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of 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.

Shares of common stock: Valued at the net asset value (“NAV”) of shares held by the Foundation at year end.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held are deemed to be actively traded.

The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Foundation’s assets at fair value as of December 31, 2020 and 2019:

	<b>Investments at Fair Value as of December 31, 2020</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutal Funds:				
500 Index	\$ 2,554,008	\$ 0	\$ 0	\$ 2,554,008
Bonds	765,965	0	0	765,965
Alternatives	1,780,208	0	0	1,780,208
Equity	330,498	0	0	330,498
Global equity	1,910,028	0	0	1,910,028
Growth	757,623	0	0	757,623
Inflation	628,271	0	0	628,271
Inter-term	741,360	0	0	741,360
Mid cap	491,863	0	0	491,863
Real estate	457,947	0	0	457,947
Short-term	814,268	0	0	814,268
Small cap	937,271	0	0	937,271
International	1,631,817	0	0	1,631,817
Common Stock				
U.S	111,953	421,702	0	533,655
<b>Total investments</b>	<u>\$ 13,913,080</u>	<u>\$ 421,702</u>	<u>\$ 0</u>	<u>\$ 14,334,782</u>

**COMMUNITY FOUNDATION OF UNION COUNTY, INC.**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

	<b>Investments at Fair Value as of December 31, 2019</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutal Funds:				
500 Index	\$ 1,856,882	\$ 0	\$ 0	\$ 1,856,882
Bonds	1,023,849	0	0	1,023,849
Alternatives	1,201,328	0	0	1,201,328
Equity	220,884	0	0	220,884
Global equity	1,310,211	0	0	1,310,211
Growth	541,852	0	0	541,852
Inflation	275,609	0	0	275,609
Inter-term	403,413	0	0	403,413
Mid cap	336,512	0	0	336,512
Real estate	358,938	0	0	358,938
Short-term	427,610	0	0	427,610
Small cap	607,840	0	0	607,840
International	1,099,122	0	0	1,099,122
Common Stock				
U.S	105,345	384,733	0	490,078
<b>Total investments</b>	<u>\$ 9,769,395</u>	<u>\$ 384,733</u>	<u>\$ 0</u>	<u>\$ 10,154,128</u>

**NOTE 3 - CONCENTRATION OF CREDIT RISK**

The Foundation maintains its cash and cash equivalent balances in both interest-bearing and noninterest-bearing accounts at various financial institutions located throughout Ohio. Effective January 1, 2013, noninterest-bearing accounts are no longer insured separately from the Foundation's other accounts at the same Federal Deposit Insurance Corporation (FDIC) insured depository institution (IDI). Therefore, from time to time, the Foundation may have balances that exceed the FDIC insured limit.

During 2020 and 2019, the Foundation maintained in broker accounts investment amounts in excess of the Securities Investment Protection Corporation maximum limits.

**NOTE 4 - INVESTMENTS**

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

	<u>2020</u>	<u>2019</u>
	<u>Fair</u>	<u>Fair</u>
	<u>Market Value</u>	<u>Market Value</u>
Investments	\$ 14,286,339	\$ 10,106,562
Investments;-		
Charitable remainder trusts	48,443	47,566
	<u>\$ 14,334,782</u>	<u>\$ 10,154,128</u>

**COMMUNITY FOUNDATION OF UNION COUNTY, INC.**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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**NOTE 5 - CHARITABLE REMAINDER UNITRUST**

In 2005 a donor established a charitable remainder trust naming the Foundation as the trustee. Charitable remainder trusts provide for the payment of distributions to designated beneficiaries over the trusts' terms. At the end of the trusts' terms, the remaining assets are to be available for the Foundation's use, subject to donor-imposed restrictions. Assets held in charitable remainder trusts at December 31, 2020 and 2019 totaled \$48,443 and \$47,566, respectively, and are reported at fair value in the Foundation's statements of financial position. Changes in fair value of charitable remainder trusts are reflected as changes in net assets without donor restrictions in the Foundation's statement of activities and changes in net assets. On an annual basis, the Foundation reviews the need to revalue the liabilities to make distributions to the designated beneficiaries based on actuarial assumptions. There were no significant changes in actuarial assumptions resulting in revaluations during 2020 and 2019. The present value of the estimated future payments at December 31, 2020 and 2019 was \$26,993 and \$25,490, respectively and was calculated using a discount rate of 5% to 6% and applicable mortality tables. During 2020 and 2019, there were no contributions to the charitable remainder trusts. Admin fees of \$625 and \$625 were charged to the CRUT and paid from the CRUT during 2020 and 2019, respectively.

**NOTE 6 - CERTIFICATES OF DEPOSIT**

Certificates of deposit as of December 31, 2020 and 2019 consisted of the following:

<b>Financial Institution</b>	<b>Interest Rate(s)</b>	<b>2020</b>	<b>2019</b>
Citizens Federal	2.50%	\$ 273,970	\$ 267,268
First Federal Bank	2.02%	235,262	230,595
First Financial Bank	2.00%	214,510	210,260
CF Bank, National Association	1.25% - 1.55%	203,824	0
First Internet Bank of Indiana	0.91%	195,668	0
Fifth Third Bank	1.98%	135,302	133,985
US Bank	2.30%	108,691	0
Richwood Banking Company	1.5% - 1.75%	64,152	170,072
Liberty National Bank	1.74%	0	238,040
Synchrony Bank	2.22%	0	193,814
State Farm Bank	2.27%	0	106,245
<b>Total Certificates of Deposit</b>		<b>\$ 1,431,379</b>	<b>\$ 1,550,279</b>

**NOTE 7 - OPERATING LEASES**

In May 2009, the Foundation entered into a ten-month lease for office space. Under the terms of this lease, the Foundation must make monthly lease payments of \$600 over the life of the lease. This lease expired on February 28, 2010. At the end of this lease, the Foundation verbally agreed to lease the office space on a month-to-month basis for \$900 a month. In March 2019, the Foundation entered into a sixty-month lease. Under the terms of this lease, the Foundation must make monthly lease payments of \$1,000 over the life of the lease. Rent expense for the years ended 2020 and 2019 was \$12,000 and \$11,800, respectively.

**COMMUNITY FOUNDATION OF UNION COUNTY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

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The following is a schedule of future minimum lease payments required as of December 31, 2020:

2021	\$	12,000	
2022		12,000	
2023		12,000	
2024		12,000	
2025		2,000	
	\$	50,000	

**NOTE 8 - PLEDGE AND CONTRIBUTION RECEIVABLES**

Pledge and contribution receivables consist of unconditional promises to give from trustees of the Foundation and other third party donors. As of December 31, 2020 and 2019, payments on pledges and contribution receivables are expected to be received as follows:

	<b>2020</b>	<b>2019</b>
Less than one year	\$ 14,010	\$ 20,040
2 years to 5 years	7,000	14,010
Total pledges receivables	\$ 21,010	\$ 34,050

**NOTE 9 - NOTE RECEIVABLE**

In October 2011, the Foundation paid off a loan on the life insurance policy gifted to the foundation. The policy, held at Cincinnati Life Insurance Company, had a loan balance of \$65,530 with a 7.4% interest rate. The Investment Committee directed that the loan be paid off by the Foundation and that the Foundation hold a receivable. The Foundation reduced the interest rate charged to 5% compounded annually to be charged at year end. As of December 31, 2020 and 2019, the note receivable balance was \$102,759 and \$97,866, respectively.

**NOTE 10 - NET ASSETS WITHOUT DONOR RESTRICTION**

Included in net assets without donor restrictions for the years ended December 31, 2020 and 2019 are undesignated funds and board designated funds. Although grant recommendations are accepted from the donors or other advisors of these funds, the Foundation has variance power; that is, the ultimate discretion of the use of these funds lies with the Board of Trustees. Thus, such funds represent net assets without donor restriction to the Foundation.

December 31,	<b>2020</b>	<b>2019</b>
Undesignated	\$ 986,151	\$ 888,128
Board designated for Quasi-Endowment	2,344,010	2,013,193
Board designated for Donor Advised Funds	13,682,041	9,618,093
Total net assets without donor restrictions	\$ 17,012,202	\$ 12,519,414

**Board Designated for Quasi-Endowment**

With a goal of long-term sustainability, the Board has designated that contributions to the capital campaign fund entitled Next Generation's Initiative (NGI) be set aside to establish and maintain a quasi-endowment for the purpose of securing the Foundation's long-term financial viability and continue to meet the needs of the Foundation.



**COMMUNITY FOUNDATION OF UNION COUNTY, INC.**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Board designated for Quasi-Endowment net assets, beginning	\$ 2,013,193	\$ 1,774,284
Contributions and administrative fee income	212,036	2,037
Investment income	199,323	307,843
Amounts appropriated for expenditure	<u>( 80,542)</u>	<u>( 70,971)</u>
 Total board designated for Quasi-Endowment net assets, ending	 <u>\$ 2,344,010</u>	 <u>\$ 2,013,193</u>

**Board Designated for Donor Advised Funds**

Board designated for donor advised funds is a component of net assets without donor restrictions and was established by the Board. Companies, foundations and individuals make contributions to these funds to achieve their philanthropic goals within the community. Board designated for donor advised funds consist of approximately 110 individual funds established for a variety of purposes. The Foundation retains variance power of all contributions.

**Investment and Spending Policies**

The Foundation has adopted investment and spending policies for board designated net assets that attempt to provide a predictable stream of funding to programs supported by its assets while seeking to maintain the purchasing power of these assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. The assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of approximately 4%, while growing the funds if possible. Therefore, the Foundation expects these assets, over time, to produce an average rate of return in excess of the average annual distribution amount. The investment policy establishes an achievable return objective through the use of an asset allocation model which includes a quarterly rebalancing process to maintain the recommended asset allocations as directed by the Investment Committee. The Foundation anticipates that the asset allocation model will result in an average rate of return greater than or equal to the annual distribution rate so as to provide sufficient liquidity. Actual return in any given year may vary from this amount.

**NOTE 11 - 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 as follows:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose or period:		
Pledges receivable	\$ <u>21,010</u>	\$ <u>34,050</u>
Total subject to expenditures for specified purpose or period:	<u>21,010</u>	<u>34,050</u>
 Total net assets with donor restriction	 <u>\$ 21,010</u>	 <u>\$ 34,050</u>

During 2020 and 2019, \$13,040 and \$32,040, respectively, of unconditional promises to give, recognized as net assets with donor restrictions in the year the promise was made, were released from restrictions due to the passage of time.

**NOTE 12 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 12, 2021, the date which the financial statements were available to be issued.