

**COMMUNITY FOUNDATION
OF UNION COUNTY, INC.**
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3-4
FINANCIAL STATEMENTS:	
Statements of Financial Position	5
Statements of Activities and Changes in Net Assets	6-7
Statements of Functional Expenses	8
Statements of Cash Flows	9
NOTES TO FINANCIAL STATEMENTS	10-17



INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of **Community Foundation of Union County, Inc.** (the Foundation) (a nonprofit Foundation), which comprise the balance sheets as of December 31, 2023 and 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundations' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Certified Public Accountants

Marysville, Ohio
May 17, 2024

COMMUNITY FOUNDATION OF UNION COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS:-		
Cash and cash equivalents	\$ 1,745,194	\$ 1,914,784
Certificates of deposit	0	225,488
Investments	17,490,995	15,631,279
Land held for sale	22,880	22,880
Pledge and contribution receivables	11,500	17,000
Prepaid expenses	<u>5,418</u>	<u>4,527</u>
 Total current assets	 19,275,987	 17,815,958
OTHER ASSETS:-		
Pledge and contribution receivables	9,500	16,000
Cash surrender value of life insurance	0	5,109
Deposits	<u>800</u>	<u>800</u>
 Total other assets	 <u>10,300</u>	 <u>21,909</u>
 Total assets	 \$ <u>19,286,287</u>	 \$ <u>17,837,867</u>

See Accompanying Notes To the Financial Statements.

LIABILITIES AND NET ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES:-		
Accounts payable	\$ 13,689	\$ 8,755
Charitable remainder unitrust liability	2,265	2,122
Charitable gift annuity liability	<u>16,500</u>	<u>16,500</u>
Total current liabilities	32,454	27,377
LONG TERM LIABILITIES:-		
Charitable remainder unitrust liability	23,591	20,189
Charitable gift annuity liability	<u>91,385</u>	<u>99,827</u>
Total long term liabilities	114,976	120,016
Total liabilities	147,430	147,393
NET ASSETS:-		
Without donor restrictions	19,117,857	17,657,474
With donor restrictions	<u>21,000</u>	<u>33,000</u>
Total net assets	<u>19,138,857</u>	<u>17,690,474</u>
Total liabilities and net assets	<u>\$ 19,286,287</u>	<u>\$ 17,837,867</u>

COMMUNITY FOUNDATION OF UNION COUNTY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:-			
Contributions	\$ 1,324,495	\$ 20,000	\$ 1,344,495
Interest	68,038	0	68,038
Dividends	369,506	0	369,506
Realized/unrealized loss on investments	1,747,058	0	1,747,058
Other income	129,070	0	129,070
Net assets released from restrictions	32,000	(32,000)	0
Total revenues and other support	3,670,167	(12,000)	3,658,167
OPERATING EXPENSES:-			
Program Services	2,142,679	0	2,142,679
Management and General	45,756	0	45,756
Fundraising	21,349	0	21,349
Total operating expenses	2,209,784	0	2,209,784
Change in net assets	1,460,383	(12,000)	1,448,383
Net assets beginning of year	17,657,474	33,000	17,690,474
Net assets at end of year	\$ 19,117,857	\$ 21,000	\$ 19,138,857

See Accompanying Notes To the Financial Statements.

COMMUNITY FOUNDATION OF UNION COUNTY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:-			
Contributions	\$ 1,619,438	\$ 30,000	\$ 1,649,438
Interest	31,403	0	31,403
Dividends	365,289	0	365,289
Realized/unrealized gain on investments	(2,472,620)	0	(2,472,620)
Other income	124,584	0	124,584
Net assets released from restrictions	9,000	(9,000)	0
Total revenues and other support	(322,906)	21,000	(301,906)
OPERATING EXPENSES:-			
Program Services	1,657,892	0	1,657,892
Management and General	41,729	0	41,729
Fundraising	18,147	0	18,147
Total operating expenses	1,717,768	0	1,717,768
Change in net assets	(2,040,674)	21,000	(2,019,674)
Net assets beginning of year	19,698,148	12,000	19,710,148
Net assets at end of year	\$ 17,657,474	\$ 33,000	\$ 17,690,474

See Accompanying Notes To the Financial Statements.

COMMUNITY FOUNDATION OF UNION COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
DECEMBER 31, 2023 AND 2022

	2023				2022			
	Program	Management & General	Fundraising	Total	Program	Management & General	Fundraising	Total
Grants	\$ 1,806,433	\$ 0	\$ 0	\$ 1,806,433	\$ 1,373,897	\$ 0	\$ 0	\$ 1,373,897
Change in value of split interest	8,059	0	0	8,059	(7,631)	0	0	(7,631)
Salaries and wages, benefits, and taxes	142,400	25,129	0	167,529	126,629	22,346	0	148,975
Fees for service	0	13,876	0	13,876	0	13,250	0	13,250
Advertising	8,021	0	0	8,021	1,182	0	0	1,182
Office expenses	17,672	3,119	0	20,791	15,898	2,806	0	18,704
Occupancy	13,179	2,326	0	15,505	12,714	2,244	0	14,958
Travel, meetings, and meals	2,570	0	0	2,570	2,515	0	0	2,515
Insurance	2,264	400	0	2,664	2,684	474	0	3,158
Administrative fee	129,070	0	0	129,070	124,584	0	0	124,584
Fundraising	0	0	21,349	21,349	0	0	18,147	18,147
Dues and subscriptions	7,879	0	0	7,879	1,970	0	0	1,970
Miscellaneous	5,132	906	0	6,038	3,450	609	0	4,059
Total	\$ 2,142,679	\$ 45,756	\$ 21,349	\$ 2,209,784	\$ 1,657,892	\$ 41,729	\$ 18,147	\$ 1,717,768

See Accompanying Notes To the Financial Statements.

COMMUNITY FOUNDATION OF UNION COUNTY, INC.
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:-		
Change in net assets	\$ 1,448,383	\$ (2,019,674)
Adjustments to reconcile change in net assets to net cash provided by operating activities:-		
Net realized and unrealized loss (gain) on investments	(1,738,999)	2,464,989
Decrease in pledge and contribution receivables	12,000	(21,000)
(Increase) in note receivable	0	0
(Increase) decrease in other assets	4,218	2,912
(Decrease) increase in accounts payable	4,934	(7,863)
Increase in charitable remainder unitrust liability	3,545	(8,460)
(Decrease) in charitable gift annuity liability	(8,442)	(24,131)
Net cash provided by operating activities	(274,361)	386,773
CASH FLOWS FROM INVESTING ACTIVITIES:-		
Sale of investments	1,391,121	1,668,421
Purchases of investments	(1,511,838)	(3,064,312)
Proceeds of certificates of deposit	225,488	1,007,304
Net cash (provided) used by investing activities	104,771	(388,587)
Net change in cash and cash equivalents	(169,590)	(1,814)
Cash and cash equivalents - beginning of year	1,914,784	1,916,598
Cash and cash equivalents - end of year	\$ 1,745,194	\$ 1,914,784
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:-		
Cash paid for:		
Interest	\$ 0	\$ 0
Income taxes	\$ 0	\$ 0

See Accompanying Notes To the Financial Statements.

COMMUNITY FOUNDATION OF UNION COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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

Foundation

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 Foundations. 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 Foundations." 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, 2023 AND 2022

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, 2023 and 2022, 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 Foundation 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, 2023 and 2022.

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 2023 and 2022.

The following table reflects the Foundation’s financial assets as of December 31, 2023 and 2022 that are available to meet cash needs for operating expenditures within one year:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,745,194	\$ 1,914,784
Certificates of deposit	0	225,488
Investments	<u>17,490,995</u>	<u>15,631,279</u>
Total assets available	<u>\$ 19,236,189</u>	<u>\$ 17,771,551</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, 2023 AND 2022

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.

Leases

The Foundation determines if an arrangement is a lease at inception. Right of Use (ROU) assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. Material ROU assets and liabilities are recognized at the commencement date based on the present value of the lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Foundation has elected to recognize payments for short-term leases with a lease term of 12 months or less as an expense as incurred and these leases are not included as lease liabilities or right of use assets on the accompanying balance sheet.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Foundation has elected to use their average borrowing rate for computing the present value of the lease liabilities.

Recent Accounting Pronouncements

Allowance for Credit Losses

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Council that are subject to the guidance in FASB ASC 326 were trade accounts receivable.

The Foundation adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements.

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, 2023 AND 2022

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, 2023 and 2022.

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.

US Treasury Bills: Valued at the closing price reported on the active market on which the individual securities were 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.

COMMUNITY FOUNDATION OF UNION COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2023 and 2022:

Investments at fair value at December 31, 2023				
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
500 Index	\$ 2,822,945	\$ 0	\$ 0	\$ 2,822,945
Bonds	970,747	0	0	970,747
Alternatives	2,060,789	0	0	2,060,789
Global equity	2,418,506	0	0	2,418,506
Growth	850,761	0	0	850,761
Inflation	764,923	0	0	764,923
Inter-term	895,640	0	0	895,640
Mid cap	533,791	0	0	533,791
Real estate	529,583	0	0	529,583
Short-term	1,063,703	0	0	1,063,703
Small cap	997,945	0	0	997,945
International	1,747,892	0	0	1,747,892
Common Stock:				
U.S	124,192	568,201	0	692,393
Other	0	510,958	0	510,958
Treasury Bills	0	630,419	0	630,419
Total investments	\$ 15,781,417	\$ 1,709,578	\$ 0	\$ 17,490,995

Investments at fair value at December 31, 2022				
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
500 Index	\$ 2,489,265	\$ 0	\$ 0	\$ 2,489,265
Bonds	774,583	0	0	774,583
Alternatives	1,793,200	0	0	1,793,200
Global equity	2,212,007	0	0	2,212,007
Growth	821,964	0	0	821,964
Inflation	669,592	0	0	669,592
Inter-term	764,866	0	0	764,866
Mid cap	484,005	0	0	484,005
Real estate	453,860	0	0	453,860
Short-term	818,392	0	0	818,392
Small cap	890,795	0	0	890,795
International	1,671,859	0	0	1,671,859
Common Stock:				
U.S	138,765	544,587	0	683,352
Other	0	506,105	0	506,105
Treasury Bills	0	597,434	0	597,434
Total investments	\$ 13,983,153	\$ 1,648,126	\$ 0	\$ 15,631,279

COMMUNITY FOUNDATION OF UNION COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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 2023 and 2022, 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
	<u>Fair</u>	<u>Fair</u>
	<u>Market Value</u>	<u>Market Value</u>
Investments	\$ 17,445,699	\$ 15,588,832
Investments;-		
Charitable remainder trusts	<u>45,296</u>	<u>42,447</u>
	<u>\$ 17,490,995</u>	<u>\$ 15,631,279</u>

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, 2023 and 2022 totaled \$45,296 and \$42,447, 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 2023 and 2022. The present value of the estimated future payments at December 31, 2023 and 2022 was \$25,856 and \$22,311, respectively and was calculated using a discount rate of 5% to 5% and applicable mortality tables. During 2023 and 2022, there were no contributions to the charitable remainder trusts. Admin fees of \$695 and \$675 were charged to the CRUT and paid from the CRUT during 2023 and 2022, respectively.

NOTE 6 - CERTIFICATES OF DEPOSIT

Certificates of deposit as of December 31, 2023 and 2022 consisted of the following:

<u>Financial</u>	<u>Interest</u>	<u>2023</u>	<u>2022</u>
<u>Institution</u>	<u>Rate(s)</u>		
CF Bank, National Association	0.5% - 1.24%	\$ 0	\$ 225,488
Total Certificates of Deposit		<u>\$ 0</u>	<u>\$ 225,488</u>

COMMUNITY FOUNDATION OF UNION COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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 2023 and 2022 was \$12,000 and \$12,000, respectively. The Foundation did not capitalize this lease on the statement of financial position in accordance with ASC 842 as the amount was not significant to the overall financial statements.

The following is a schedule of future minimum lease payments required as of December 31, 2023:

2024	\$	12,000
2025		<u>2,000</u>
	\$	<u><u>14,000</u></u>

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, 2023 and 2022, payments on pledges and contribution receivables are expected to be received as follows:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 11,500	\$ 17,000
2 years to 5 years	<u>9,500</u>	<u>16,000</u>
Total pledges receivables	\$ <u><u>21,000</u></u>	\$ <u><u>33,000</u></u>

NOTE 9 - NET ASSETS WITHOUT DONOR RESTRICTION

Included in net assets without donor restrictions for the years ended December 31, 2023 and 2022 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.

<u>December 31,</u>	<u>2023</u>	<u>2022</u>
Undesignated	\$ 1,214,394	\$ 1,067,196
Board designated for Quasi-Endowment	2,700,148	2,471,166
Board designated for Donor Advised Funds	<u>15,203,315</u>	<u>14,119,112</u>
Total net assets without donor restrictions	\$ <u><u>19,117,857</u></u>	\$ <u><u>17,657,474</u></u>

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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Board designated for Quasi-Endowment net assets, beginning	\$ 2,471,166	\$ 2,903,935
Contributions and administrative fee income	50	4,580
Investment (loss) income	332,252	(321,215)
Amounts appropriated for expenditure	<u>(103,320)</u>	<u>(116,134)</u>
 Total board designated for Quasi-Endowment net assets, ending	 <u>\$ 2,700,148</u>	 <u>\$ 2,471,166</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 120 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 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose or period:		
Pledges receivable	\$ <u>21,000</u>	\$ <u>33,000</u>
Total subject to expenditures for specified purpose or period:	<u>21,000</u>	<u>33,000</u>
 Total net assets with donor restriction	 <u>\$ 21,000</u>	 <u>\$ 33,000</u>

During 2023 and 2022, \$32,000 and \$9,000, 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 11 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 17, 2024, the date which the financial statements were available to be issued.