

Consolidated Financial Statements

**STEUBEN COUNTY COMMUNITY FOUNDATION, INC. AND AFFILIATES**

*Years ended June 30, 2020 and 2019  
with Independent Auditor's Report*

Steuben County Community Foundation, Inc. and Affiliates

Consolidated Financial Statements

Years ended June 30, 2020 and 2019

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## Independent Auditor's Report

The Board of Directors  
Steuben County Community Foundation, Inc. and Affiliates

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Steuben County Community Foundation, Inc. (Foundation) and Affiliates, I-MAN, Inc. d/b/a Steuben County Fiber Network, Steuben County Community Foundation Building, LLC, and Steuben County Community Foundation Real Estate, LLC, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Basis for Qualified Opinion**

As more fully described in *Note 1* to the consolidated financial statements, the Foundation accepts assets from donors and agrees to use those assets on behalf of or transfer those assets, the related return on investment of those assets, or both, to another entity that is specified by the donor; however, the Foundation does not recognize the fair value of those assets and the related return on investment of those assets as a liability to the specified beneficiary. The Foundation records all assets received from donors as revenues and all transfers as grants. Accounting principles generally accepted in the United States of America require that these investments and return on investments be recorded as a liability. The effects on the accompanying consolidated financial statements of this departure from accounting principles have not been determined.

### **Qualified Opinion**

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Steuben County Community Foundation, Inc. and Affiliates, as of June 30, 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.

*Haines, Asenbarger & Skiba, LLC*

September 9, 2020

Steuben County Community Foundation, Inc. and Affiliates

Consolidated Statements of Financial Position

	June 30	
	2020	2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 986,618	\$ 365,475
Accounts receivable	54,047	44,181
Prepaid expenses and other	41,477	37,723
Total current assets	<u>1,082,142</u>	447,379
Investments	24,997,489	24,544,081
Land, building and equipment:		
Land	382,781	382,781
Building and improvements	466,990	466,990
Office furniture and equipment	268,773	268,773
Fiber optic network	4,672,842	4,672,842
	<u>5,791,386</u>	5,791,386
Less accumulated depreciation	2,128,713	1,879,625
	<u>3,662,673</u>	3,911,761
Other assets:		
Cash value of life insurance policies	462,427	441,737
Beneficial interest in trusts	892,829	616,117
Total assets	<u>\$ 31,097,560</u>	<u>\$ 29,961,075</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and other current liabilities	\$ 63,874	\$ 58,634
Current portion of grants and scholarships payable	177,200	235,759
Current portion of long-term debt	-	106,677
Current portion of deferred revenue	141,766	128,227
Current portion of capital lease obligation	1,553	1,424
Total current liabilities	<u>384,393</u>	530,721
Grants and scholarships payable, less current portion	105,000	70,000
Long-term debt, less current portion	-	33,278
Deferred revenue, less current portion	51,847	62,062
Capital lease obligation, less current portion	2,443	3,995
Total liabilities	<u>543,683</u>	700,056
Net assets:		
Without donor restrictions	3,848,135	3,513,494
With donor restrictions	26,705,742	25,747,525
Total net assets	<u>30,553,877</u>	29,261,019
Total liabilities and net assets	<u>\$ 31,097,560</u>	<u>\$ 29,961,075</u>

See accompanying notes to consolidated financial statements.

Steuben County Community Foundation, Inc. and Affiliates

Consolidated Statements of Activities and Changes in Net Assets

	Year ended June 30					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support, revenues and gains</b>						
Contributions and grants	\$ 61,876	\$ 1,247,231	\$ 1,309,107	\$ 66,399	\$ 1,494,245	\$ 1,560,644
Management fees	351,394	-	351,394	316,835	-	316,835
Program fees, net	634,801	-	634,801	637,624	-	637,624
Net investment return	10,388	1,023,474	1,033,862	2,000	1,660,302	1,662,302
Change in value of cash value of life insurance policies	3	18,396	18,399	-	17,309	17,309
Gain on beneficial interest in trusts	-	268,743	268,743	-	(69,829)	(69,829)
Total support, revenues and gains before net assets released from restrictions	1,058,462	2,557,844	3,616,306	1,022,858	3,102,027	4,124,885
Net assets released from restrictions	1,599,627	(1,599,627)	-	1,627,062	(1,627,062)	-
Total support, revenues and gains	2,658,089	958,217	3,616,306	2,649,920	1,474,965	4,124,885
<b>Expenses</b>						
Program services:						
Grants	1,024,600	-	1,024,600	1,302,771	-	1,302,771
Management fees	351,394	-	351,394	316,835	-	316,835
Other program	485,375	-	485,375	532,593	-	532,593
	1,861,369	-	1,861,369	2,152,199	-	2,152,199
Supporting services:						
Fundraising	51,380	-	51,380	58,311	-	58,311
Management and general	410,699	-	410,699	385,866	-	385,866
	462,079	-	462,079	444,177	-	444,177
Total expenses	2,323,448	-	2,323,448	2,596,376	-	2,596,376
Increase in net assets	334,641	958,217	1,292,858	112,983	1,474,965	1,587,948
Net asset transfers	-	-	-	(7,941)	7,941	-
Net assets at beginning of year	3,513,494	25,747,525	29,261,019	3,408,452	24,264,619	27,673,071
Net assets at end of year	\$ 3,848,135	\$ 26,705,742	\$ 30,553,877	\$ 3,513,494	\$ 25,747,525	\$ 29,261,019

See accompanying notes to consolidated financial statements.

Steuben County Community Foundation, Inc. and Affiliates

Consolidated Statements of Functional Expenses

	Year ended June 30							
	2020				2019			
	Program Services	Supporting Activities		Total Expenses	Program Services	Supporting Activities		Total Expenses
Management and General		Fund-raising	Management and General			Fund-raising		
Grants and scholarships awarded	\$ 1,024,600	\$ -	\$ -	\$ 1,024,600	\$ 1,302,771	\$ -	\$ -	\$ 1,302,771
Management fees	351,394	-	-	351,394	316,835	-	-	316,835
Personnel and related expenses:								
Salaries and wages	56,772	147,214	28,556	232,542	54,109	135,516	26,498	216,123
Payroll taxes	4,395	11,396	2,210	18,001	4,139	10,613	2,072	16,824
Employee benefits	1,520	4,549	644	6,713	1,191	3,282	644	5,117
	<u>62,687</u>	<u>163,159</u>	<u>31,410</u>	<u>257,256</u>	<u>59,439</u>	<u>149,411</u>	<u>29,214</u>	<u>238,064</u>
Administrative	4,966	1,444	-	6,410	4,966	-	-	4,966
Advertising and marketing	-	833	7,501	8,334	-	941	8,466	9,407
Community Involvement Program	8,000	-	-	8,000	-	-	-	-
Conferences and training	-	1,806	1,806	3,612	231	5,815	5,815	11,861
Depreciation	235,214	12,209	1,665	249,088	232,290	11,758	1,603	245,651
Development	-	1,413	3,298	4,711	-	2,428	5,668	8,096
Fiber network management fees	77,177	85,868	-	163,045	66,265	73,456	-	139,721
Information technology	-	8,168	888	9,056	-	8,921	971	9,892
Insurance	19,835	1,661	-	21,496	22,341	1,995	-	24,336
Interest	-	1,730	-	1,730	5,869	315	-	6,184
Membership dues and subscriptions	-	5,619	-	5,619	-	2,933	-	2,933
Miscellaneous	1,170	2,837	1,737	5,744	1,179	3,389	2,064	6,632
Network maintenance	37,827	-	-	37,827	39,839	-	-	39,839
Occupancy	-	20,291	2,255	22,546	-	19,989	2,221	22,210
Office	4,101	17,166	820	22,087	4,401	17,455	2,289	24,145
Pole lease	27,177	-	-	27,177	25,678	-	-	25,678
Professional fees	2,799	86,495	-	89,294	2,369	87,060	-	89,429
State income tax	4,422	-	-	4,422	8,287	-	-	8,287
Total expenses	<u>\$ 1,861,369</u>	<u>\$ 410,699</u>	<u>\$ 51,380</u>	<u>\$ 2,323,448</u>	<u>\$ 2,092,760</u>	<u>\$ 385,866</u>	<u>\$ 58,311</u>	<u>\$ 2,536,937</u>

See accompanying notes to consolidated financial statements.

Steuben County Community Foundation, Inc. and Affiliates

Consolidated Statements of Cash Flows

	<b>Year ended June 30</b>	
	<b>2020</b>	<b>2019</b>
<b>Operating activities</b>		
Increase in net assets	\$ 1,292,858	\$ 1,587,948
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Realized and unrealized gain on investments	(402,113)	(989,094)
Depreciation	249,088	245,651
(Gain) loss on beneficial interest in trusts	(276,712)	62,048
Changes in operating assets and liabilities:		
Accounts receivable	(9,866)	5,854
Prepaid expenses and other	(3,754)	(2,681)
Cash value of life insurance policies	(20,690)	(19,551)
Accounts payable and other current liabilities	5,240	(11,725)
Grants and scholarships payable	(23,559)	86,210
Deferred revenue	3,324	4,501
Net cash provided by operating activities	<b>813,816</b>	969,161
<b>Investing activities</b>		
Purchases of investments	(10,403,372)	(6,739,589)
Proceeds from sale and maturities of investments	10,352,077	6,033,641
Purchases of land, building and equipment	-	(90,751)
Net cash used in investing activities	<b>(51,295)</b>	(796,699)
<b>Financing activities</b>		
Payments of long-term debt	(139,955)	(174,396)
Payments of capital lease obligation	(1,423)	(833)
	<b>(141,378)</b>	(175,229)
Increase (decrease) in cash and cash equivalents	<b>621,143</b>	(2,767)
Cash and cash equivalents at beginning of year	<b>365,475</b>	368,242
Cash and cash equivalents at end of year	<b>\$ 986,618</b>	<b>\$ 365,475</b>
<b>Supplemental disclosure</b>		
Non-cash capital lease obligation for land, building and equipment	\$ -	\$ 5,123

See accompanying notes to consolidated financial statements.



# Steuben County Community Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements

June 30, 2020

### 1. Organization

The Steuben County Community Foundation, Inc. (Foundation) is a not-for-profit corporation organized pursuant to the laws of the state of Indiana. The Foundation was organized for the purpose of meeting the charitable needs of primarily Steuben County, Indiana. The Foundation supports new and existing programs of not-for-profit organizations for specific charitable purposes. The Foundation's support is derived principally from contributions received from private and public organizations or individuals.

The mission of the Foundation is:

*“connecting people who care with needs that matter to our community.”*

I-MAN, Inc., d/b/a Steuben County Fiber Network (SCFN) is a not-for-profit corporation organized under the laws of the state of Indiana. SCFN's mission is to develop and implement the mechanisms necessary for improving future generations' quality and standard of life in Steuben County and surrounding communities by the creation of digital real-estate that reaches education facilities, the community, businesses, the county, state and the world. SCFN is a supporting entity of the Foundation. Earnings from SCFN's operations are used to support endowments of the Foundation.

Steuben County Community Foundation Building, LLC (Building LLC) and Steuben County Community Foundation Real Estate, LLC (Real Estate LLC) were formed effective July 1, 2019. The Foundation is the sole member of both entities. The land and building in which the Foundation operates were transferred to the Building LLC during fiscal 2020. The Real Estate LLC will hold other real estate on a permanent or temporary basis.

The Foundation and SCFN are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions of state law. However, the Foundation and SCFN are subject to federal income tax on any unrelated business taxable income. Management believes the Foundation and SCFN are no longer subject to examination by tax authorities for years before June 30, 2017.

The Foundation and SCFN have entered into a Broadband Expansion Agreement, as amended as of May 15, 2014, whereby the Foundation provides staff and facilities for the operations of SCFN. An annual administrative fee is charged in the amount of \$20,000 payable quarterly in \$5,000 installments due on or before the last day of each calendar quarter.

# Steuben County Community Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements (continued)

### **1. Organization (continued)**

Pursuant to the Broadband Expansion Agreement between SCFN and the Foundation, SCFN borrowed \$410,000 from the Foundation during the year ended June 30, 2015, in addition to \$200,000 borrowed previously, for total borrowings of \$610,000 (Funds). In exchange for the use of the Funds, SCFN must pay 7 percent interest, due annually on or before June 30. Interest paid pursuant to this agreement was \$42,700 for the years ended June 30, 2020 and 2019, respectively.

### **2. Summary of Significant Accounting Policies**

#### **Principles of Consolidation**

The consolidated financial statements include the Foundation, SCFN, Building LLC and Real Estate LLC (collectively, Organization). Accounting principles generally accepted in the United States of America require consolidation of not-for-profit entities if one entity has both control and an economic interest in another entity. All significant inter-organization accounts and transactions have been eliminated in consolidation.

#### **Basis of Presentation**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

#### **Departure from Accounting Principles Generally Accepted in the United States of America**

The Foundation accepts assets from donors and agrees to use those assets on behalf of or transfer those assets, the related return on investment of those assets, or both, to another entity that is specified by the donor; however, the Foundation does not recognize the fair value of those assets as a liability to the specified beneficiary when the assets are received, and does not recognize an additional liability for any investment income earned on the related asset. Furthermore, the Foundation recognizes revenue and support for the fair value of the assets and investment income and reports expenses when the assets are transferred to the beneficiary.

# Steuben County Community Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements (continued)

### **2. Summary of Significant Accounting Policies (continued)**

#### **Cash and Cash Equivalents**

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents, except those short-term investments managed as part of long-term investment strategies. The Organization maintains cash accounts at local banks. From time to time during the year, the Organization's cash accounts exceeded federally insured limits due to the transfer of funds to pay for grants awarded.

#### **Accounts Receivable**

Accounts receivable are stated at the amount billed to SCFN customers. The Organization provides an allowance for doubtful accounts for estimated losses in the collections of accounts receivable, which is based upon an analysis of outstanding receivables, taking into consideration the age of past due accounts, an assessment of the customer's ability to pay and historical collection information. When specific accounts are deemed uncollectible, in whole or in part, such amounts are removed from the accounts, although collection efforts may continue. As of June 30, 2020 and 2019, no allowance for doubtful accounts was deemed necessary.

#### **Contributions and Pledges Receivable**

Contributions, including gifts, grants, bequests, pledges and other unconditional promises to give without restrictions or stipulations are recorded as support in the period received. Contributions are reported as donor restricted support if they are received with donor imposed stipulations that limit their use.

Conditional promises or pledges are recognized when the conditions on which they depend are substantially met.

Contributions of assets other than cash are recorded at their fair market value.

Unconditional promises or pledges are recorded at net realizable value. The Foundation provides an allowance for uncollectible pledges which is based on historical collection experience and management's estimate of the losses that will be incurred in the collection of all pledges receivable. As of June 30, 2020 and 2019, no allowance for uncollectible pledges was deemed necessary.

Steuben County Community Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Investments and Net Investment Return**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, the Foundation's investments are reported at their fair values in the statements of financial position. Net investment return (loss) is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See *Note 4* for discussion of fair value measurements.

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Net realized and unrealized investment gains or losses are determined by comparison of asset cost, using the specific identification method, to net proceeds received at the time of sale and changes in the difference between market values and cost, respectively.

The Foundation maintains a significant and diverse investment portfolio, without concentration of risk by type, industry or geographic area, which is managed by professional investment managers in compliance with the investment policy established by the Board of Directors. Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect account balances.

**Land, Building and Equipment**

Land, building and equipment are stated at cost or if donated, at fair value at the date of the donation, except for land, building and equipment that have been impaired. For impaired assets, the carrying amount is reduced to the estimated fair market value. There were no impaired assets at June 30, 2020 and 2019. Items which cost \$5,000 or more and have a useful life of one year or more are capitalized. Depreciation is computed by the straight-line method over the following estimated useful lives:

Building and improvements	39 years
Office furniture and equipment	3-7 years
Fiber optic network	20 years
Website	5 years

Steuben County Community Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Land, Building and Equipment (continued)**

Expenditures for normal repairs and maintenance are expensed when incurred.

**Net Assets**

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

*Net Assets Without Donor Restrictions*—Net assets available for general use and not subject to donor- (or certain grantor-) restrictions.

*Net Assets With Donor Restrictions*—Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both. Resources arising from the results of operations or assets set aside by the Board of Directors are not considered to be donor-restricted.

Net asset transfers occur when a donor approves a transfer of assets from one net asset classification to another and/or from one fund to another. The amount reported on the statements of activities is a net amount of all such transfers that occurred during the year.

**Program Fees and Deferred Revenue**

Monthly fees are charged for fiber optic services provided by SCFN. Fees are billed at the beginning of each quarter and recognized in the month in which services are provided. Deferred revenue represents amounts invoiced to customers for fiber optic services that have not yet been provided by SCFN. Customer connection fees are recognized at the time of completion (i.e. the customer is connected to the fiber optic network and is ready to begin receiving monthly service).

Steuben County Community Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Program Fees and Deferred Revenue (continued)**

The following table summarizes the fees charged for these services:

	<b>Year ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Program fees, net:		
Monthly service fees	<b>\$ 635,960</b>	\$ 627,095
Customer connection fees to customer facility	<b>150,594</b>	78,030
Cost of customer connections	<b>(151,753)</b>	(67,501)
	<b><u>\$ 634,801</u></b>	<b><u>\$ 637,624</u></b>

**Grants and Scholarships**

Grants and scholarships are considered incurred and recorded as payable upon their approval by the Board of Directors and communication to designated grantees. Grants payable in more than one year are initially recognized at fair value using present value methods at the time the grants are made.

**Use of Estimates**

Preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

**Functional Expenses**

The cost of providing the program and other activities has been summarized on a functional basis in the accompanying statements of activities and changes in net assets. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional fees, office expenses, information technology, interest, insurance and other expenses, which are allocated on the basis of estimates of time and effort.

# Steuben County Community Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements (continued)

### 2. Summary of Significant Accounting Policies (continued)

#### Reclassification

Certain amounts as of and for the year ended June 30, 2019 have been reclassified to conform with the presentation as of and for the year ended June 30, 2020.

#### Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Consumers*, to clarify the principles for recognizing revenue and to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards. The core principle of the new guidance is that any entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is now effective for annual reporting periods beginning after December 15, 2019, including interim periods within that reporting period. Early adoption is not permitted. The Foundation is evaluating the guidance in ASU 2014-09 and the impact that the adoption of this update will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the Foundation's June 30, 2021 financial statements. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Foundation is currently evaluating the effect of the pending adoption of the new standard on the financial statements.

#### Newly Adopted Accounting Standard

In June 2018, the FASB issued Accounting Standards Update (ASU) 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. The guidance clarifies how entities determine whether to account for a

# Steuben County Community Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements (continued)

### **2. Summary of Significant Accounting Policies (continued)**

#### **Newly Adopted Accounting Standard (continued)**

transfer of assets (or a reduction, settlement or cancellation of a liability) as an exchange transaction or a contribution. The new guidance also clarifies that a contribution is conditional if the agreement includes both a barrier (or barriers) that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. ASU 2018-08 applies to resource providers and resource recipients. The Foundation adopted the standard effective July 1, 2019 with no impact on the financial statements.

### **3. Liquidity and Availability**

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. Annual program funding needs are supported by contributions received without donor restrictions, investment income without donor restrictions and appropriated earnings from gifts with donor restrictions. SCFN receives connection and monthly fees which are available to support its operating expenses.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative, general and fundraising expenses. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles: operating within a prudent range of financial soundness and stability; maintaining liquid assets; and maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.



# Steuben County Community Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements (continued)

### 3. Liquidity and Availability (continued)

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year from the statement of financial position date, comprise the following:

	Year ended June 30	
	2020	2019
Cash and cash equivalents	\$ 986,618	\$ 365,475
Accounts receivable	54,047	44,181
Investments available for general expenditures	397,347	443,364
	<u>\$ 1,438,012</u>	<u>\$ 853,020</u>

In addition to these funds available for general expenditures, the Foundation's Board of Directors has chosen to charge an administrative fee to all funds pursuant to the fund agreement. Certain administrative fees are based on a percentage of the fund balance and are assessed quarterly or annually. Other administrative fees are based on a percentage of annual contributions to the fund. Estimated administrative fees available for general expenditures during the year ended June 30, 2021 are \$320,000.

The Foundation's Grant Advisory Committee meets periodically to review and recommend grant requests for approval by the Board of Directors. The Foundation has adopted investment and spending policies for endowment assets that attempt to provide sufficient liquidity for grantmaking and other purposes.

### 4. Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value which 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 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.

Steuben County Community Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

**4. Fair Value Measurements (continued)**

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;

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 June 30, 2020 and 2019.

*Money market funds:* Valued at quoted market prices in an exchange and active market, which represent the net asset values (NAV) of shares held by the Foundation at year-end.

*Certificates of deposit:* Recorded at cost plus accrued interest (carrying value), which approximates fair value.

*United States Treasury and government agency obligations, corporate bond and other debt securities and preferred stock:* Valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar obligations or bonds, the obligation or bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

*Mutual funds:* Valued at the daily closing price. Mutual funds held by the Foundation are open-end funds that are registered with the Securities and Exchange Commission. The mutual funds held by the Foundation are deemed to be actively traded.

Steuben County Community Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

**4. Fair Value Measurements (continued)**

*Common stock:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Limited partnership:* Valued based on periodic financial information received from the investment advisor and/or managing member and the Foundation's percentage ownership in the alternative investment entity. The limited partnership is a public investment vehicle, valued using the NAV provided by the managing member of the limited partnership, that focus on accumulating earnings while maintaining the appropriate level of diversified risk. The NAV is based on the value of the underlying assets owned by the partnership, minus its liabilities and then divided by the number of shares outstanding.

*Cash value of life insurance policies:* Valued at the redemption value as determined by the insurance carrier at year-end.

*Beneficial interest in trusts:* Valued at its proportional interest in the underlying trust assets which are valued at the fair value. The remainder interest in real estate is valued based on the fair value of the real estate times a remainder interest factor, based on mortality tables.

The methods described above may produce a fair value calculation 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.

Steuben County Community Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

**4. Fair Value Measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2020 and 2019:

	Assets at Fair Value at June 30, 2020			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 475,322	\$ -	\$ -	\$ 475,322
Certificates of deposit	-	203,971	-	203,971
U.S. Government securities	-	2,761,171	-	2,761,171
Corporate bonds and other debt securities	-	2,079,418	-	2,079,418
Preferred stock	-	18,468	-	18,468
Mutual funds:				
Income	3,319,660	-	-	3,319,660
Aggressive income	426,488	-	-	426,488
Growth and income	4,905,911	-	-	4,905,911
Growth	878,678	-	-	878,678
Aggressive growth	412,987	-	-	412,987
International funds	241,481	-	-	241,481
Total mutual funds	10,185,205	-	-	10,185,205
Common stock:				
Domestic stock:				
Healthcare	1,218,180	-	-	1,218,180
Financial services	922,781	-	-	922,781
Energy	153,471	-	-	153,471
Utilities	243,775	-	-	243,775
Consumer goods	761,172	-	-	761,172
Industrial and material	1,069,224	-	-	1,069,224
Technology	2,010,266	-	-	2,010,266
Communication services	606,380	-	-	606,380
Consumer discretionary	943,754	-	-	943,754
Real estate	381,092	-	-	381,092
Diversified and other	66,294	-	-	66,294
Total domestic stock	8,376,389	-	-	8,376,389

Steuben County Community Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

4. Fair Value Measurements (continued)

	Assets at Fair Value at June 30, 2020 (continued)			
	Level 1	Level 2	Level 3	Total
Foreign stock:				
Healthcare	\$ 34,868	\$ -	\$ -	\$ 34,868
Financial services	63,173	-	-	63,173
Energy	7,794	-	-	7,794
Utilities	26,869	-	-	26,869
Consumer goods	30,520	-	-	30,520
Industrial and material	108,296	-	-	108,296
Technology	48,692	-	-	48,692
Communication services	47,174	-	-	47,174
Consumer discretionary	38,889	-	-	38,889
Real estate	3,938	-	-	3,938
Total foreign stock	410,213	-	-	410,213
Total common stock	8,786,602	-	-	8,786,602
	19,447,129	5,063,028	-	24,510,157
Cash value of life insurance policies	-	462,427	-	462,427
Beneficial interest in trusts	-	-	892,829	892,829
Total other assets at fair value	-	462,427	892,829	1,355,256
Assets in the fair value hierarchy	\$ 19,447,129	\$ 5,525,455	\$ 892,829	25,865,413
Limited partnership valued at NAV				487,332
Total assets at fair value				\$ 26,352,745

Steuben County Community Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

**4. Fair Value Measurements (continued)**

	Assets at Fair Value at June 30, 2019			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 639,937	\$ -	\$ -	\$ 639,937
Certificates of deposit	-	218,315	-	218,315
U.S. Government securities	-	2,904,764	-	2,904,764
Corporate bonds and other debt securities	-	2,258,528	-	2,258,528
Preferred stock	-	31,595	-	31,595
Mutual funds:				
Income	2,825,662	-	-	2,825,662
Aggressive income	537,782	-	-	537,782
Growth and income	4,734,391	-	-	4,734,391
Growth	782,006	-	-	782,006
Aggressive growth	412,233	-	-	412,233
International funds	238,125	-	-	238,125
Total mutual funds	9,530,199	-	-	9,530,199
Common stock:				
Domestic stock:				
Healthcare	1,021,094	-	-	1,021,094
Financial services	1,363,800	-	-	1,363,800
Energy	376,062	-	-	376,062
Utilities	255,885	-	-	255,885
Consumer goods	733,774	-	-	733,774
Industrial and material	1,080,403	-	-	1,080,403
Technology	1,298,570	-	-	1,298,570
Communication services	497,021	-	-	497,021
Consumer discretionary	716,122	-	-	716,122
Real estate	327,700	-	-	327,700
Diversified and other	91,799	-	-	91,799
Total domestic stock	7,762,230	-	-	7,762,230

Steuben County Community Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

4. Fair Value Measurements (continued)

	Assets at Fair Value at June 30, 2019 (continued)			
	Level 1	Level 2	Level 3	Total
Foreign stock:				
Healthcare	\$ 58,504	\$ -	\$ -	\$ 58,504
Financial services	130,188	-	-	130,188
Energy	31,681	-	-	31,681
Utilities	20,487	-	-	20,487
Consumer goods	38,387	-	-	38,387
Industrial and material	126,127	-	-	126,127
Technology	43,192	-	-	43,192
Communication services	51,323	-	-	51,323
Consumer discretionary	54,860	-	-	54,860
Real estate	8,184	-	-	8,184
Total foreign stock	562,933	-	-	562,933
Total common stock	8,325,163	-	-	8,325,163
	18,495,299	5,413,202	-	23,908,501
Cash value of life insurance policies	-	441,737	-	441,737
Beneficial interest in trusts	-	-	616,117	616,117
Total other assets at fair value	-	441,737	616,117	1,057,854
Assets in the fair value hierarchy	\$ 18,495,299	\$ 5,854,939	\$ 616,117	24,966,335
Limited partnership valued at NAV				635,580
Total assets at fair value				\$ 25,601,935

Steuben County Community Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

**4. Fair Value Measurements (continued)**

The changes in assets classified as Level 3 are as follows:

	<b>Remainder Value of Life Estate</b>	<b>Charitable Remainder Trust</b>	<b>Total</b>
<b>Year ended June 30, 2020</b>			
Balance at beginning of year	\$ 358,848	\$ 257,269	\$ 616,117
Actual return on assets—net unrealized gain (loss) relating to assets still held at year-end	<u>282,596</u>	<u>(5,884)</u>	<u>276,712</u>
Balance at end of year	<u>\$ 641,444</u>	<u>\$ 251,385</u>	<u>\$ 892,829</u>

	<b>Remainder Value of Life Estate</b>	<b>Charitable Remainder Trust</b>	<b>Total</b>
<b>Year ended June 30, 2019</b>			
Balance at beginning of year	\$ 422,970	\$ 255,195	\$ 678,165
Actual return on assets—net unrealized gain (loss) relating to assets still held at year-end	<u>(64,122)</u>	<u>2,074</u>	<u>(62,048)</u>
Balance at end of year	<u>\$ 358,848</u>	<u>\$ 257,269</u>	<u>\$ 616,117</u>

**5. Beneficial Interest in Trusts**

The Foundation was bequeathed a remainder interest in real estate located in Steuben County, Indiana, and has been named the beneficiary of a charitable remainder trust that is held by a third-party trustee.

The real estate interest, received in 1999, was valued at fair value at the date the gift was received multiplied by the remainder interest factor, based on mortality tables. The fair value is revalued annually and was \$641,444 and \$358,848 at June 30, 2020 and 2019, respectively.

The charitable remainder trust, held by a third-party trustee, is valued at the fair value of the underlying assets and is adjusted annually for changes in the fair value. The fair value of the charitable remainder trust as of June 30, 2020 and 2019 was \$251,385 and \$257,269, respectively.



Steuben County Community Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

**6. Grants and Scholarships Payable**

The following summarizes the changes in grants and scholarships payable:

	<b>Year ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Grants and scholarships payable at beginning of year	\$ 305,759	\$ 219,549
Unconditional grants and scholarships expensed	1,024,600	1,310,227
Less payments made	1,048,159	1,224,017
Grants and scholarships payable at end of year	<u>\$ 282,200</u>	<u>\$ 305,759</u>

Grants and scholarships payable at June 30, 2020 are scheduled to be disbursed as follows:

2021	\$ 177,200
2022	47,000
2023	33,000
2024	25,000
	<u>\$ 282,200</u>

**7. Charitable Gift Annuity Payable**

The Foundation has entered into two charitable gift annuities in which the donors contribute assets to the Foundation in exchange for the right to receive a fixed dollar annual return during his/her lifetime or, for joint annuitants, the lifetime of the donor's spouse, whichever is longer. The fair value of the assets contributed over the present value of the liability for future payments has been recognized as a contribution at the date of the gift. Annually, the Foundation revalues the liability based on applicable mortality tables and discount rate. The discount rate at June 30, 2020 and 2019 was 0.6 percent and 3.4 percent, respectively. The charitable gift annuity payable was \$32,141 and \$25,922 at June 30, 2020 and 2019, respectively, and is included in accounts payable and other current liabilities in the consolidated statements of financial position.

**8. Debt Arrangements**

Pursuant to debt agreements, SCFN paid monthly principal and interest installments of \$15,022 on various notes payable for the purchase of fiber optic cable deployed to cellular towers. The notes payable bore interest at a fixed rate of 2.5 percent and were paid in full during the year ended June 30, 2020.

## Steuben County Community Foundation, Inc. and Affiliates

### Notes to Consolidated Financial Statements (continued)

#### 8. Debt Arrangements (continued)

Interest paid was \$1,289 and \$5,869 for the years ended June 30, 2020 and 2019, respectively.

#### 9. Lease

The Foundation leases certain office equipment pursuant to a capital lease arrangement that expires in 2023. Assets recorded pursuant to capital lease agreement included in property and equipment consisted of the following:

	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
Office furniture and equipment	\$ 5,123	\$ 5,123
Less allowance for depreciation	<u>1,537</u>	<u>512</u>
	<u>\$ 3,586</u>	<u>\$ 4,611</u>

The Foundation recorded amortization expense of \$1,025 and \$512 for the years ended June 30, 2020 and 2019, respectively. Such amortization is included in depreciation expense for financial reporting purposes.

Future minimum lease payments as of June 30, 2020 pursuant to the capital lease are as follows:

2021	\$ 1,839
2022	1,839
2023	<u>766</u>
Total minimum payments	4,444
Amount representing interest	<u>448</u>
Capital lease obligation	3,996
Less current portion	<u>1,553</u>
	<u>\$ 2,443</u>

## Steuben County Community Foundation, Inc. and Affiliates

### Notes to Consolidated Financial Statements (continued)

#### 10. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	June 30	
	2020	2019
Subject to expenditure for specific purpose:		
Specific organization fund	\$ 2,919,220	\$ 2,918,927
General funds	1,151,655	1,096,746
Operating funds	776,403	850,011
Scholarships	1,156,984	1,161,801
	<u>6,004,262</u>	<u>6,027,485</u>
Restricted in perpetuity:		
Specific organization funds	8,182,629	7,860,240
General funds	5,966,451	5,862,193
Operating funds	1,801,510	1,772,284
Scholarships	4,750,890	4,225,323
	<u>20,701,480</u>	<u>19,720,040</u>
	<u>\$ 26,705,742</u>	<u>\$ 25,747,525</u>

Income from the general endowment funds is to be used for programs benefiting Steuben County residents.

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donor or by the occurrence of the passage of time were \$1,583,839 during the year ended June 30, 2020 and \$1,627,062 during the year ended June 30, 2019.

#### 11. Endowment Funds

ASC 958, *Not-for-Profit Entities*, requires certain net asset classifications for institutional endowment funds under Uniform Prudent Management of Institutional Funds Act (UPMIFA). Effective July 1, 2007, the Indiana General Assembly adopted UPMIFA.

The Foundation's endowment consists of approximately 160 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

# Steuben County Community Foundation, Inc. and Affiliates

## Notes to Consolidated Financial Statements (continued)

### 11. Endowment Funds (continued)

#### Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure 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:

- The duration and preservation of the fund.
- The purposes of the Foundation and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation (depreciation) of investments.
- Other resources of the Foundation.
- The investment policies of the Foundation.

#### Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that compare favorably with the performance of publicly traded market indices, including the S&P 500 or other recognized indices. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 7 percent annually. Actual returns in any given year may vary from this amount.

Steuben County Community Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

**11. Endowment Funds (continued)**

**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). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Foundation has a policy of appropriating for distribution each year a percentage of its endowment funds' average fair value over the preceding sixteen calendar quarters of the fiscal year in which the distribution is planned, limited to accumulated earnings. The current appropriation percentage is 4 percent. In establishing the policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of June 30, 2020, is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-advised and agency endowment funds	\$ -	\$ 16,436,867	\$ 16,436,867
Board-advised endowment funds	-	9,337,890	9,337,890
Total funds	\$ -	\$ 25,774,757	\$ 25,774,757

Steuben County Community Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

**11. Endowment Funds (continued)**

Changes in endowment net assets for the year ended June 30, 2020, is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets at beginning of year	\$ -	\$ 24,789,816	\$ 24,789,816
Investment income:			
Net investment return	-	1,034,254	1,034,254
Other changes:			
Contributions and grants	-	792,532	792,532
Change in cash value of life insurance	-	18,334	18,334
Change in value of beneficial interests in trusts	-	268,743	268,743
Donor directed intrafund transfers		(186,431)	(186,431)
Appropriation for expenditure	-	(942,491)	(942,491)
Endowment net assets at end of year	<u>\$ -</u>	<u>\$ 25,774,757</u>	<u>\$ 25,774,757</u>

Endowment net asset composition by type of fund as of June 30, 2019, is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-advised and agency endowment funds	\$ -	\$ 15,507,449	\$ 15,507,449
Board-advised endowment funds	-	9,282,367	9,282,367
Total funds	<u>\$ -</u>	<u>\$ 24,789,816</u>	<u>\$ 24,789,816</u>

Steuben County Community Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements (continued)

**11. Endowment Funds (continued)**

Changes in endowment net assets for the year ended June 30, 2019, is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets at beginning of year	\$ -	\$ 23,031,209	\$ 23,031,209
Investment income:			
Net investment return	-	1,609,396	1,609,396
Other changes:			
Contributions and grants	-	1,232,748	1,232,748
Change in cash value of life insurance	-	(5,707)	(5,707)
Change in value of beneficial interests in trusts	-	(64,122)	(64,122)
Donor directed intrafund transfers	-	41,304	41,304
Appropriation for expenditure	-	(1,055,012)	(1,055,012)
Endowment net assets at end of year	<u>\$ -</u>	<u>\$ 24,789,816</u>	<u>\$ 24,789,816</u>

**12. Management Fees**

The Foundation assesses an administrative charge of 0.75 percent to 3 percent of the average asset balance on endowment funds and 2 percent to 5 percent on pass-through funds. This amount is used primarily to support the operations of the Foundation. The amount assessed is computed quarterly based on the funds' market value at the end of March, June, September and December. For the years ended June 30, 2020 and 2019, these fees were \$351,394 and \$316,835, respectively.

**13. Subsequent Events**

Management has evaluated subsequent events through September 9, 2020, the date on which the financial statements were available to be issued.