

**COMMUNITY FOUNDATION OF BLOOMINGTON
AND MONROE COUNTY, INC. AND AFFILIATE**

CONSOLIDATED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

JUNE 30, 2022 AND 2021

CPAs / ADVISORS



**COMMUNITY FOUNDATION OF BLOOMINGTON AND
MONROE COUNTY, INC. AND AFFILIATE**

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Community Foundation of Bloomington and Monroe County, Inc. and Affiliate
Bloomington, Indiana

We have audited the accompanying consolidated financial statements of Community Foundation of Bloomington and Monroe County, Inc. (the "Foundation"), a nonprofit organization, and affiliate, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation and its affiliate as of June 30, 2022 and 2021, and the changes in their net assets and their 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 Consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated 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 consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated 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 consolidated 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 consolidated 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and the consolidating statement of activities are presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual organizations and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to

the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Blue & Co., LLC

Seymour, Indiana

October 24, 2022

**COMMUNITY FOUNDATION OF BLOOMINGTON AND
MONROE COUNTY, INC. AND AFFILIATE**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS		
	2022	2021
Cash and cash equivalents	\$ 3,786,698	\$ 3,134,762
Investments	47,124,054	55,645,213
Grant receivable	-0-	100,000
Other current assets	35,475	43,950
Property and equipment, net	22,997	32,284
Undeveloped real estate held for preservation	1,446,044	1,446,044
	\$ 52,415,268	\$ 60,402,253

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 152,490	\$ 239,953
Grants payable	35,000	-0-
Gift annuities payable	40,210	158,471
Custodial funds	5,568,845	5,730,531
Total liabilities	5,796,545	6,128,955

Net assets

Without donor restrictions:		
Operating	3,251,254	3,470,388
Administrative endowment	1,587,586	1,885,415
	4,838,840	5,355,803
With donor restrictions		
Restricted for specified purposes	10,891,352	13,966,314
Endowment funds	30,888,531	34,951,181
	41,779,883	48,917,495
Total net assets	46,618,723	54,273,298
	\$ 52,415,268	\$ 60,402,253

See accompanying notes to consolidated financial statements.

**COMMUNITY FOUNDATION OF BLOOMINGTON AND
MONROE COUNTY, INC. AND AFFILIATE**

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenues				
Contributions	\$ 22,776	\$ 2,684,931	\$ 2,707,707	\$ 2,363,796
Investment return, net	(430,452)	(3,983,355)	(4,413,807)	10,903,386
Administrative fee income	815,703	-0-	815,703	678,919
Change in value of split interest agreements	-0-	108,649	108,649	(18,718)
Net assets released from restrictions	5,947,837	(5,947,837)	-0-	-0-
Total support and revenues	<u>6,355,864</u>	<u>(7,137,612)</u>	<u>(781,748)</u>	<u>13,927,383</u>
Expenses				
Program services	5,895,914	-0-	5,895,914	5,784,415
Management and general	682,791	-0-	682,791	498,466
Fundraising and development	294,122	-0-	294,122	331,801
Total expenses	<u>6,872,827</u>	<u>-0-</u>	<u>6,872,827</u>	<u>6,614,682</u>
Change in net assets	(516,963)	(7,137,612)	(7,654,575)	7,312,701
Net assets, beginning of year	<u>5,355,803</u>	<u>48,917,495</u>	<u>54,273,298</u>	<u>46,960,597</u>
Net assets, end of year	<u>\$ 4,838,840</u>	<u>\$ 41,779,883</u>	<u>\$ 46,618,723</u>	<u>\$ 54,273,298</u>

See accompanying notes to consolidated financial statements.

**COMMUNITY FOUNDATION OF BLOOMINGTON AND
MONROE COUNTY, INC. AND AFFILIATE**

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions	\$ 142,379	\$ 2,221,417	\$ 2,363,796
Investment return, net	1,107,767	9,795,619	10,903,386
Administrative fee income	678,919	-0-	678,919
Change in value of split interest agreements	-0-	(18,718)	(18,718)
Net assets released from restrictions	<u>5,785,037</u>	<u>(5,785,037)</u>	<u>-0-</u>
Total support and revenues	7,714,102	6,213,281	13,927,383
Expenses			
Program services	5,784,415	-0-	5,784,415
Management and general	498,466	-0-	498,466
Fundraising and development	<u>331,801</u>	<u>-0-</u>	<u>331,801</u>
Total expenses	<u>6,614,682</u>	<u>-0-</u>	<u>6,614,682</u>
Change in net assets	1,099,420	6,213,281	7,312,701
Net assets, beginning of year	<u>4,256,383</u>	<u>42,704,214</u>	<u>46,960,597</u>
Net assets, end of year	<u>\$ 5,355,803</u>	<u>\$ 48,917,495</u>	<u>\$ 54,273,298</u>

See accompanying notes to consolidated financial statements.

COMMUNITY FOUNDATION OF BLOOMINGTON AND MONROE COUNTY, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
 YEAR ENDED JUNE 30, 2022
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	2022							2021
	Program Services				Management and General	Fundraising and Development	Total	Total
	Grantmaking	ROI - Education and Workforce	ROI - Regional Opportunity Fund	Total				
Grants	\$ 1,698,007	\$ -0-	\$ -0-	\$ 1,698,007	\$ -0-	\$ -0-	\$ 1,698,007	\$ 1,490,223
Programs	453,198	1,214,910	954,572	2,622,680	-0-	-0-	2,622,680	2,901,005
Salaries and wages	222,868	265,752	145,531	634,151	425,073	192,597	1,251,821	1,155,607
Employee benefits	9,366	14,059	7,699	31,124	19,928	8,438	59,490	52,871
Administrative fees	732,057	-0-	-0-	732,057	-0-	-0-	732,057	616,809
Printing and postage	3,079	-0-	-0-	3,079	2,355	3,622	9,056	10,772
Professional fees	2,245	5,563	9,653	17,461	55,016	-0-	72,477	70,785
Payroll taxes	17,049	17,510	9,589	44,148	30,503	14,398	89,049	83,802
Donor development	-0-	-0-	-0-	-0-	-0-	15,612	15,612	12,601
Software	-0-	-0-	-0-	-0-	24,987	8,329	33,316	21,252
Depreciation	5,025	946	2,432	8,403	3,843	5,911	18,157	14,905
Rent	12,187	10,139	10,139	32,465	20,113	15,973	68,551	63,164
Telephone	1,523	-0-	-0-	1,523	1,165	1,791	4,479	4,766
Insurance	3,598	-0-	-0-	3,598	2,751	4,232	10,581	10,020
Repairs and maintenance	6,850	-0-	-0-	6,850	5,238	8,058	20,146	24,886
Office supplies	7,187	2,224	2,224	11,635	7,863	8,815	28,313	22,579
Travel and entertainment	4,522	5,704	-0-	10,226	-0-	300	10,526	2,527
Professional development	1,120	-0-	-0-	1,120	-0-	-0-	1,120	438
Meetings	2,777	9,569	504	12,850	-0-	2,776	15,626	14,175
Dues and subscriptions	2,779	845	455	4,079	2,125	3,269	9,473	9,229
Miscellaneous	1,020	9,719	9,719	20,458	81,831	1	102,290	32,266
Total expenses	\$ 3,186,457	\$ 1,556,940	\$ 1,152,517	\$ 5,895,914	\$ 682,791	\$ 294,122	\$ 6,872,827	\$ 6,614,682

See accompanying notes to consolidated financial statements.

COMMUNITY FOUNDATION OF BLOOMINGTON AND MONROE COUNTY, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services				Management and General	Fundraising and Development	Total
	Grantmaking	ROI - Education and Workforce	ROI - Regional Opportunity Fund	Total			
Grants	\$ 1,490,223	\$ -0-	\$ -0-	\$ 1,490,223	\$ -0-	\$ -0-	\$ 1,490,223
Programs	48,249	1,597,543	1,255,213	2,901,005	-0-	-0-	2,901,005
Salaries and wages	174,120	220,133	171,215	565,468	369,121	221,018	1,155,607
Employee benefits	8,912	9,007	7,006	24,925	16,947	10,999	52,871
Administrative fees	616,809	-0-	-0-	616,809	-0-	-0-	616,809
Printing and postage	3,662	-0-	-0-	3,662	2,801	4,309	10,772
Professional fees	11,839	12,228	21,219	45,286	11,570	13,929	70,785
Payroll taxes	13,812	14,630	11,379	39,821	26,842	17,139	83,802
Donor development	-0-	-0-	-0-	-0-	-0-	12,601	12,601
Software	7,226	-0-	-0-	7,226	5,526	8,500	21,252
Depreciation	3,579	1,226	3,152	7,957	2,737	4,211	14,905
Rent	10,808	9,726	9,726	30,260	18,619	14,285	63,164
Telephone	1,620	-0-	-0-	1,620	1,239	1,907	4,766
Insurance	3,407	-0-	-0-	3,407	2,605	4,008	10,020
Repairs and maintenance	8,461	-0-	-0-	8,461	6,470	9,955	24,886
Office supplies	4,451	2,941	2,941	10,333	6,535	5,711	22,579
Travel and entertainment	108	2,298	-0-	2,406	-0-	121	2,527
Professional development	438	-0-	-0-	438	-0-	-0-	438
Meetings	583	12,359	650	13,592	-0-	583	14,175
Dues and subscriptions	2,147	1,895	1,020	5,062	1,642	2,525	9,229
Miscellaneous	130	3,162	3,162	6,454	25,812	-0-	32,266
Total expenses	<u>\$ 2,410,584</u>	<u>\$ 1,887,148</u>	<u>\$ 1,486,683</u>	<u>\$ 5,784,415</u>	<u>\$ 498,466</u>	<u>\$ 331,801</u>	<u>\$ 6,614,682</u>

See accompanying notes to consolidated financial statements.

**COMMUNITY FOUNDATION OF BLOOMINGTON AND
MONROE COUNTY, INC. AND AFFILIATE**

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Operating activities		
Change in net assets	\$ (7,654,575)	\$ 7,312,701
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	18,157	14,905
Reinvested interest and dividends received on investments	(1,586,329)	(1,065,498)
Realized and unrealized losses (gains) on investments	6,384,709	(11,186,225)
Contributions restricted to endowment funds	(1,687,411)	(752,791)
Change in value of split interest agreement	(108,649)	18,718
Changes in assets and liabilities:		
Pledges receivable	100,000	(100,000)
Other current assets	8,475	63,985
Accounts payable and accrued expenses	(87,463)	90,431
Grants payable	35,000	-0-
Custodial funds	(161,686)	1,457,812
Net cash flows from operating activities	(4,739,772)	(4,145,962)
Investing activities		
Proceeds on sales of investments	15,999,543	13,052,531
Purchases of investments	(12,276,764)	(10,002,882)
Purchases of property and equipment	(8,870)	(12,800)
Net cash flows from investing activities	3,713,909	3,036,849
Financing activities		
Contributions restricted to endowment funds	1,687,411	752,791
Gift annuity payments	(9,612)	(24,824)
Net cash flows from financing activities	1,677,799	727,967
Net change in cash and cash equivalents	651,936	(381,146)
Cash and cash equivalents, beginning of year	<u>3,134,762</u>	<u>3,515,908</u>
Cash and cash equivalents, end of year	<u>\$ 3,786,698</u>	<u>\$ 3,134,762</u>

See accompanying notes to consolidated financial statements.

COMMUNITY FOUNDATION OF BLOOMINGTON AND MONROE COUNTY, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Community Foundation of Bloomington and Monroe County, Inc. ("CFBMC") is a not-for-profit organization. It operates as a public charity, soliciting contributions from businesses and individuals in Bloomington, Monroe County, and surrounding areas. CFBMC's purpose is to improve, enhance, and nurture the quality of life in Bloomington and the surrounding communities of Monroe County. CFBMC accepts gifts for distributions or to create charitable funds, distributes funds, and facilitates the community's philanthropic activities. Income from the various funds is used to fund community activities.

Regional Opportunity Initiatives, Inc. ("ROI") is a not-for-profit organization and a supporting organization of CFBMC. ROI was established in August 2015 to advance economic and community prosperity in Indiana Uplands and was initially funded by a \$26 million grant from Lilly Endowment. ROI is in the process of implementing an education and workforce plan and a regional opportunity fund for quality-of-place investments in an 11-county area.

Consolidation policy

The accounts of ROI are consolidated with the accounts of CFBMC as a result of common control and economic interest. All inter-entity transactions have been eliminated in the consolidation. The consolidated operations of the organizations are hereinafter collectively referred to as the "Foundation."

Management's Estimates

Management uses estimates and assumptions in preparing consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported support, revenues and expenses. Actual results could vary from the estimates that were used.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis, and have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Foundation are classified and reported as follows:

Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board of directors ("Board") or designated by the Board for specific use. The Foundation maintains net assets without donor restrictions as follows:

Operating – used to fund current operations of the Foundation

**COMMUNITY FOUNDATION OF BLOOMINGTON AND
MONROE COUNTY, INC. AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Administrative endowment – established with the expectation that the principal be maintained in perpetuity to generate grants, subject to the spending policy, used to support the general operations of the Foundation as designated by the Board

Net assets with donor restrictions: Net assets subject to donor stipulations for specific purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term to support operations or specific purposes. The Foundation maintains net assets with donor restrictions as follows:

Restricted for specified purpose – all contributions to the Foundation with the intention of the donor to be held for a specific program or in a donor-restricted non-endowed fund

Endowment funds – all contributions to CFBMC with the intention of the donor that the assets be held in perpetuity and related investment earnings managed in accordance with CFBMC's spending policy

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of bank accounts and money market investments and exclude amounts held by the Foundation's fund managers that are included in investments.

Investments and Investment Return

The Foundation carries its investments, except for loan receivables which are at net realizable value, at fair value for financial reporting purposes. Changes in unrealized appreciation or depreciation of investments are reflected in the Consolidated Statements of Activities in the period in which such changes occur.

Interest and dividend income and net unrealized and realized gains and losses on investments are recognized as net assets with or without donor restrictions based upon the existence or absence of donor-imposed restrictions or the related fund classification in accordance with the Foundation's spending policy.

Property and Equipment

Property and equipment, including expenditures that substantially increase the useful lives of existing assets, are recorded at cost except for donations, which are recorded at fair value at the date of the donation. Costs of ordinary maintenance and repairs are expensed as incurred.

The Foundation provides for depreciation of property and equipment utilizing the straight-line method at rates designed to depreciate the cost of such assets over their estimated useful lives which range from 3 to 7 years.

**COMMUNITY FOUNDATION OF BLOOMINGTON AND
MONROE COUNTY, INC. AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Support, Revenues and Expense Recognition

Contributions, which include unconditional promises to give (pledges receivable), are recognized as revenues in the period the contribution is received or the promise is made. Contributions received with donor-imposed restrictions are reported as restricted support and increases net assets with donor restrictions.

Support and revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in either net assets with or without donor restrictions in accordance with the classification of the fund.

The Foundation recognizes grant revenue in the period any barriers are satisfied.

All other revenue is recorded when earned.

Grants and Grants Payable

Unconditional grants are recorded when a commitment is made and approved by the Board of Directors. For grants which are conditional on the recipient fulfilling certain obligations, grants are recorded at the time those conditions are satisfied.

The Foundation had conditional grants payable of \$3,862,647 and \$4,911,724 at June 30, 2022 and 2021, respectively. These amounts will not be paid until the related conditions have been met; therefore, a liability related to these grants has not been recognized.

Administrative Fees

Administrative fees are expensed from the funds to support the operations of CFBMC and are considered program expenses. Administrative fees from all funds are reflected as revenue on the Consolidated Statements of Activities. The administrative fees from custodial funds are not included as expenses on the Consolidated Statements of Activities because they are included in the change in custodial funds.

Consolidated Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Consolidated Statements of Activities and Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**COMMUNITY FOUNDATION OF BLOOMINGTON AND
MONROE COUNTY, INC. AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

The consolidated financial statements report expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. These expenses include salaries and wages, payroll taxes, employee benefits, office supplies and various occupancy expenses, which are allocated on the basis of estimates of time, effort, and usage. While the methods of allocation are considered appropriate, other methods could produce different results.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current method of presentation.

Income Taxes

CFBMC and ROI are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal taxes on related income pursuant to Section 501(a) of the Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying consolidated financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

As such, CFBMC and ROI are generally exempt from income taxes. However, CFBMC and ROI are required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

Subsequent Events

The Foundation has evaluated events or transactions occurring subsequent to the Consolidated Statement of Financial Position date for recognition and disclosure in the accompanying consolidated financial statements through the date the consolidated financial statements were available to be issued, which is October 24, 2022.

**COMMUNITY FOUNDATION OF BLOOMINGTON AND
MONROE COUNTY, INC. AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. INVESTMENTS

Investments at June 30, 2022 and 2021, consist of the following:

	2022	2021
Cash and cash equivalents	\$ 4,776,606	\$ 6,305,777
U.S. government securities	2,489,820	-0-
Municipal bonds	857,449	1,718,595
Corporate bonds	249,253	4,250,435
Equity mutual funds		
Small/mid	5,292,739	7,941,049
Large	8,769,170	11,225,277
Real estate	2,822,056	3,194,389
International	6,481,771	6,168,655
Natural resources	3,199,612	3,690,725
Fixed income mutual funds		
Short-term bond	1,539,953	1,638,351
Intermediate-term bond	1,517,458	1,701,744
Inflation protected	1,482,157	1,447,515
International	2,175,564	1,874,783
Equity exchange traded funds		
Large	2,180,060	2,869,774
Small/mid	2,627,148	1,303,974
Short	363,238	314,170
Loan receivable	300,000	-0-
	\$ 47,124,054	\$ 55,645,213

**COMMUNITY FOUNDATION OF BLOOMINGTON AND
MONROE COUNTY, INC. AND AFFILIATE**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Loan Receivable

The impact investing program (the Program) will seek investments that further the Foundation's vision of creating a growing economy where everyone has the opportunity to thrive. The Program will invest the impact pool assets to produce a financial return and to provide social and economic benefits to the region's economy and its citizens (the impact return). Impact return will be measured with specific impact metrics identified for partner institutions or individual investments. Within the Program, loan receivables represent loans to entities that facilitate the vision of the Program and activities supported by the Foundation. Loans are at net realizable value as determined by management and approved by the Impact Investment Committee.

As of June 30, 2022, the Foundation has one loan outstanding for \$300,000 that will mature in December 2026.

3. RISKS AND UNCERTAINTIES

The Foundation holds a variety of investments (Note 2). Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying consolidated financial statements.

4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

- *Certificates of deposit:* Valued at amortized cost, which approximates fair value.
- *U.S. government securities:* Valued using pricing models maximizing the use of observable inputs for similar securities.
- *Municipal and corporate bonds:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- *Mutual funds and exchange traded funds:* Valued at the daily closing price as reported by the fund. Mutual funds and exchange traded funds ("funds") are held by the Foundation and are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The funds held by the Foundation are deemed to be actively traded.
- *Gift annuities payable:* Fair value is determined by calculating the present value of the annuities using published life expectancy tables with discount rates ranging between 1.8% and 5.4%.

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The following table sets forth financial assets measured at fair value in the Consolidated Statements of Financial Position and the respective levels to which the fair value measurements are classified within the fair value hierarchy as of June 30, 2022 and 2021:

	2022		
	Fair Value	Level 1	Level 2
Assets:			
U.S. government securities	\$ 2,489,820	\$ -0-	\$ 2,489,820
Municipal bonds	857,449	-0-	857,449
Corporate bonds	249,253	-0-	249,253
Mutual funds	33,280,480	33,280,480	-0-
Exchange traded funds	<u>5,170,446</u>	<u>5,170,446</u>	<u>-0-</u>
Total investments at fair value	42,047,448	<u>\$ 38,450,926</u>	<u>\$ 3,596,522</u>
Loan receivable	300,000		
Cash and cash equivalents	<u>4,776,606</u>		
Total investments	<u>\$ 47,124,054</u>		
Liabilities:			
Gift annuities payable	\$ 40,210	\$ -0-	\$ 40,210
	2021		
	Fair Value	Level 1	Level 2
Assets:			
Municipal bonds	\$ 1,718,595	\$ -0-	\$ 1,718,595
Corporate bonds	4,250,435	-0-	4,250,435
Mutual funds	38,882,488	38,882,488	-0-
Exchange traded funds	<u>4,487,918</u>	<u>4,487,918</u>	<u>-0-</u>
Total investments at fair value	49,339,436	<u>\$ 43,370,406</u>	<u>\$ 5,969,030</u>
Cash and cash equivalents	<u>6,305,777</u>		
Total investments	<u>\$ 55,645,213</u>		
Liabilities:			
Gift annuities payable	\$ 158,471	\$ -0-	\$ 158,471

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5. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2022 and 2021 is as follows:

	2022	2021
Furniture and equipment	\$ 195,868	\$ 191,785
Less accumulated depreciation	<u>(172,871)</u>	<u>(159,501)</u>
	<u>\$ 22,997</u>	<u>\$ 32,284</u>

Undeveloped real estate held for preservation relates to land donated to the Foundation in the amount of \$1,446,044. The purpose of the real estate is to be used as a park and preserve nature.

6. CHARITABLE GIFT ANNUITIES

The Foundation has four active charitable gift annuities as of June 30, 2022, under which the Foundation received \$80,000. One additional charitable gift annuity became inactive during 2022 on which the Foundation had received \$307,340. The Foundation is required to make annual payments to the donors ranging in amounts of \$460 to \$2,700 for the remainder of the donors' lifetimes. Upon the death of the specified persons, the remaining amount of the gifts is to be used by the Foundation as specified in the respective agreements. The Foundation has recognized a liability for the present value of the amount expected to be paid to the third-party beneficiaries at June 30, 2022 and 2021, under these agreements. The liability was calculated based on the applicable mortality tables and discount rates of 1.8% and 5.4%. The present value of amounts expected to be paid to the donors or their named beneficiaries was \$40,210 and \$158,471 at June 30, 2022 and 2021, respectively.

7. CUSTODIAL FUNDS

Custodial funds represent funds placed on deposit with the Foundation by other organizations based on their individual board resolutions. In addition, the Foundation has entered into agreements to serve as fiscal agent of funds for certain individuals and organizations. The Foundation accounts for these transfers as a liability in accordance with applicable accounting standards. Income is added to these funds periodically in accordance with the Foundation's investment allocation policies. Contributions by, investment interest credits for, and distributions to those organizations are reflected as adjustments to the liability account and are not reflected in the Consolidated Statements of Activities.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Following is a progression of custodial funds during the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 5,730,531	\$ 4,272,719
Contributions	793,103	509,206
Investment return, net	(529,029)	1,215,342
Administrative fees	(83,646)	(62,110)
Other expenses	(103,391)	(113,944)
Grant and scholarship payments	<u>(238,723)</u>	<u>(90,682)</u>
Ending balance	<u>\$ 5,568,845</u>	<u>\$ 5,730,531</u>

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Restricted for specified purposes		
ROI - Lilly grant	\$ 8,127,612	\$ 10,969,194
Various based on fund agreements	<u>2,763,740</u>	<u>2,997,120</u>
	10,891,352	13,966,314
Endowment funds		
Restricted in perpetuity	27,790,873	25,395,475
Restricted subject to CFBMC spending policy	3,871,798	9,555,706
Underwater endowments	<u>(774,140)</u>	<u>-0-</u>
	<u>30,888,531</u>	<u>34,951,181</u>
	<u>\$ 41,779,883</u>	<u>\$ 48,917,495</u>

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9. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions for the years ended June 30, 2022 and 2021 were as follows:

	2022	2021
Purpose restrictions related to:		
ROI - Lilly grant	\$ 3,051,612	\$ 3,661,061
Funds appropriated for expenditure for various purposes based on fund agreements	2,896,225	2,123,976
	\$ 5,947,837	\$ 5,785,037

10. ENDOWMENT

The majority of CFBMC funds consist of endowed funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, CFBMC retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by CFBMC in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, CFBMC considers the following factors in making a determination to appropriate or accumulate endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of CFBMC and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments

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- (6) Other resources of CFBMC
- (7) The investment policies of CFBMC

CFBMC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for granting purposes while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that CFBMC must use for a donor-specified purpose as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce long-term growth of capital without undue exposure to risk. CFBMC 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.

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

CFBMC has a policy of appropriating for distribution each year 4.25 percent of its endowment funds' average fair value over the prior 16 quarters, or a lesser percentage as voted upon annually by the Board of Directors. In establishing this policy, CFBMC considered the long-term expected return on its endowment.

Endowed funds by net asset type at June 30, 2022 and 2021 were as follows:

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Donor Restricted Funds	\$ -0-	\$ 30,888,531	\$ -0-	\$ 34,951,181
Board Designated Funds	<u>1,587,586</u>	<u>-0-</u>	<u>1,885,415</u>	<u>-0-</u>
	<u>\$ 1,587,586</u>	<u>\$ 30,888,531</u>	<u>\$ 1,885,415</u>	<u>\$ 34,951,181</u>

**COMMUNITY FOUNDATION OF BLOOMINGTON AND
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JUNE 30, 2022 AND 2021

Changes in endowment funds for the years ended June 30, 2022 and 2021 were as follows:

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ 1,885,415	\$ 34,951,181	\$ 1,346,924	\$ 25,847,118
Contributions and other revenue	-0-	1,687,411	100,000	752,791
Investment return, net	(205,854)	(3,949,709)	520,211	9,747,063
Interfund, net	(54,947)	(102,540)	(50,838)	(37,212)
Appropriation of endowment assets for expenditure	<u>(37,028)</u>	<u>(1,697,812)</u>	<u>(30,882)</u>	<u>(1,358,579)</u>
Endowment net assets, end of year	<u>\$ 1,587,586</u>	<u>\$ 30,888,531</u>	<u>\$ 1,885,415</u>	<u>\$ 34,951,181</u>

11. UNDERWATER ENDOWMENTS

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2022, funds with original gift values of \$7,774,539, fair values of \$7,000,399, and deficiencies of \$774,140 were reported in net assets with donor restrictions. There were no underwater endowments as of June 30, 2021.

12. LIQUIDITY AND AVAILABILITY

As part of the Foundation's liquidity management, it structures its financial assets to be available as its awarded grants, general expenditures and other obligations become due. The Foundation invests cash in excess of daily requirements in money market accounts, certificates of deposit, and other short-term investments. Financial assets available for general expenditures within one year of the Consolidated Statements of Financial Position date are comprised of the following as of June 30, 2022 and 2021:

	2022	2021
Operating cash and cash equivalents	\$ 1,262,919	\$ 1,300,611
Operating investments	<u>2,043,140</u>	<u>2,197,326</u>
	<u>\$ 3,306,059</u>	<u>\$ 3,497,937</u>

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

restricted for specific purposes with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. The Foundation has an annual grant approval process. This process includes evaluating a number of factors relative to the spending rate to be applied to the Foundation's fund balances in accordance with its spending policy. Once the Foundation's Board approves the spending rate, the related dollar amount of the funds becomes available for general expenditures.

While not subject to the Foundation's spending policy, expenditures from donor-restricted non-endowed funds must be approved by the Board and, therefore, are not available for general expenditure until that time. Non-endowed funds are held in cash and cash equivalents, certificates of deposit or liquid investments and are made available upon appropriation.

The administrative endowment is subject to an annual spending rate of 4.25 percent as described in Note 10. Although the Foundation does not intend to spend from this administrative endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available, if necessary.

The Foundation also relies on the administrative fees it charges its funds annually ranging from 1% to 2% of fund balance to fund operational expenditures.

13. CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash in bank deposit accounts insured by the Federal Deposit Insurance Corporation at its current coverage levels. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash.

Investments are maintained by various investment firms. Such balances exceed the Securities Investor Protection Corporation insured limits of up to \$500,000.

14. RECENTLY ISSUED ACCOUNTING STANDARDS

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This new standard, which the Foundation is not required to adopt until its year ending June 30, 2023, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their consolidated statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's consolidated statement of financial position. The Foundation is presently evaluating the effects that this ASU will have on its future consolidated financial statements, including related disclosures.

SUPPLEMENTARY INFORMATION

**COMMUNITY FOUNDATION OF BLOOMINGTON
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CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

	Community Foundation of Bloomington and Monroe County, Inc.	Regional Opportunity Initiatives, Inc.	Consolidated
Cash and cash equivalents	\$ 2,057,586	\$ 1,729,112	\$ 3,786,698
Investments	39,613,015	7,511,039	47,124,054
Other current assets	33,833	1,642	35,475
Property and equipment, net	17,944	5,053	22,997
Undeveloped real estate held for preservation	1,446,044	-0-	1,446,044
	<u>\$ 43,168,422</u>	<u>\$ 9,246,846</u>	<u>\$ 52,415,268</u>
Liabilities			
Accounts payable and accrued expenses	\$ 98,985	\$ 53,505	\$ 152,490
Grants payable	35,000	-0-	35,000
Gift annuities payable	40,210	-0-	40,210
Custodial funds	5,524,282	44,563	5,568,845
Total liabilities	5,698,477	98,068	5,796,545
Net assets			
Without donor restrictions:			
Operating	2,230,088	1,021,166	3,251,254
Administrative endowment	1,587,586	-0-	1,587,586
	3,817,674	1,021,166	4,838,840
With donor restrictions			
Restricted for specified purposes	2,763,740	8,127,612	10,891,352
Endowment funds	30,888,531	-0-	30,888,531
	33,652,271	8,127,612	41,779,883
Total net assets	37,469,945	9,148,778	46,618,723
	<u>\$ 43,168,422</u>	<u>\$ 9,246,846</u>	<u>\$ 52,415,268</u>

See Report of Independent Auditors on pages 1 through 3.

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CONSOLIDATING STATEMENT OF ACTIVITIES
(WITHOUT DONOR RESTRICTIONS)
YEAR ENDED JUNE 30, 2022

	Community Foundation of Bloomington and Monroe County, Inc.	Regional Opportunity Initiatives, Inc.	Consolidated
Support and revenues			
Contributions	\$ 22,776	\$ -0-	\$ 22,776
Investment return, net	(438,597)	8,145	(430,452)
Administrative fee income	815,703	-0-	815,703
Net assets released from restrictions	<u>2,896,225</u>	<u>3,051,612</u>	<u>5,947,837</u>
Total support and revenues	3,296,107	3,059,757	6,355,864
Expenses			
Program services	3,186,457	2,709,457	5,895,914
Management and general	378,363	304,428	682,791
Fundraising and development	<u>256,433</u>	<u>37,689</u>	<u>294,122</u>
Total expenses	<u>3,821,253</u>	<u>3,051,574</u>	<u>6,872,827</u>
Change in net assets	(525,146)	8,183	(516,963)
Net assets, beginning of year	<u>4,342,820</u>	<u>1,012,983</u>	<u>5,355,803</u>
Net assets, end of year	<u>\$ 3,817,674</u>	<u>\$ 1,021,166</u>	<u>\$ 4,838,840</u>

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**COMMUNITY FOUNDATION OF BLOOMINGTON
AND MONROE COUNTY, INC. AND AFFILIATES**

CONSOLIDATING STATEMENT OF ACTIVITIES
(WITH DONOR RESTRICTIONS)
YEAR ENDED JUNE 30, 2022

	Community Foundation of Bloomington and Monroe County, Inc.	Regional Opportunity Initiatives, Inc.	Consolidated
Support and revenues			
Contributions	\$ 2,474,901	\$ 210,030	\$ 2,684,931
Investment return, net	(3,983,355)	-0-	(3,983,355)
Change in value of split interest agreements	108,649	-0-	108,649
Net assets released from restrictions	<u>(2,896,225)</u>	<u>(3,051,612)</u>	<u>(5,947,837)</u>
Total support and revenues	(4,296,030)	(2,841,582)	(7,137,612)
Expenses			
Program services	-0-	-0-	-0-
Management and general	-0-	-0-	-0-
Fundraising and development	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total expenses	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Change in net assets	(4,296,030)	(2,841,582)	(7,137,612)
Net assets, beginning of year	<u>37,948,301</u>	<u>10,969,194</u>	<u>48,917,495</u>
Net assets, end of year	<u><u>\$ 33,652,271</u></u>	<u><u>\$ 8,127,612</u></u>	<u><u>\$ 41,779,883</u></u>

See Report of Independent Auditors on pages 1 through 3.