

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

CONSOLIDATED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

JUNE 30, 2020 AND 2019

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Community Foundation of Bloomington and Monroe County, Inc. and Affiliate (the "Foundation") which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, 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.

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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of June 30, 2020 and 2019, and the consolidated changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 2, 2020

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS

	2020	2019
Cash and cash equivalents	\$ 3,515,908	\$ 2,731,665
Investments	46,443,139	49,143,814
Other current assets	107,935	40,718
Property and equipment, net	34,389	53,496
Undeveloped real estate held for preservation	1,446,044	1,446,044
	\$ 51,547,415	\$ 53,415,737

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 149,522	\$ 189,674
Deferred revenue	-0-	591,003
Gift annuities payable	164,577	174,777
Custodial funds	3,262,155	3,221,240
Total liabilities	3,576,254	4,176,694

Net assets

Without donor restrictions:		
Operating	2,909,459	3,102,586
Administrative endowment	1,346,924	1,115,993
	4,256,383	4,218,579
With donor restrictions		
Restricted for specified purposes	17,867,660	19,993,055
Endowment funds	25,847,118	25,027,409
	43,714,778	45,020,464
Total net assets	47,971,161	49,239,043
	\$ 51,547,415	\$ 53,415,737

See accompanying notes to consolidated financial statements.

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

CONSOLIDATED STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenues				
Contributions	\$ 45,310	\$ 4,610,634	\$ 4,655,944	\$ 1,711,448
Investment return, net	249,817	(593,639)	(343,822)	1,153,174
Administrative fee income	572,516	-0-	572,516	546,289
Change in value of split interest agreements	-0-	(14,624)	(14,624)	(23,605)
Net assets released from restrictions	<u>5,308,057</u>	<u>(5,308,057)</u>	<u>-0-</u>	<u>-0-</u>
Total support and revenues	6,175,700	(1,305,686)	4,870,014	3,387,306
Expenses				
Program services	5,294,699	-0-	5,294,699	4,547,478
Management & general	501,425	-0-	501,425	512,716
Fundraising & development	<u>341,772</u>	<u>-0-</u>	<u>341,772</u>	<u>367,108</u>
Total expenses	<u>6,137,896</u>	<u>-0-</u>	<u>6,137,896</u>	<u>5,427,302</u>
Change in net assets	37,804	(1,305,686)	(1,267,882)	(2,039,996)
Net assets, beginning of year	<u>4,218,579</u>	<u>45,020,464</u>	<u>49,239,043</u>	<u>51,279,039</u>
Net assets, end of year	<u>\$ 4,256,383</u>	<u>\$ 43,714,778</u>	<u>\$ 47,971,161</u>	<u>\$ 49,239,043</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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions	\$ 41,901	\$ 1,669,547	\$ 1,711,448
Investment return, net	530,322	622,852	1,153,174
Administrative fee income	546,289	-0-	546,289
Change in value of split interest agreements	-0-	(23,605)	(23,605)
Net assets released from restrictions	<u>4,582,998</u>	<u>(4,582,998)</u>	<u>-0-</u>
Total support and revenues	5,701,510	(2,314,204)	3,387,306
Expenses			
Program services	4,547,478	-0-	4,547,478
Management & general	512,716	-0-	512,716
Fundraising & development	<u>367,108</u>	<u>-0-</u>	<u>367,108</u>
Total expenses	<u>5,427,302</u>	<u>-0-</u>	<u>5,427,302</u>
Change in net assets	274,208	(2,314,204)	(2,039,996)
Net assets, beginning of year	<u>3,944,371</u>	<u>47,334,668</u>	<u>51,279,039</u>
Net assets, end of year	<u>\$ 4,218,579</u>	<u>\$ 45,020,464</u>	<u>\$ 49,239,043</u>

See accompanying notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020						2019					
	Program Services			Management & General	Fundraising & Development	Total	Program Services			Management & General	Fundraising & Development	Total
	Grantmaking	ROI	Total				Grantmaking	ROI	Total			
Grants	\$ 1,514,412	\$ -0-	\$ 1,514,412	\$ -0-	\$ -0-	\$ 1,514,412	\$ 993,782	\$ -0-	\$ 993,782	\$ -0-	\$ -0-	\$ 993,782
Programs	117,473	2,493,776	2,611,249	-0-	-0-	2,611,249	82,286	2,125,976	2,208,262	-0-	-0-	2,208,262
Salaries and wages	164,282	262,137	426,419	370,825	209,310	1,006,554	170,899	385,758	556,657	376,222	207,188	1,140,067
Employee benefits	9,294	8,494	17,788	16,371	11,265	45,424	9,760	15,957	25,717	18,253	11,343	55,313
Administrative fees	517,244	-0-	517,244	-0-	-0-	517,244	496,390	-0-	496,390	-0-	-0-	496,390
Printing and postage	3,849	-0-	3,849	2,943	4,528	11,320	5,283	-0-	5,283	4,040	6,216	15,539
Professional fees	11,708	39,441	51,149	29,946	16,954	98,049	28,937	9,400	38,337	27,131	34,802	100,270
Payroll taxes	12,459	17,724	30,183	26,554	15,678	72,415	13,650	27,206	40,856	28,130	16,257	85,243
Donor development	-0-	-0-	-0-	-0-	25,236	25,236	-0-	-0-	-0-	-0-	32,971	32,971
Software	6,207	-0-	6,207	4,746	7,302	18,255	5,938	-0-	5,938	4,541	6,986	17,465
Depreciation	6,054	-0-	6,054	10,367	7,122	23,543	8,055	-0-	8,055	11,194	9,477	28,726
Rent	11,062	19,853	30,915	19,026	14,616	64,557	9,716	20,773	30,489	18,487	13,105	62,081
Telephone	1,580	-0-	1,580	1,208	1,859	4,647	1,488	-0-	1,488	1,138	1,751	4,377
Insurance	3,684	-0-	3,684	2,817	4,333	10,834	3,299	-0-	3,299	2,523	3,881	9,703
Repairs and maintenance	8,971	-0-	8,971	6,860	10,554	26,385	7,849	-0-	7,849	6,002	9,235	23,086
Office supplies	5,696	4,712	10,408	6,864	7,080	24,352	4,452	3,864	8,316	5,461	5,548	19,325
Travel and entertainment	6,014	10,634	16,648	-0-	560	17,208	1,233	32,027	33,260	-0-	1,686	34,946
Professional development	4,277	-0-	4,277	-0-	-0-	4,277	2,878	-0-	2,878	-0-	-0-	2,878
Meetings	2,161	28,149	30,310	-0-	2,161	32,471	3,678	71,464	75,142	-0-	3,678	78,820
Dues and subscriptions	2,698	513	3,211	2,336	3,214	8,761	2,450	1,269	3,719	2,548	2,984	9,251
Miscellaneous	141	-0-	141	562	-0-	703	224	1,537	1,761	7,046	-0-	8,807
Total expenses	\$ 2,409,266	\$ 2,885,433	\$ 5,294,699	\$ 501,425	\$ 341,772	\$ 6,137,896	\$ 1,852,247	\$ 2,695,231	\$ 4,547,478	\$ 512,716	\$ 367,108	\$ 5,427,302

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, 2020 AND 2019

	2020	2019
Operating activities		
Change in net assets	\$ (1,267,882)	\$ (2,039,996)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	23,543	28,726
Reinvested interest and dividends received on investments	(1,367,502)	(1,518,686)
Realized and unrealized losses on investments	1,666,482	165,216
Contributions restricted to endowment funds	(2,463,085)	(893,545)
Change in value of split interest agreement	14,624	23,605
Changes in assets and liabilities:		
Other current assets	(67,217)	23,998
Accounts payable and accrued expenses	(40,152)	113,969
Deferred revenue	(591,003)	591,003
Custodial funds	40,915	429,150
Net cash flows from operating activities	(4,051,277)	(3,076,560)
Investing activities		
Proceeds on sales of investments	16,988,764	17,119,483
Purchases of investments	(14,587,069)	(15,500,956)
Purchases of property and equipment	(4,436)	(16,651)
Net cash flows from investing activities	2,397,259	1,601,876
Financing activities		
Contributions restricted to endowment funds	2,463,085	893,545
Contribution of charitable gift annuity	-0-	31,253
Gift annuity payments	(24,824)	(28,891)
Net cash flows from financing activities	2,438,261	895,907
Net change in cash and cash equivalents	784,243	(578,777)
Cash and cash equivalents, beginning of year	2,731,665	3,310,442
Cash and cash equivalents, end of year	\$ 3,515,908	\$ 2,731,665

See accompanying notes to consolidated financial statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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, 2020 AND 2019

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 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, 2020 AND 2019

Deferred Revenue

During 2018, the Foundation received a \$1,000,000 grant from Lilly Endowment through its GIFT Phase VII initiative. The grant is required to be matched with new contributions to help build the Foundation's unrestricted endowments and provide support for specified charitable projects and needs. Therefore, the deferred revenue relates to the portion of the grant that has not yet been matched and earned. The matching period is from October 1, 2018 through December 31, 2020. As qualifying contributions are received, the related amount is recognized as revenue. Deferred revenue related to this grant was \$0 and \$591,003 at June 30, 2020 and 2019.

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 the related expenses are incurred.

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 \$5,569,682 and \$3,906,781 at June 30, 2020 and 2019, 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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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.

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.

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, 2020 and 2019, 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.

Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the Foundation's ability to continue as a going concern for a period of one year from the date the financial statements were available to be issued.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Reclassifications

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

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 2, 2020.

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the Foundation's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19, increased demand for grants, delays, loss of, or reduction to, contributions and funding and investment portfolio volatility. Management believes the Foundation is taking appropriate actions to respond to the pandemic, however, the full impact is unknown and cannot be reasonably estimated at the date the consolidated financial statements were available to be issued.

**COMMUNITY FOUNDATION OF BLOOMINGTON AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. INVESTMENTS

Investments at June 30, 2020 and 2019, consist of the following:

	2020	2019
Cash and cash equivalents	\$ 3,242,640	\$ 6,534,220
Certificates of deposit	7,022,201	2,026,116
U.S. government securities	3,508,718	6,621,347
Corporate bonds	1,369,350	2,251,209
Foreign bonds	-0-	249,913
Equity mutual funds		
Small/mid	5,147,423	4,945,757
Large	8,988,981	8,511,105
Real estate	1,886,139	2,543,370
International	4,490,429	4,310,771
Natural resources	2,473,389	2,202,110
Fixed income mutual funds		
Short-term bond	1,290,449	1,252,110
Intermediate-term bond	1,114,853	1,464,723
Inflation protected	1,357,889	1,280,738
International	1,411,558	1,807,857
Equity exchange traded funds		
Large	1,932,007	2,133,917
Small/mid	903,670	821,229
Short	303,443	187,322
	\$ 46,443,139	\$ 49,143,814

**COMMUNITY FOUNDATION OF BLOOMINGTON AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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.
- 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, 2020 and 2019.

- *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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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- *Corporate and foreign 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%.

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, 2020 and 2019:

	2020		
	Fair Value	Level 1	Level 2
Assets:			
Certificates of deposits	\$ 7,022,201	\$ -0-	\$ 7,022,201
U.S. government securities	3,508,718	-0-	3,508,718
Corporate bonds	1,369,350	-0-	1,369,350
Mutual funds	28,161,110	28,161,110	-0-
Exchange traded funds	3,139,120	3,139,120	-0-
Liabilities:			
Gift annuities payable	164,577	-0-	164,577
	2019		
	Fair Value	Level 1	Level 2
Assets:			
Certificates of deposits	\$ 2,026,116	\$ -0-	\$ 2,026,116
U.S. government securities	6,621,347	-0-	6,621,347
Corporate bonds	2,251,209	-0-	2,251,209
Foreign bonds	249,913	-0-	249,913
Mutual funds	28,318,541	28,318,541	-0-
Exchange traded funds	3,142,468	3,142,468	-0-
Liabilities:			
Gift annuities payable	174,777	-0-	174,777

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

5. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 and 2019 is as follows:

	2020	2019
Furniture and equipment	199,172	194,736
Less accumulated depreciation	<u>(164,783)</u>	<u>(141,240)</u>
	<u>\$ 34,389</u>	<u>\$ 53,496</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 five charitable gift annuities, under which the Foundation received \$387,340. The Foundation is required to make annual payments to the donors ranging in amounts of \$460 to \$20,284 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, 2020 and 2019, 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 \$164,577 and \$174,777 at June 30, 2020 and 2019, 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
JUNE 30, 2020 AND 2019

Following is a progression of custodial funds during the years ended June 30, 2020 and 2019:

	2020	2019
Beginning balance	\$ 3,221,240	\$ 2,792,090
Contributions	362,876	537,245
Investment return, net	(80,099)	74,287
Administrative fees	(55,272)	(49,899)
Other expenses	(90,294)	(127,485)
Interfund, net	-0-	66,798
Grant and scholarship payments	(96,296)	(71,796)
Ending balance	\$ 3,262,155	\$ 3,221,240

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following at June 30, 2020 and 2019:

	2020	2019
Restricted for specified purposes		
ROI - Lilly grant	\$ 14,620,266	\$ 17,727,467
Various based on fund agreements	3,247,394	2,265,588
	17,867,660	19,993,055
Endowment funds		
Restricted in perpetuity	24,675,560	21,426,081
Restricted subject to CF BMC spending policy	1,171,558	3,601,328
	25,847,118	25,027,409
	\$ 43,714,778	\$ 45,020,464

**COMMUNITY FOUNDATION OF BLOOMINGTON AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

9. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions for the years ended June 30, 2020 and 2019 were as follows:

	2020	2019
Purpose restrictions related to:		
ROI - Lilly grant	\$ 3,167,201	\$ 2,992,626
Funds appropriated for expenditure for various purposes based on fund agreements	2,140,856	1,590,372
	\$ 5,308,057	\$ 4,582,998

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, we retain 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

**COMMUNITY FOUNDATION OF BLOOMINGTON AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

- (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, 2020 and 2019 were as follows:

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Donor Restricted Funds	\$ -0-	\$ 25,847,118	\$ -0-	\$ 25,027,409
Board Designated Funds	<u>1,346,924</u>	<u>-0-</u>	<u>1,115,993</u>	<u>-0-</u>
	<u>\$ 1,346,924</u>	<u>\$ 25,847,118</u>	<u>\$ 1,115,993</u>	<u>\$ 25,027,409</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Changes in endowment funds for the years ended June 30, 2020 and 2019 were as follows:

	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ 1,115,993	\$ 25,027,409	\$ 1,157,623	\$ 24,555,395
Contributions and other revenue	-0-	2,448,461	-0-	869,940
Investment return, net	(44,940)	(609,667)	27,315	614,732
Interfund, net	300,512	439,172	-0-	301,612
Appropriation of endowment assets for expenditure	<u>(24,641)</u>	<u>(1,458,257)</u>	<u>(68,945)</u>	<u>(1,314,270)</u>
Endowment net assets, end of year	<u>\$ 1,346,924</u>	<u>\$ 25,847,118</u>	<u>\$ 1,115,993</u>	<u>\$ 25,027,409</u>

11. 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, 2020 and 2019:

	2020	2019
Operating cash and cash equivalents	\$ 1,301,325	\$ 915,350
Operating investments	<u>1,616,370</u>	<u>2,160,403</u>
	<u>\$ 2,917,695</u>	<u>\$ 3,075,753</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 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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.

12. 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.

13. 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, 2022, 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
AND MONROE COUNTY, INC. AND AFFILIATES**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

	Community Foundation of Bloomington and Monroe County, Inc.	Regional Opportunity Initiatives, Inc.	Consolidated
Cash and cash equivalents	\$ 2,548,207	\$ 967,701	\$ 3,515,908
Investments	31,702,067	14,741,072	46,443,139
Other current assets	107,208	727	107,935
Property and equipment, net	26,656	7,733	34,389
Undeveloped real estate held for preservation	1,446,044	-0-	1,446,044
	<u>\$ 35,830,182</u>	<u>\$ 15,717,233</u>	<u>\$ 51,547,415</u>
Liabilities			
Accounts payable and accrued expenses	\$ 66,677	\$ 82,845	\$ 149,522
Gift annuities payable	164,577	-0-	164,577
Custodial funds	3,262,155	-0-	3,262,155
Total liabilities	3,493,409	82,845	3,576,254
Net assets			
Without donor restrictions:			
Operating	1,895,337	1,014,122	2,909,459
Administrative endowment	1,346,924	-0-	1,346,924
	<u>3,242,261</u>	<u>1,014,122</u>	<u>4,256,383</u>
With donor restrictions			
Restricted for specified purposes	3,247,394	14,620,266	17,867,660
Endowment funds	25,847,118	-0-	25,847,118
	<u>29,094,512</u>	<u>14,620,266</u>	<u>43,714,778</u>
Total net assets	<u>32,336,773</u>	<u>15,634,388</u>	<u>47,971,161</u>
	<u>\$ 35,830,182</u>	<u>\$ 15,717,233</u>	<u>\$ 51,547,415</u>

See Report of Independent Auditors on pages 1 and 2.

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

CONSOLIDATING STATEMENT OF ACTIVITIES
(WITHOUT DONOR RESTRICTIONS)
YEAR ENDED JUNE 30, 2020

	Community Foundation of Bloomington and Monroe County, Inc.	Regional Opportunity Initiatives, Inc.	Consolidated
Support and revenues			
Contributions	\$ 45,310	\$ -0-	\$ 45,310
Investment return, net	(58,489)	308,306	249,817
Administrative fee income	572,516	-0-	572,516
Change in value of split interest agreements	-0-	-0-	-0-
Net assets released from restrictions	<u>2,140,856</u>	<u>3,167,201</u>	<u>5,308,057</u>
Total support and revenues	2,700,193	3,475,507	6,175,700
Expenses			
Program services	2,409,266	2,885,433	5,294,699
Management & general	251,634	249,791	501,425
Fundraising & development	<u>309,795</u>	<u>31,977</u>	<u>341,772</u>
Total expenses	<u>2,970,695</u>	<u>3,167,201</u>	<u>6,137,896</u>
Change in net assets	(270,502)	308,306	37,804
Net assets, beginning of year	<u>3,512,763</u>	<u>705,816</u>	<u>4,218,579</u>
Net assets, end of year	<u>\$ 3,242,261</u>	<u>\$ 1,014,122</u>	<u>\$ 4,256,383</u>

See Report of Independent Auditors on pages 1 and 2.

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

CONSOLIDATING STATEMENT OF ACTIVITIES
(WITH DONOR RESTRICTIONS)
YEAR ENDED JUNE 30, 2020

	Community Foundation of Bloomington and Monroe County, Inc.	Regional Opportunity Initiatives, Inc.	Consolidated
Support and revenues			
Contributions	\$ 4,550,634	\$ 60,000	\$ 4,610,634
Investment return, net	(593,639)	-0-	(593,639)
Administrative fee income	-0-	-0-	-0-
Change in value of split interest agreements	(14,624)	-0-	(14,624)
Net assets released from restrictions	<u>(2,140,856)</u>	<u>(3,167,201)</u>	<u>(5,308,057)</u>
Total support and revenues	1,801,515	(3,107,201)	(1,305,686)
Expenses			
Program services	-0-	-0-	-0-
Management & general	-0-	-0-	-0-
Fundraising & 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	1,801,515	(3,107,201)	(1,305,686)
Net assets, beginning of year	<u>27,292,997</u>	<u>17,727,467</u>	<u>45,020,464</u>
Net assets, end of year	<u>\$ 29,094,512</u>	<u>\$ 14,620,266</u>	<u>\$ 43,714,778</u>

See Report of Independent Auditors on pages 1 and 2.