

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

CONSOLIDATED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

JUNE 30, 2019 AND 2018

CPAs / ADVISORS



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

TABLE OF CONTENTS
JUNE 30, 2019 AND 2018

	Page
Report of Independent Auditors	1
 Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statement of Functional Expenses (2019 only).....	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8
 Supplementary Information (2019 only)	
Consolidating Statement of Financial Position.....	25
Consolidating Statement of Activities (Without Donor Restrictions).....	26
Consolidating Statement of Activities (With Donor Restrictions).....	27



Blue & Co., LLC / 813 West Second Street / Seymour, IN 47274
main 812.522.8416 fax 812.523.8615 email blue@blueandco.com

blueandco.com

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, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, the related consolidated statement of functional expenses for the year ended June 30, 2019, 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, 2019 and 2018, 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, effective July 1, 2018, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

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 11, 2019

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS

	2019	2018 As Restated
Cash and cash equivalents	\$ 2,731,665	\$ 3,310,442
Investments	49,143,814	49,408,871
Other current assets	40,718	64,716
Property and equipment, net	53,496	65,571
Undeveloped real estate held for preservation	1,446,044	1,446,044
	\$ 53,415,737	\$ 54,295,644

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 189,674	\$ 75,705
Deferred revenue	591,003	-0-
Gift annuities payable	174,777	148,810
Custodial funds	3,221,240	2,792,090
Total liabilities	4,176,694	3,016,605

Net assets

Without donor restrictions:		
Operating	3,102,586	2,786,748
Administrative endowment	1,115,993	1,157,623
	4,218,579	3,944,371
With donor restrictions		
Restricted for specified purpose	19,993,055	22,779,273
Endowment funds	25,027,409	24,555,395
	45,020,464	47,334,668
Total net assets	49,239,043	51,279,039
	\$ 53,415,737	\$ 54,295,644

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
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	2019			2018 As Restated
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenues				
Contributions	\$ 41,901	\$ 1,669,547	\$ 1,711,448	\$ 2,060,318
Investment return, net	530,322	622,852	1,153,174	2,777,609
Administrative fee income	546,289	-0-	546,289	524,117
Change in value of split interest agreements	-0-	(23,605)	(23,605)	(30,041)
Net assets released from restrictions	<u>4,582,998</u>	<u>(4,582,998)</u>	<u>-0-</u>	<u>-0-</u>
Total support and revenues	5,701,510	(2,314,204)	3,387,306	5,332,003
Expenses				
Program services	4,219,861	-0-	4,219,861	3,509,850
Management & general	641,777	-0-	641,777	612,582
Fundraising & development	<u>565,664</u>	<u>-0-</u>	<u>565,664</u>	<u>549,856</u>
Total expenses	<u>5,427,302</u>	<u>-0-</u>	<u>5,427,302</u>	<u>4,672,288</u>
Change in net assets	274,208	(2,314,204)	(2,039,996)	659,715
Net assets, beginning of year	<u>3,944,371</u>	<u>47,334,668</u>	<u>51,279,039</u>	<u>50,619,324</u>
Net assets, end of year	<u>\$ 4,218,579</u>	<u>\$ 45,020,464</u>	<u>\$ 49,239,043</u>	<u>\$ 51,279,039</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, 2018 (AS RESTATED)

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions	\$ 33,003	\$ 2,027,315	\$ 2,060,318
Investment return, net	490,092	2,287,517	2,777,609
Administrative fee income	524,117	-0-	524,117
Change in value of split interest agreements	-0-	(30,041)	(30,041)
Net assets released from restrictions	<u>3,919,623</u>	<u>(3,919,623)</u>	<u>-0-</u>
Total support and revenues	4,966,835	365,168	5,332,003
Expenses			
Program services	3,509,850	-0-	3,509,850
Management & general	612,582	-0-	612,582
Fundraising & development	<u>549,856</u>	<u>-0-</u>	<u>549,856</u>
Total expenses	<u>4,672,288</u>	<u>-0-</u>	<u>4,672,288</u>
Change in net assets	294,547	365,168	659,715
Net assets, beginning of year	<u>3,649,824</u>	<u>46,969,500</u>	<u>50,619,324</u>
Net assets, end of year	<u>\$ 3,944,371</u>	<u>\$ 47,334,668</u>	<u>\$ 51,279,039</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, 2019**

	Program Services			Management & General	Fundraising & Development	Total
	Grantmaking	ROI	Total			
Grants	\$ 993,782	\$ -0-	\$ 993,782	\$ -0-	\$ -0-	\$ 993,782
Programs	82,286	2,125,976	2,208,262	-0-	-0-	2,208,262
Salaries and wages	170,899	385,758	556,657	376,222	207,188	1,140,067
Employee benefits	9,760	15,957	25,717	18,253	11,343	55,313
Administrative fees	168,773	-0-	168,773	129,061	198,556	496,390
Printing and postage	5,283	-0-	5,283	4,040	6,216	15,539
Professional fees	28,937	9,400	38,337	27,131	34,802	100,270
Payroll taxes	13,650	27,206	40,856	28,130	16,257	85,243
Donor development	-0-	-0-	-0-	-0-	32,971	32,971
Software	5,938	-0-	5,938	4,541	6,986	17,465
Depreciation	8,055	-0-	8,055	11,194	9,477	28,726
Rent	9,716	20,773	30,489	18,487	13,105	62,081
Telephone	1,488	-0-	1,488	1,138	1,751	4,377
Insurance	3,299	-0-	3,299	2,523	3,881	9,703
Repairs and maintenance	7,849	-0-	7,849	6,002	9,235	23,086
Office supplies	4,452	3,864	8,316	5,461	5,548	19,325
Travel and entertainment	1,233	32,027	33,260	-0-	1,686	34,946
Professional development	2,878	-0-	2,878	-0-	-0-	2,878
Meetings	3,678	71,464	75,142	-0-	3,678	78,820
Dues and subscriptions	2,450	1,269	3,719	2,548	2,984	9,251
Miscellaneous	224	1,537	1,761	7,046	-0-	8,807
Total expenses	<u>\$ 1,524,630</u>	<u>\$ 2,695,231</u>	<u>\$ 4,219,861</u>	<u>\$ 641,777</u>	<u>\$ 565,664</u>	<u>\$ 5,427,302</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, 2019 AND 2018

	2019	2018
Operating activities		
Change in net assets	\$ (2,039,996)	\$ 659,715
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	28,726	31,296
Reinvested interest and dividends received on investments	(1,518,686)	(1,378,242)
Realized and unrealized losses (gains) on investments	165,216	(1,751,908)
Contributions restricted to endowment funds	(893,545)	(1,706,431)
Change in value of split interest agreement	23,605	30,041
Changes in assets and liabilities:		
Pledges receivable	-0-	114,250
Other current assets	23,998	(13,812)
Accounts payable and accrued expenses	113,969	(36,608)
Deferred revenue	591,003	-0-
Custodial funds	429,150	696,562
Net cash flows from operating activities	(3,076,560)	(3,355,137)
Investing activities		
Proceeds on sales of investments	17,119,483	11,574,055
Purchases of investments	(15,500,956)	(12,544,926)
Purchases of property and equipment	(16,651)	(18,149)
Net cash flows from investing activities	1,601,876	(989,020)
Financing activities		
Contributions restricted to endowment funds	893,545	1,706,431
Contribution of charitable gift annuity	31,253	6,580
Gift annuity payments	(28,891)	(16,642)
Net cash flows from financing activities	895,907	1,696,369
Net change in cash and cash equivalents	(578,777)	(2,647,788)
Cash and cash equivalents, beginning of year	3,310,442	5,958,230
Cash and cash equivalents, end of year	\$ 2,731,665	\$ 3,310,442

See accompanying notes to consolidated financial statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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. 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 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, 2019 AND 2018

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 the Foundation with the intention of the donor that the assets be held in perpetuity and related investment earnings managed in accordance with the Foundation'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, 2019 AND 2018

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 \$591,003 at June 30, 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 \$392,714 and \$423,820 at June 30, 2019 and 2018, 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, 2019 AND 2018

the change in custodial funds.

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 Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The 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. All expenses 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, 2019 and 2018, 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 are available to be issued.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 are available to be issued, which is October 11, 2019.

2. CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2018, the Foundation adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU simplifies and improves how a not-for-profit organization classifies its net assets, as well as information it presents in the financial statements and notes about its liquidity, financial performance and cash flows. The Foundation has adjusted the presentation of its 2018 consolidated financial statements herein and retrospectively restated the prior year consolidated financial statements. In addition to changes in terminology used to describe categories of net assets throughout the consolidated financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 13), and disclosures related to the functional allocation of expenses were expanded (Note 1).

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

The impact of the adoption of ASU No. 2016-14 on the Foundation's net assets is as follows:

Statement of Financial Position

	As previously stated, June 30, 2018	Adjustment	As restated June 30, 2018
Unrestricted net assets	\$ 3,944,371	\$ (3,944,371)	\$ -0-
Temporarily restricted net assets	45,851,124	(45,851,124)	-0-
Permanently restricted net assets	1,483,544	(1,483,544)	-0-
Without donor restrictions	-0-	3,944,371	3,944,371
With donor restrictions	<u>-0-</u>	<u>47,334,668</u>	<u>47,334,668</u>
Total net assets	<u>\$ 51,279,039</u>	<u>\$ -0-</u>	<u>\$ 51,279,039</u>

Statement of Activities

	As previously stated, June 30, 2018	Adjustment	As restated June 30, 2018
Changes in unrestricted net assets	\$ 294,547	\$ (294,547)	\$ -0-
Changes in temporarily restricted net assets	365,168	(365,168)	-0-
Changes in net assets without donor restrictions	-0-	294,547	294,547
Changes in net assets with donor restrictions	<u>-0-</u>	<u>365,168</u>	<u>365,168</u>
Total changes in net assets	<u>\$ 659,715</u>	<u>\$ -0-</u>	<u>\$ 659,715</u>

There was no significant impact to the statement of cash flows as a result of adopting this ASU.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

3. INVESTMENTS

Investments at June 30, 2019 and 2018, consist of the following:

	2019	2018
Cash and cash equivalents	\$ 6,534,220	\$ 3,886,355
Certificates of deposit	2,026,116	4,621,946
U.S. government securities	6,621,347	6,606,574
Corporate bonds		
Financial	1,299,126	1,099,369
Other	952,083	1,753,163
Foreign bonds	249,913	-0-
Municipal bonds	-0-	371,987
Equity mutual funds		
Small/mid	4,945,757	5,101,936
Large	8,511,105	10,333,720
Real estate	2,543,370	2,291,592
International	4,310,771	4,407,944
Natural resources	2,202,110	2,378,549
Fixed income mutual funds		
Short-term bond	1,252,110	1,200,505
Intermediate-term bond	1,464,723	1,361,894
Inflation protected	3,088,595	2,925,244
Equity exchange traded funds		
Large	2,133,917	-0-
Small/mid	821,229	871,086
Short	187,322	197,007
	\$ 49,143,814	\$ 49,408,871

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

4. RISKS AND UNCERTAINTIES

The Foundation holds a variety of investments (Note 3). 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.

5. FAIR VALUE MEASUREMENTS

Effective July 1, 2018, the Foundation early adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this ASU removed and modified certain disclosure requirements in Topic 820. As such, the fair value measurement disclosures for fiscal year 2018 have been restated for these changes.

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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, 2019 and 2018.

- *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.
- *Corporate, foreign, and municipal 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, 2019 and 2018:

	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, 2019 AND 2018

	2018		
	Fair Value	Level 1	Level 2
Assets:			
Certificates of deposits	\$ 4,621,946	\$ -0-	\$ 4,621,946
U.S. government securities	6,606,574	-0-	\$ 6,606,574
Corporate bonds	2,852,532	-0-	\$ 2,852,532
Municipal bonds	371,987	-0-	371,987
Mutual funds	30,001,384	30,001,384	-0-
Exchange traded funds	1,068,093	1,068,093	-0-
Liabilities:			
Gift annuities payable	148,810	-0-	148,810

6. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019 and 2018 is as follows:

	2019	2018
Furniture and equipment	194,736	186,011
Less accumulated depreciation	(141,240)	(120,440)
	\$ 53,496	\$ 65,571

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.

7. 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, 2019 and 2018, 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 \$174,777 and \$148,810 at June 30, 2019 and 2018, respectively.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

8. 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.

Following is a progression of custodial funds during 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 2,792,090	\$ 2,095,528
Contributions	537,245	576,352
Interest return, net	74,287	232,334
Administrative fees	(49,899)	(43,020)
Other expenses	(127,485)	-0-
Interfund, net	66,798	-0-
Grant and scholarship payments	<u>(71,796)</u>	<u>(69,104)</u>
Ending balance	<u>\$ 3,221,240</u>	<u>\$ 2,792,090</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following at June 30, 2019 and 2018:

	2019	2018
Restricted for specified purposes		
ROI - Lilly grant	\$ 17,727,467	\$ 20,718,450
Various based on fund agreements	2,265,588	2,060,823
	19,993,055	22,779,273
Endowment funds		
Restricted in perpetuity	21,426,081	19,971,805
Restricted subject to the Foundation's spending policy	3,601,328	4,583,590
	25,027,409	24,555,395
	\$ 45,020,464	\$ 47,334,668

10. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions for the years ended June 30, 2019 and 2018 were as follows:

	2019	2018
Purpose restrictions related to:		
ROI - Lilly grant	\$ 2,992,626	\$ 2,302,331
Funds appropriated for expenditure for various purposes based on fund agreements	1,590,372	1,617,292
	\$ 4,582,998	\$ 3,919,623

11. ENDOWMENT

The majority of the Foundation's 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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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 the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate 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
- (6) Other resources of CFBMC
- (7) The investment policies of CFBMC

The Foundation 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 the Foundation 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. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 7 percent annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Foundation 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).

The Foundation 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, the Foundation considered the long-term expected return on its endowment.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Endowed funds by net asset type at June 30, 2019 and 2018 were as follows:

	2019		2018 (As Restated)	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Donor Restricted Funds	\$ -0-	\$ 25,027,409	\$ -0-	\$ 24,555,395
Board Designated Funds	<u>1,115,993</u>	<u>-0-</u>	<u>1,157,623</u>	<u>-0-</u>
	<u>\$ 1,115,993</u>	<u>\$ 25,027,409</u>	<u>\$ 1,157,623</u>	<u>\$ 24,555,395</u>

Changes in endowment funds for the years ended June 30, 2019 and 2018 were as follows:

	2019		2018 (As Restated)	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ 1,157,623	\$ 24,555,395	\$ 1,113,637	\$ 21,942,469
Contributions and other revenue	-0-	869,940	-0-	1,676,390
Investment return, net	27,315	614,732	113,821	2,274,978
Interfund, net	-0-	301,612	-0-	(50,273)
Appropriation of endowment assets for expenditure	<u>(68,945)</u>	<u>(1,314,270)</u>	<u>(69,835)</u>	<u>(1,288,169)</u>
Endowment net assets, end of year	<u>\$ 1,115,993</u>	<u>\$ 25,027,409</u>	<u>\$ 1,157,623</u>	<u>\$ 24,555,395</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

12. OPERATING LEASE

The Foundation entered a lease agreement to lease its office space beginning August 1, 2016. The lease, which requires a base rent plus common area maintenance (CAM) charges, expires July 31, 2021. The lease calls for annual base payments of \$21,284, with a 3 percent bi-annual increase beginning August 1, 2019 and monthly CAM payments of \$679 with annual increases up to 5 percent. Monthly reimbursements to the landlord are also made for a portion of insurance, real estate taxes, and utilities. The Foundation has the option to exercise two renewals for five years each. Future minimum lease payments subsequent to June 30, 2019 under this lease are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 30,484
2021	<u>2,540</u>
	<u>\$ 33,024</u>

13. 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 Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 915,350
Investments	<u>2,160,403</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.

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

expenditure until that time. Non-endowed funds are held in cash and cash equivalents 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 11. 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.

14. 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.

15. RECENTLY ISSUED ACCOUNTING STANDARDS

On June 21, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. Additionally, the amendments in this ASU require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. Finally, ASU 2018-08 amends the "simultaneous release accounting policy" to allow an NFP entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. The Foundation will be required to adopt this new standard in the year ending June 30, 2020.

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This new standard,

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

which the Foundation is not required to adopt until its year ending June 30, 2021, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their consolidated balance sheet 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 balance sheet.

The Foundation is presently evaluating the effects that these ASUs 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, 2019

	Community Foundation of Bloomington and Monroe County, Inc.	Regional Opportunity Initiatives, Inc.	Consolidated
Cash and cash equivalents	\$ 1,609,079	\$ 1,122,586	\$ 2,731,665
Investments	31,708,012	17,435,802	49,143,814
Other current assets	30,815	9,903	40,718
Property and equipment, net	44,462	9,034	53,496
Undeveloped real estate held for preservation	1,446,044	-0-	1,446,044
	<u>\$ 34,838,412</u>	<u>\$ 18,577,325</u>	<u>\$ 53,415,737</u>
Liabilities			
Accounts payable and accrued expenses	\$ 45,632	\$ 144,042	\$ 189,674
Deferred revenue	591,003	-0-	591,003
Gift annuities payable	174,777	-0-	174,777
Custodial funds	<u>3,221,240</u>	<u>-0-</u>	<u>3,221,240</u>
Total liabilities	4,032,652	144,042	4,176,694
Net assets			
Without donor restrictions:			
Operating	2,396,770	705,816	3,102,586
Administrative endowment	<u>1,115,993</u>	<u>-0-</u>	<u>1,115,993</u>
	3,512,763	705,816	4,218,579
With donor restrictions			
Restricted for specified purpose	2,265,588	17,727,467	19,993,055
Endowment funds	<u>25,027,409</u>	<u>-0-</u>	<u>25,027,409</u>
	<u>27,292,997</u>	<u>17,727,467</u>	<u>45,020,464</u>
Total net assets	<u>30,805,760</u>	<u>18,433,283</u>	<u>49,239,043</u>
	<u>\$ 34,838,412</u>	<u>\$ 18,577,325</u>	<u>\$ 53,415,737</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, 2019

	Community Foundation of Bloomington and Monroe County, Inc.	Regional Opportunity Initiatives, Inc.	Consolidated
Support and revenues			
Contributions	\$ 41,901	\$ -0-	\$ 41,901
Investment return, net	72,281	458,041	530,322
Administrative fee income	546,289	-0-	546,289
Change in value of split interest agreements	-0-	-0-	-0-
Net assets released from restrictions	<u>1,590,372</u>	<u>2,992,626</u>	<u>4,582,998</u>
Total support and revenues	2,250,843	3,450,667	5,701,510
Expenses			
Program services	1,524,630	2,695,231	4,219,861
Management & general	383,505	258,272	641,777
Fundraising & development	<u>526,541</u>	<u>39,123</u>	<u>565,664</u>
Total expenses	<u>2,434,676</u>	<u>2,992,626</u>	<u>5,427,302</u>
Change in net assets	(183,833)	458,041	274,208
Net assets, beginning of year	<u>3,696,596</u>	<u>247,775</u>	<u>3,944,371</u>
Net assets, end of year	<u>\$ 3,512,763</u>	<u>\$ 705,816</u>	<u>\$ 4,218,579</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, 2019

	Community Foundation of Bloomington and Monroe County, Inc.	Regional Opportunity Initiatives, Inc.	Consolidated
Support and revenues			
Contributions	\$ 1,667,904	\$ 1,643	\$ 1,669,547
Investment return, net	622,852	-0-	622,852
Administrative fee income	-0-	-0-	-0-
Change in value of split interest agreements	(23,605)	-0-	(23,605)
Net assets released from restrictions	<u>(1,590,372)</u>	<u>(2,992,626)</u>	<u>(4,582,998)</u>
Total support and revenues	676,779	(2,990,983)	(2,314,204)
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	676,779	(2,990,983)	(2,314,204)
Net assets, beginning of year	<u>26,616,218</u>	<u>20,718,450</u>	<u>47,334,668</u>
Net assets, end of year	<u>\$ 27,292,997</u>	<u>\$ 17,727,467</u>	<u>\$ 45,020,464</u>

See Report of Independent Auditors on pages 1 and 2.