

**HARRISON COUNTY COMMUNITY
FOUNDATION, INC.**

CONSOLIDATED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2022 AND 2021

CPAs / ADVISORS



HARRISON COUNTY COMMUNITY FOUNDATION, INC.

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REPORT OF INDEPENDENT AUDITORS

Board of Directors of the
Harrison County Community Foundation, Inc.,
Harrison County Community Foundation Supporting Organization, Inc. and
HCCF Real Estate Supporting Organization, Inc.
Corydon, Indiana

Opinion

We have audited the accompanying consolidated financial statements of Harrison County Community Foundation, Inc. (the "Foundation"), a nonprofit organization, and affiliates, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation and its affiliates as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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

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

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

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

Supplementary Information

Our 2022 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2022 supplementary information of the consolidating statement of financial position and consolidating statement of activities is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and change in net assets of the individual entities 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 2022 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

June 6, 2023

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2022 AND 2021

| | ASSETS | |
|---|-----------------------|-----------------------|
| | 2022 | 2021 |
| Cash | \$ 1,395,606 | \$ 1,222,749 |
| Investments | 247,768,573 | 281,183,796 |
| Notes receivable | 1,736,778 | 1,812,911 |
| Property and equipment, net | 1,012,785 | 1,008,055 |
| Property held for lease, net | 6,611,795 | 6,887,738 |
| Total assets | <u>\$ 258,525,537</u> | <u>\$ 292,115,249</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 25,884 | \$ 26,245 |
| Promise to give | 1,970,255 | 2,028,204 |
| Custodial funds | 146,030,731 | 162,816,198 |
| Charitable gift annuity payable | 675,722 | 647,892 |
| Notes payable | 5,203,765 | 5,495,859 |
| Total liabilities | 153,906,357 | 171,014,398 |
| Net assets | | |
| Without donor restrictions: | | |
| Harrison County Community Foundation operating fund | 2,620,731 | 2,720,675 |
| HCCF Supporting Organization funds | 74,332,460 | 86,114,266 |
| HCCF Real Estate Supporting Organization | (1,926,857) | (1,934,066) |
| Total without donor restrictions | 75,026,334 | 86,900,875 |
| With donor restrictions: | | |
| Restricted due to time restrictions | 1,103,944 | 1,461,692 |
| Restricted for specified purpose | 22,999 | 91,170 |
| Restricted in perpetuity - endowment | 23,387,601 | 22,612,510 |
| Restricted subject to spending policy | 5,078,302 | 10,034,604 |
| Total with donor restrictions | 29,592,846 | 34,199,976 |
| Total net assets | 104,619,180 | 121,100,851 |
| Total liabilities and net assets | <u>\$ 258,525,537</u> | <u>\$ 292,115,249</u> |

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES YEAR ENDED DECEMBER 31, 2022 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2021)

| | 2022 | | | 2021 |
|---|----------------------------------|----------------------------|-----------------------|-----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| Support and revenues | | | | |
| Contributions and grants | \$ 1,838,563 | \$ 502,155 | \$ 2,340,718 | \$ 3,055,392 |
| Investment return, net | (10,798,360) | (4,327,065) | (15,125,425) | 19,308,268 |
| Interest and other income | 43,250 | -0- | 43,250 | 20,057 |
| Service agreement fee income | 236,762 | -0- | 236,762 | 161,343 |
| Rent income | 63,949 | -0- | 63,949 | 63,949 |
| Change in value of split interest agreement | -0- | (92,853) | (92,853) | (23,350) |
| Net assets released from restrictions | <u>1,229,367</u> | <u>(1,229,367)</u> | <u>-0-</u> | <u>-0-</u> |
| Total support and revenues | (7,386,469) | (5,147,130) | (12,533,599) | 22,585,659 |
| Expenses | | | | |
| Program expense | 3,257,633 | -0- | 3,257,633 | 2,912,816 |
| Management and general | 461,853 | -0- | 461,853 | 399,721 |
| Fundraising and development | <u>228,586</u> | <u>-0-</u> | <u>228,586</u> | <u>211,962</u> |
| Total expenses | <u>3,948,072</u> | <u>-0-</u> | <u>3,948,072</u> | <u>3,524,499</u> |
| Change in net assets | (11,334,541) | (5,147,130) | (16,481,671) | 19,061,160 |
| Transfers due to matching program | (540,000) | 540,000 | -0- | -0- |
| Net assets, beginning of year | <u>86,900,875</u> | <u>34,199,976</u> | <u>121,100,851</u> | <u>102,039,691</u> |
| Net assets, end of year | <u>\$ 75,026,334</u> | <u>\$ 29,592,846</u> | <u>\$ 104,619,180</u> | <u>\$ 121,100,851</u> |

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|----------------------------|-----------------------|
| Support and revenues | | | |
| Contributions and grants | \$ 1,330,508 | \$ 1,724,884 | \$ 3,055,392 |
| Investment return, net | 14,071,510 | 5,236,758 | 19,308,268 |
| Interest and other income | 20,057 | -0- | 20,057 |
| Service agreement fee income | 161,343 | -0- | 161,343 |
| Rent income | 63,949 | -0- | 63,949 |
| Change in value of split interest agreement | -0- | (23,350) | (23,350) |
| Net assets released from restrictions | <u>998,256</u> | <u>(998,256)</u> | <u>-0-</u> |
| Total support and revenues | 16,645,623 | 5,940,036 | 22,585,659 |
| Expenses | | | |
| Program expense | 2,912,816 | -0- | 2,912,816 |
| Management and general | 399,721 | -0- | 399,721 |
| Fundraising and development | <u>211,962</u> | <u>-0-</u> | <u>211,962</u> |
| Total expenses | <u>3,524,499</u> | <u>-0-</u> | <u>3,524,499</u> |
| Change in net assets | 13,121,124 | 5,940,036 | 19,061,160 |
| Transfers due to matching program | (500,000) | 500,000 | -0- |
| Net assets, beginning of year | <u>74,279,751</u> | <u>27,759,940</u> | <u>102,039,691</u> |
| Net assets, end of year | <u>\$ 86,900,875</u> | <u>\$ 34,199,976</u> | <u>\$ 121,100,851</u> |

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2022 AND 2021

| | 2022 | | | | 2021 | | | |
|--------------------------------------|---------------------|----------------------|---------------------------|---------------------|---------------------|----------------------|---------------------------|---------------------|
| | Program Expenses | Management & General | Fundraising & Development | Total | Program Expenses | Management & General | Fundraising & Development | Total |
| Grants | \$ 2,395,350 | \$ -0- | \$ -0- | \$ 2,395,350 | \$ 2,090,363 | \$ -0- | \$ -0- | \$ 2,090,363 |
| Salaries and benefits | 293,694 | 388,946 | 111,128 | 793,768 | 236,958 | 335,690 | 85,568 | 658,216 |
| Professional fees | 30,166 | 11,845 | 23,692 | 65,703 | 25,600 | 9,272 | 18,546 | 53,418 |
| Interest expense | 160,362 | -0- | -0- | 160,362 | 183,885 | -0- | -0- | 183,885 |
| Travel and entertainment | 2,561 | 2,077 | 244 | 4,882 | 1,097 | 890 | 105 | 2,092 |
| Office supplies | 6,171 | 5,006 | 588 | 11,765 | 4,166 | 3,380 | 398 | 7,944 |
| Marketing and promotions | -0- | -0- | 57,750 | 57,750 | -0- | -0- | 60,967 | 60,967 |
| Dues and subscriptions | 2,998 | 2,432 | 286 | 5,716 | 4,033 | 3,272 | 385 | 7,690 |
| Depreciation | 311,137 | 4,673 | 519 | 316,329 | 311,137 | 4,673 | 519 | 316,329 |
| Utilities | 5,554 | 4,506 | 529 | 10,589 | 4,243 | 3,442 | 404 | 8,089 |
| Repairs and maintenance | 10,497 | 5,524 | 648 | 16,669 | 10,944 | 8,880 | 1,042 | 20,866 |
| Insurance | 21,731 | 13,509 | 1,588 | 36,828 | 26,069 | 12,513 | 1,470 | 40,052 |
| Board development and staff training | -0- | -0- | 31,228 | 31,228 | -0- | -0- | 42,179 | 42,179 |
| Janitorial services | 2,098 | 1,702 | 200 | 4,000 | 2,007 | 1,628 | 191 | 3,826 |
| Telephone | 1,763 | 2,645 | -0- | 4,408 | 1,866 | 2,799 | -0- | 4,665 |
| Rent | 2,063 | 3,095 | -0- | 5,158 | 1,763 | 2,645 | -0- | 4,408 |
| Printing and postage | 1,949 | 1,581 | 186 | 3,716 | 1,972 | 1,599 | 188 | 3,759 |
| Other | 9,540 | 14,311 | -0- | 23,851 | 6,713 | 9,038 | -0- | 15,751 |
| Total expense | \$ 3,257,634 | \$ 461,852 | \$ 228,586 | \$ 3,948,072 | \$ 2,912,816 | \$ 399,721 | \$ 211,962 | \$ 3,524,499 |

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2022 AND 2021

| | 2022 | 2021 |
|--|-----------------|---------------|
| Operating activities | | |
| Change in net assets | \$ (16,481,671) | \$ 19,061,160 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Depreciation | 316,329 | 316,329 |
| Contributions restricted to endowment funds | (464,715) | (1,664,139) |
| Reinvested interest and dividend income received on investments | (8,182,459) | (9,420,902) |
| Realized and unrealized losses (gains) on investments | 44,072,425 | (36,005,816) |
| Change in value of split interest agreement | 92,853 | 23,350 |
| Change in operating assets and liabilities: | | |
| Accounts payable and accrued expenses | (361) | 1,050 |
| Promise to give | (57,949) | (57,949) |
| Custodial funds | (16,785,467) | 25,168,685 |
| Net cash flows from operating activities | 2,508,985 | (2,578,232) |
| Investing activities | | |
| Purchases of property and equipment | (45,116) | -0- |
| Purchases of investments | (11,733,073) | (17,262,134) |
| Proceeds from sale of investments | 9,258,330 | 18,908,445 |
| Payments received on notes receivable | 76,133 | 107,133 |
| Net cash flows from investing activities | (2,443,726) | 1,753,444 |
| Financing activities | | |
| Contributions restricted to endowment funds | 464,715 | 1,664,139 |
| Payments on notes payable | (292,094) | (272,936) |
| Payments on charitable gift annuity | (65,023) | (65,023) |
| Net cash flows from financing activities | 107,598 | 1,326,180 |
| Net change in cash | 172,857 | 501,392 |
| Cash, beginning of year | 1,222,749 | 721,357 |
| Cash, end of year | \$ 1,395,606 | \$ 1,222,749 |
| Supplemental disclosure of cash flow information | | |
| Cash payments made during the year for interest | \$ 160,362 | \$ 183,885 |

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Harrison County Community Foundation, Inc. ("HCCF") was established as a not-for-profit organization in 1996. HCCF is an independent not-for-profit organization with a volunteer board of directors, whose purpose is to promote the interests of Harrison County, Indiana. This purpose is accomplished through grant making and the administration of grants to local governments, not-for-profit agencies and scholarships to individuals pursuing post-secondary education. Additionally, HCCF administers and manages the grants and scholarships awarded by Harrison County Community Foundation Supporting Organization, Inc. ("HCCFSO") and actively manages the property held by the HCCF Real Estate Supporting Organization, Inc. ("RESO").

HCCFSO is a not-for-profit organization incorporated in 2000, under the laws of the State of Indiana. HCCFSO was established to accept, invest, and transfer contributions received from EBCI Holdings LLC to HCCF and to distribute grants to the local community and government of Harrison County. HCCFSO is a separate and distinct Indiana not-for-profit corporation related to HCCF through a common board of directors and advisory council.

RESO is a not-for-profit organization incorporated in 2012, under the laws of the State of Indiana. RESO was established to hold and manage the property that HCCF and HCCFSO occupy and rent from RESO, as well as other donated or purchased real estate. In 2017, RESO entered into a construction and lease agreement with Mainstream Fiber Networks ("MFN") to provide \$5 million for the installation and servicing of a fiber network within the limits of Harrison County that facilitates the ability to provide such service to a customer base for fiber optics communications in Harrison County. RESO retains ownership of the \$5 million fiber backbone. MFN leases this fiber backbone from RESO for \$1 annually plus an "infrastructure recovery fee" of \$5 per month per customer which is recognized as service agreement fee revenue on the consolidated statements of activities. The infrastructure recovery fee is billed and collected by MFN and remitted to RESO monthly. The term of the lease is 25 years starting in January 2018 when the first customer began receiving services and also contains three 5-year extensions.

HCCF is funded principally through contributions from HCCFSO as well as donations from the public, investment returns, and management fees charged to HCCFSO. HCCFSO is funded principally by investment income and contributions from EBCI Holdings LLC ("EBCI"). In a prior year, HCCF received an initial allocation of \$5,000,000 pursuant to a revenue sharing agreement between EBCI (formerly known as Caesars Southern Indiana) and Harrison County, Indiana, in conjunction with the establishment of EBCI gaming operations in Harrison County. That agreement also called for EBCI to contribute a defined percentage of its annual adjusted gross receipts for the benefit of Harrison County and HCCF. The total aggregate amount to be contributed to HCCF and HCCFSO over the life of the agreement was \$55,000,000. \$50,000,000 of this amount was deposited with HCCFSO. Funding is now governed by an amended agreement which provides that all future payments will be made by choice of the county commissioners either directly to Harrison County or directly to HCCFSO, with 75% to be used for

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

the benefit of Harrison County and the remaining 25% used for discretionary purposes by the Foundation. The county commissioners have currently selected the payments to be made directly to HCCFSO. That agreement does not guarantee any future payments to HCCF and HCCFSO.

Consolidation Policy

The accounts of HCCF are consolidated with the accounts of the HCCFSO and RESO as a result of common control and economic interests. 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:

Harrison County Community Foundation Operating Fund – used to fund current operations of HCCF.

HCCF Supporting Organization Funds – Unrestricted net assets designated as belonging to HCCFSO represent contributions provided by EBCI along with associated investment earnings of those funds. These assets are available to further the mission of HCCFSO.

HCCF Real Estate Supporting Organization – Unrestricted net assets relate to the property held and maintained by the HCCF Real Estate Supporting Organization and the operations to maintain the property.

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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 due to time restrictions – all contributions to the Foundation with donor restrictions that will be met by the passage of time.

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

Restricted in perpetuity - endowment – all contributions to the Foundation with the intention of the donor that the assets be held in perpetuity and managed in accordance with the Foundation's spending policy.

Restricted subject to spending policy – investment earnings on assets restricted in perpetuity – endowment and managed in accordance with the Foundation's spending policy.

Cash

Cash consists primarily of money market and checking accounts and excludes amounts held by the Foundation's fund managers and 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.

Notes Receivable

Notes receivable are stated at unpaid principal balances, less an allowance for losses. The allowance is based on management's assessment of the current status of the individual receivable. There was no allowance for losses at December 31, 2022 and 2021. Notes receivable are considered delinquent based on specific circumstances of the borrower and are written off when the balance is considered uncollectible. All notes receivable are non-interest bearing.

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Property and Equipment and Property Held for Lease

Property and equipment and property held for lease, 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 property and equipment, as well as property held for lease, of the Foundation are being depreciated over their estimated useful lives using the straight-line method ranging from 5 to 39 years.

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.

Support and revenues are reported as increases in either net assets with or without donor restrictions in accordance with the classification of the fund as it relates to the Foundation's spending policy. 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 as it relates to Foundation's spending policy.

All other revenue is recorded when earned.

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. Those expense include salaries and benefits, certain professional fees, insurance, depreciation, office supplies, and occupancy expenses. These 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

HCCF, HCCFSO, and RESO are all not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code ("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

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Foundation, and has concluded that as of December 31, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying consolidated financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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

Subsequent Events

The Foundation has evaluated events or transactions occurring subsequent to the Consolidated Statement of Financial Position date for recognition and disclosure in the accompanying consolidated financial statements through the date the consolidated financial statements are available to be issued, which is June 6, 2023.

Transfers Due to Matching Program

HCCFSO supports a matching program ran by HCCF. Contributions given by outside donors to donor-restricted endowments are matched by these funds, thereby, creating a donor-restriction upon the matching portion for the same purpose. The matched amount from the Foundation is reflected on the “Consolidated Statements of Activities as “Transfers due to matching program.”

2. CHANGE IN ACCOUNTING PRINCIPLE

On January 1, 2022, the Foundation adopted the new lease accounting standard issued by the Financial Accounting Standards Board (FASB) and codified in the Accounting Standards Codification (ASC) as Topic 842 (ASC 842). The lease standard in ASC 842 intended to improve financial reporting about leasing transactions by requiring entities to recognize on the 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 ASC 842) of twelve months or less are not required to be reflected on an entity’s consolidated statement of financial position.

The Foundation applied the modified retrospective approach to all lease agreements when adopting ASC 842. ASC 842 was applied retrospectively to the beginning of the period of adoption through a cumulative-effect adjustment recognized as of January 1, 2022. Prior period amounts have not been adjusted and continue to be reported in accordance with the previous accounting guidance in ASC 840. The adoption of ASC 842 did not have a material impact on the consolidated statement of financial position or on the consolidated statement of activities and the consolidated statement of cash flows.

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

The Foundation elected the available practical expedients to account for its existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether any expired or existing contracts contain a lease, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs, if any, before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement. In addition, the Foundation elected the hindsight practical expedient to determine the lease term for existing leases.

3. INVESTMENTS

Investments at December 31, 2022 and 2021 consist of the following:

| | 2022 | 2021 |
|------------------------------|-----------------------|-----------------------|
| Cash | \$ 2,521,203 | \$ 2,281,484 |
| Mutual funds | | |
| Equity funds | | |
| Large | 107,001,332 | 124,672,245 |
| Small/mid | 48,872,354 | 57,695,260 |
| Real estate | 6,715,425 | 9,098,908 |
| Fixed income | | |
| Low/limited duration | 15,247,492 | 9,995,898 |
| Multisector | 5,923 | 6,793 |
| Core | 20,374,857 | 19,980,866 |
| Inflation protected | 3,724,145 | 10,039,453 |
| World/emerging markets | 12,749,745 | 13,053,013 |
| High yield | 15,553 | 17,436 |
| Equity exchange traded funds | | |
| Large | 13,613,375 | 15,869,308 |
| Small | 16,927,169 | 18,473,132 |
| | <u>\$ 247,768,573</u> | <u>\$ 281,183,796</u> |

4. RISKS AND UNCERTAINTIES

The Foundation holds different types 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.

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

5. 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 and 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 and 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 and liabilities in active markets; quoted prices for identical or similar assets and 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.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets' and liabilities' 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 December 31, 2022 and 2021:

- *Common stocks*: Valued at the closing price reported on the active market on which the individual securities are traded.
- *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.
- *Charitable gift annuity payable*: Fair value is determined by calculating the present value of future payments to beneficiaries using published life expectancy tables with a discount rate of 1.4%.

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

The following table sets forth financial assets and liabilities 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 on a recurring basis at December 31, 2022 and 2021 as follows:

| | 2022 | | |
|----------------------------|-----------------------|-------------------|-----------------------|
| | Level 1 | Level 2 | Fair Value |
| Assets: | | | |
| Mutual funds | \$ 214,706,826 | \$ -0- | \$ 214,706,826 |
| Exchange traded funds | <u>30,540,544</u> | <u>-0-</u> | <u>30,540,544</u> |
| Total assets at fair value | <u>\$ 245,247,370</u> | <u>\$ -0-</u> | <u>\$ 245,247,370</u> |
| Liabilities: | | | |
| Charitable gift annuity | <u>\$ -0-</u> | <u>\$ 675,722</u> | <u>\$ 675,722</u> |
| | | | |
| | 2021 | | |
| | Level 1 | Level 2 | Fair Value |
| Assets: | | | |
| Mutual funds | \$ 244,559,872 | \$ -0- | \$ 244,559,872 |
| Exchange traded funds | <u>34,342,440</u> | <u>-0-</u> | <u>34,342,440</u> |
| Total assets at fair value | <u>\$ 278,902,312</u> | <u>\$ -0-</u> | <u>\$ 278,902,312</u> |
| Liabilities: | | | |
| Charitable gift annuity | <u>\$ -0-</u> | <u>\$ 647,892</u> | <u>\$ 647,892</u> |

6. NOTES RECEIVABLE

In 2011, a Program Related Investment (PRI) note receivable was set up with the YMCA of Harrison County ("YMCA"), an unrelated organization. The note receivable is a non-interest bearing loan to be paid over a period of 20 years in monthly installments of \$4,500. The monthly payments consist of a principal amount of \$4,000 and service fee income of \$500 related to this receivable. The receivable balance was \$455,000 and \$503,000 as of December 31, 2022 and 2021, respectively.

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

In 2015, a PRI note receivable was set up with Harrison County Community Services, Inc., an unrelated organization. The note receivable is a non-interest bearing loan to be paid over a period of 20 years in monthly installments of \$2,584. The monthly payments consist of a principal amount of \$2,084 and service fee income of \$500 related to this receivable. The receivable balance was \$326,528 and \$351,536 as of December 31, 2022 and 2021, respectively.

In 2016, a PRI note receivable was set up with Mainstreet Corydon, Ind., Inc., an unrelated organization, for \$750,000 and in 2019 an additional \$300,000 was issued. The note receivable is a non-interest bearing loan to be paid over a period of 28 years in monthly installments of \$3,625 commencing in July 2017. The monthly payments consist of a principal amount of \$3,125 and service fee income of \$500 related to this receivable. The receivable balance was \$931,250 and \$934,375 as of December 31, 2022 and 2021, respectively.

In 2020, the Foundation participated in the Harrison County Covid-19 Small Business Economic Relief Program. Under this program, the Foundation provided low interest loans to qualified borrowers in Harrison County, Indiana. The notes receivable under this program was \$24,000 as of December 31, 2022 and 2021.

7. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2022 and 2021 is as follows:

| | 2022 | 2021 |
|------------------------------------|---------------------|---------------------|
| Land | \$ 180,300 | \$ 180,300 |
| Building and building improvements | 1,215,208 | 1,170,203 |
| Equipment | 194,395 | 194,285 |
| | <u>1,589,903</u> | <u>1,544,788</u> |
| Less accumulated depreciation | 577,118 | 536,733 |
| | <u>\$ 1,012,785</u> | <u>\$ 1,008,055</u> |

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

8. PROPERTY HELD FOR LEASE

Following is a summary of property held for lease at December 31, 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|-------------------------------|---------------------|---------------------|
| Building held for lease | \$ 2,961,760 | \$ 2,961,760 |
| Fiber network backbone | <u>5,000,000</u> | <u>5,000,000</u> |
| | 7,961,760 | 7,961,760 |
| Less accumulated depreciation | <u>1,349,965</u> | <u>1,074,022</u> |
| | <u>\$ 6,611,795</u> | <u>\$ 6,887,738</u> |

9. CHARITABLE GIFT ANNUITY

The Foundation has an active charitable gift annuity, under which the Foundation has received \$1,444,960. The Foundation is required to make quarterly payments to the third party beneficiary in the amount of \$16,256 for the remainder of the beneficiary's lifetime. Upon the death of the specified person, the remaining amount of the gift is to be used by the Foundation for specified purposes outlined in the charitable gift annuity agreement. The Foundation has recognized a liability for the present value of the amount expected to be paid to the third-party beneficiary at December 31, 2022 and 2021, under this agreement. The liability was calculated based on the life expectancy of the beneficiary and a discount rate of 1.4%. The present value of amounts expected to be paid to the third party beneficiary was \$675,722 and \$647,892 at December 31, 2022 and 2021, respectively.

10. CUSTODIAL FUNDS

Custodial funds represent funds placed on deposit with the Foundation by other organizations based on their individual board resolutions, including the county fund that holds the 75% of revenue-sharing contributions from EBCL as described in Note 1. The Foundation accounts for these transfers as a liability in accordance with standards set forth by the Financial Accounting Standards Board. Income is added to these funds periodically in accordance with the Foundation's investment allocation policies. Contributions by, investment return 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.

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Following is a progression of custodial funds during 2022 and 2021:

| | 2022 | 2021 |
|------------------------------------|-----------------------|-----------------------|
| Custodial funds, beginning balance | \$ 162,816,198 | \$ 137,647,513 |
| Contributions | 5,515,802 | 3,984,908 |
| Investment return, net | (21,197,319) | 25,733,455 |
| Grant payments | <u>(1,103,950)</u> | <u>(4,549,678)</u> |
| Custodial funds, ending balance | <u>\$ 146,030,731</u> | <u>\$ 162,816,198</u> |

11. NOTES PAYABLE

The Foundation has a note payable to a financial institution that had an availability of \$3,000,000 to be drawn upon through July 2018 for the construction of a building to be used by the Boys & Girls Club of Harrison-Crawford Counties, Inc. The balance of the note as of December 31, 2022 and 2021 was \$2,551,648 and \$2,703,528, respectively. The note had a fixed interest rate of 2.75% through January 2022. Beginning January 2022, the interest rate became variable and adjusts annually to the weekly average yield on one-year U.S. Treasury securities plus 2.25%, which impacts the monthly amount. The applicable interest rate at December 31, 2022 was 2.43%. Principal and interest payments began February 2020 and continue through January 2037.

The Foundation has a note payable to a financial institution that had an availability of \$3,000,000 to be drawn upon through November 2018 for the fiber network project. The balance of the note as of December 31, 2022 and 2021 was \$2,652,117 and \$2,792,331, respectively. The note had a fixed interest rate of 3.625% through May 2022. Beginning May 2022, the interest rate became variable and adjusts annually to the weekly average yield on one-year U.S. Treasury securities plus 2.25%, which impacts the monthly amount. The applicable interest rate at December 31, 2022 was 3.55%. Principal and interest payments began June 2020 and continue through May 2037.

Both notes are secured by certain investment accounts of HCCFSO containing marketable securities, which had an aggregate balance of \$12,548,013 at December 31, 2022. Both notes are also subject to certain affirmative and negative covenants.

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Following are estimated principal payments on the notes payable subsequent to December 31, 2022:

| | | |
|------------|----|------------------|
| 2023 | \$ | 262,799 |
| 2024 | | 265,951 |
| 2025 | | 280,624 |
| 2026 | | 295,414 |
| 2027 | | 311,071 |
| Thereafter | | <u>3,787,906</u> |
| | \$ | <u>5,203,765</u> |

12. NET ASSETS RELEASED

Net assets were released from donor restrictions in the amount of \$1,229,367 and \$998,256 based on funds appropriated for expenditure for the years ended December 31, 2022 and 2021, respectively.

13. GRANT COMMITMENTS

The Foundation had conditional grants of \$3,452,558 and \$2,718,135 at December 31, 2022 and 2021, respectively. These amounts will not be paid until the related conditions have been met; therefore, a liability related to these grants has not been recognized.

14. ENDOWMENT

Some of the Foundation's funds consist of donor-restricted endowed funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds 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, the Foundation retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted endowment funds 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

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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 the Foundation 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 the Foundation
- (7) The investment policies of the Foundation

From time to time, due to unfavorable market fluctuations, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. The Foundation has a policy that does allow spending from underwater endowment funds, unless otherwise precluded by donor intent or relevant laws and regulations.

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. 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 5 percent of its endowment funds' average fair value over the prior 12 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.

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

The future minimum lease payments for the five years subsequent to December 31, 2022 are as follows:

| | | |
|-------------|----|---------------|
| 2023 | \$ | 6,000 |
| 2024 | | 17,159 |
| 2025 | | 17,159 |
| 2026 | | 17,159 |
| 2027 | | 17,159 |
| Thereafter* | | <u>17,159</u> |
| | \$ | <u>91,795</u> |

*Rental payments after 2029 are yet to be negotiated.

Because of the below-market lease payments required to be paid, a promise to give and grant expense of \$2,260,000 was recognized in 2017 for the difference between the present value of the actual payments to be received and the fair value of the building being utilized. Starting in 2018, this promise to give is being amortized over 39 years at an annual rate of \$57,949, which is recognized as rent income on the Consolidated Statements of Activities. The promise to give was \$1,970,255 and \$2,028,204 at December 31, 2022 and 2021, respectively. Total rent income, included in rent income on the Consolidated Statement of Activities, for the building operating lease was \$63,949 for the years ended December 31, 2022 and 2021, respectively.

The lease described above shall terminate upon expiration of the lease term or if the lease provides for any option or options that are exercised by the tenant, then the lease will terminate at the expiration of the option term or terms. The Foundation has the right to terminate the lease upon default in payment of rental or any default in terms of the agreement with a 10 day written notice.

Fiber Network Backbone

The Foundation is also the lessor of servicing fiber network within the limits of Harrison County under an operating lease agreement. The Foundation leases fiber backbone for \$1 annually plus an "infrastructure recovery fee" of \$5 per month per customer. The term of the lease is 25 years which started in January 2018 and contains three 5-year extensions. This lease shall terminate upon expiration of the lease term or at the end of the extension of the lease if agreed upon by both the Foundation and tenant. The Foundation has the right to terminate the lease with a 30-day written notice.

At such time that the Foundation has collected \$5,000,000 and any interest due, the Foundation may elect to transfer ownership of the fiber backbone to another Harrison County nonprofit agency or sell the fiber backbone to a private provider. Should the fiber backbone be offered for sale to private providers, MFN shall have first right of refusal for a price established based on

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

qualified appraisal confirming fair market value based on similar communication assets.

16. LIQUIDITY AND AVAILABILITY

The Foundation manages its liquid resources to meet the cash needs for operations, endowment appropriations, and grants and scholarships from non-permanent programs. The Foundation defines liquid assets as cash, notes receivable, and investments without purpose restrictions and unrelated to endowments and non-endowed investments.

Financial assets available for general expenditures within one year of the Consolidated Statements of Financial Position date are comprised of the following:

| | <u>2022</u> | <u>2021</u> |
|-----------------------|----------------------|----------------------|
| Operating cash | \$ 53,705 | \$ 75,846 |
| Operating investments | 72,131,405 | 84,530,970 |
| Notes receivable | <u>128,508</u> | <u>110,508</u> |
| | <u>\$ 72,313,618</u> | <u>\$ 84,717,324</u> |

The Foundation's endowment funds consist of donor-restricted 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 open grant approval process. This process includes evaluating a number of factors relative to the spending rate to be applied to the Foundation's fund balances in accordance with its spending policy. Once the Foundation's Board approves the spending rate, the related dollar amount of the funds becomes available for general expenditures.

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

The Foundation has notes receivable with other organizations in which the Foundation will receive payments over multiple years. The Foundation identifies the current portion of these notes as funds available for general expenditures within one year of the Consolidated Statements of Financial Position

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

17. 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 one investment firm. Such balances exceed the current insured limits of the Securities Investor Protection Corporation. Alternative investments held by the Foundation are not federally insured and are susceptible to the risk of loss.

18. CONCENTRATION OF REVENUE

The Foundation received contributions that comprised 78% and 43% of its total contributions and grants revenue in 2022 and 2021, respectively, from EBCI (see Note 1).

19. COMMITMENTS

In June 2017, RESO entered into a five-year agreement with Harrison County Rural Electric Membership Corporation ("REMC") in which RESO will pay annually \$19 per pole being used with the fiber network project described in Note 1. However, as part of the agreement with MFN, MFN will assume this annual expense for the use of the poles provided by REMC.

SUPPLEMENTARY INFORMATION

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION YEAR ENDED DECEMBER 31, 2022

| | Harrison County Community Foundation, Inc. | Harrison County Community Foundation Supporting Organization, Inc. | HCCF Real Estate Supporting Organization, Inc. | Eliminations | Consolidated |
|---|---|--|---|------------------------------|------------------------------|
| Cash | \$ 237,440 | \$ 1,094,262 | \$ 63,904 | \$ -0- | \$ 1,395,606 |
| Investments | 35,353,627 | 212,414,946 | -0- | -0- | 247,768,573 |
| Accounts receivable - related party | -0- | 7,582,607 | -0- | (7,582,607) | -0- |
| Notes receivable | -0- | 1,736,778 | -0- | -0- | 1,736,778 |
| Property and equipment, net | 62,479 | -0- | 950,306 | -0- | 1,012,785 |
| Property held for lease, net | -0- | -0- | 6,611,795 | -0- | 6,611,795 |
| Total assets | <u>\$ 35,653,546</u> | <u>\$ 222,828,593</u> | <u>\$ 7,626,005</u> | <u>\$ (7,582,607)</u> | <u>\$ 258,525,537</u> |
| Liabilities | | | | | |
| Accounts payable and accrued expenses | \$ 25,884 | \$ -0- | \$ -0- | \$ -0- | \$ 25,884 |
| Accounts payable - related party | -0- | -0- | 7,582,607 | (7,582,607) | -0- |
| Promise to give | -0- | -0- | 1,970,255 | -0- | 1,970,255 |
| Custodial funds | 2,738,363 | 143,292,368 | -0- | -0- | 146,030,731 |
| Charitable gift annuity payable | 675,722 | -0- | -0- | -0- | 675,722 |
| Note payable | -0- | 5,203,765 | -0- | -0- | 5,203,765 |
| Total liabilities | 3,439,969 | 148,496,133 | 9,552,862 | (7,582,607) | 153,906,357 |
| Net assets | | | | | |
| Without donor restrictions: | | | | | |
| Harrison County Community Foundation operating fund | 2,620,731 | -0- | -0- | -0- | 2,620,731 |
| HCCF Supporting Organization funds | -0- | 74,332,460 | -0- | -0- | 74,332,460 |
| HCCF Real Estate Supporting Organization | -0- | -0- | (1,926,857) | -0- | (1,926,857) |
| Total without donor restrictions | 2,620,731 | 74,332,460 | (1,926,857) | -0- | 75,026,334 |
| With donor restrictions: | | | | | |
| Restricted due to time restrictions | 1,103,944 | -0- | -0- | -0- | 1,103,944 |
| Restricted for specified purpose | 22,999 | -0- | -0- | -0- | 22,999 |
| Restricted in perpetuity - endowment | 23,387,601 | -0- | -0- | -0- | 23,387,601 |
| Restricted subject to spending policy | 5,078,302 | -0- | -0- | -0- | 5,078,302 |
| Total with donor restrictions | 29,592,846 | -0- | -0- | -0- | 29,592,846 |
| Total net assets | <u>32,213,577</u> | <u>74,332,460</u> | <u>(1,926,857)</u> | <u>-0-</u> | <u>104,619,180</u> |
| Total liabilities and net assets | <u>\$ 35,653,546</u> | <u>\$ 222,828,593</u> | <u>\$ 7,626,005</u> | <u>\$ (7,582,607)</u> | <u>\$ 258,525,537</u> |

HARRISON COUNTY COMMUNITY FOUNDATION, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2022

| | Without Donor Restrictions | | | | With Donor Restrictions | | |
|---|--|--|---|---------------|---|--|-----------------------|
| | Harrison County Community Foundation, Inc. | Harrison County Community Supporting Organization, Inc. | HCCF Real Estate Supporting Organization, Inc. | Eliminations | Total Without Donor Restrictions | Harrison County Community Foundation, Inc. | Consolidated |
| Support and revenues | | | | | | | |
| Contributions and grants | \$ 14,122 | \$ 1,824,441 | \$ -0- | \$ -0- | \$ 1,838,563 | \$ 502,155 | \$ 2,340,718 |
| Investment return, net | (436,646) | (10,361,714) | -0- | -0- | (10,798,360) | (4,327,065) | (15,125,425) |
| Interest and other income | 1,162 | 19,342 | 22,746 | -0- | 43,250 | -0- | 43,250 |
| Service agreement fee income | 1,165,370 | -0- | 241,700 | (1,170,308) | 236,762 | -0- | 236,762 |
| Rent income | -0- | -0- | 63,949 | -0- | 63,949 | -0- | 63,949 |
| Change in value of split interest agreement | -0- | -0- | -0- | -0- | -0- | (92,853) | (92,853) |
| Net assets released from restrictions | 1,229,367 | -0- | -0- | -0- | 1,229,367 | (1,229,367) | -0- |
| Total support and revenues | 1,973,375 | (8,517,931) | 328,395 | (1,170,308) | (7,386,469) | (5,147,130) | (12,533,599) |
| Expenses | | | | | | | |
| Program services | 1,390,937 | 2,715,818 | 321,186 | (1,170,308) | 3,257,633 | -0- | 3,257,633 |
| Management and general | 453,823 | 8,030 | -0- | -0- | 461,853 | -0- | 461,853 |
| Fundraising development | 228,559 | 27 | -0- | -0- | 228,586 | -0- | 228,586 |
| Total expenses | 2,073,319 | 2,723,875 | 321,186 | (1,170,308) | 3,948,072 | -0- | 3,948,072 |
| Change in net assets | (99,944) | (11,241,806) | 7,209 | -0- | (11,334,541) | (5,147,130) | (16,481,671) |
| Transfers due to matching program | -0- | (540,000) | -0- | -0- | (540,000) | 540,000 | -0- |
| Net assets, beginning of year | 2,720,675 | 86,114,266 | (1,934,066) | -0- | 86,900,875 | 34,199,976 | 121,100,851 |
| Net assets, end of year | <u>\$ 2,620,731</u> | <u>\$ 74,332,460</u> | <u>\$ (1,926,857)</u> | <u>\$ -0-</u> | <u>\$ 75,026,334</u> | <u>\$ 29,592,846</u> | <u>\$ 104,619,180</u> |