

Lincoln Community Foundation, Inc.
Lincoln, Nebraska

December 31, 2022 and 2021

Financial Statements
and
Independent Auditor's Report



CPAs & Consultants | Wealth Management

Lincoln Community Foundation, Inc.
Years ended December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Lincoln Community Foundation, Inc.
Lincoln, Nebraska

Opinion

We have audited the financial statements of Lincoln Community Foundation, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lincoln Community Foundation, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lincoln Community Foundation, Inc. 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.

Change in Accounting Principle

As discussed in Note O to the financial statements, in 2022, the entity adopted new accounting guidance ASU 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Lincoln Community Foundation, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Lincoln Community Foundation, Inc.'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.

ABE LLP

Lincoln, Nebraska
June 28, 2023

Lincoln Community Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents (note A)	\$ 28,475,035	\$ 19,739,054
Certificates of deposit	723,366	730,143
Investments (notes A, D and E)	144,163,280	172,809,307
Stocks in transit (note E)	-	1,060,847
Beneficial interests in charitable trusts (notes E and H)	112,434	132,473
Unconditional promises to give (notes A, B, E and K)	6,530,813	5,902,214
Mission investment loans (notes A and C)	1,063,521	1,076,041
Receivables (note A)	3,322	3,512
Cash surrender value of life insurance	2,155,626	2,513,409
Property held for resale (note E)	-	90,352
Property and equipment (notes A and G)	<u>2,612,708</u>	<u>2,693,587</u>
Total assets	<u>\$ 185,840,105</u>	<u>\$ 206,750,939</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	\$ 916,329	\$ 703,461
Annuities and trusts payable (notes E and H)	191,331	290,941
Funds held for agencies (notes A and J)	<u>7,642,131</u>	<u>8,706,936</u>
Total liabilities	<u>8,749,791</u>	<u>9,701,338</u>
NET ASSETS (notes A and K)		
Without donor restrictions		
Endowment	78,059,369	96,433,177
Available for grantmaking	78,786,890	77,871,137
Operating	10,945,726	14,053,113
With donor restrictions		
Available for grantmaking	567,658	105,601
Restricted to the passage of time	<u>8,730,671</u>	<u>8,586,573</u>
Total net assets	<u>177,090,314</u>	<u>197,049,601</u>
Total liabilities and net assets	<u>\$ 185,840,105</u>	<u>\$ 206,750,939</u>

See accompanying notes to financial statements.

Lincoln Community Foundation, Inc.

STATEMENTS OF ACTIVITIES

Years ended December 31,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Contributions	\$ 15,546,899	\$ 9,243,015	\$ 24,789,914	\$ 34,956,347	\$ 9,534,635	\$ 44,490,982
Investment performance, net (note D)	(21,200,168)	(114,102)	(21,314,270)	24,246,976	86,077	24,333,053
Change in value of split-interest agreements	16,103	(166,361)	(150,258)	92,732	(59,207)	33,525
Other income	406,417	-	406,417	381,297	-	381,297
Net assets released from restrictions	8,356,397	(8,356,397)	-	8,115,176	(8,115,176)	-
Total revenue and support	3,125,648	606,155	3,731,803	67,792,528	1,446,329	69,238,857
EXPENSES						
Grants and scholarships	18,692,022	-	18,692,022	20,018,923	-	20,018,923
Other program expenses	3,630,453	-	3,630,453	4,439,738	-	4,439,738
Management and general	733,161	-	733,161	829,284	-	829,284
Development and fundraising	635,454	-	635,454	713,301	-	713,301
Total expenses	23,691,090	-	23,691,090	26,001,246	-	26,001,246
Increase (decrease) in net assets	(20,565,442)	606,155	(19,959,287)	41,791,282	1,446,329	43,237,611
Net assets at beginning of year	188,357,427	8,692,174	197,049,601	146,566,145	7,245,845	153,811,990
Net assets at end of year	\$ 167,791,985	\$ 9,298,329	\$ 177,090,314	\$ 188,357,427	\$ 8,692,174	\$ 197,049,601



See accompanying notes to financial statements.

Lincoln Community Foundation, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended December 31,

	2022						
	Program Services			Supporting Activities			
	Grants and Scholarships	Other Programs	Total Program Services	Management and General	Development and Fundraising	Total Supporting Activities	Total
Grants awarded and programs	\$ 18,440,761	\$ 82,590	\$18,523,351	\$ -	\$ -	\$ -	\$18,523,351
Personnel and benefits	213,219	525,029	738,248	547,536	536,459	1,083,995	1,822,243
Community outreach	-	160,499	160,499	7,545	40,685	48,230	208,729
Fiscal sponsorships	-	2,478,426	2,478,426	-	-	-	2,478,426
Staff development	6,422	10,980	17,402	30,385	9,811	40,196	57,598
Office expenses	21,494	31,626	53,120	55,398	33,030	88,428	141,548
Professional services	-	15,748	15,748	66,635	-	66,635	82,383
Building and occupancy	5,192	207,448	212,640	13,861	7,932	21,793	234,433
Depreciation	4,934	118,107	123,041	11,801	7,537	19,338	142,379
Total expenses	<u>\$ 18,692,022</u>	<u>\$ 3,630,453</u>	<u>\$22,322,475</u>	<u>\$ 733,161</u>	<u>\$ 635,454</u>	<u>\$ 1,368,615</u>	<u>\$23,691,090</u>

	2021						
	Program Services			Supporting Activities			
	Grants and Scholarships	Other Programs	Total Program Services	Management and General	Development and Fundraising	Total Supporting Activities	Total
Grants awarded and programs	\$ 19,801,733	\$ 91,661	\$19,893,394	\$ -	\$ -	\$ -	\$19,893,394
Personnel and benefits	179,675	536,267	715,942	466,845	568,769	1,035,614	1,751,556
Community outreach	-	224,094	224,094	40,387	58,729	99,116	323,210
Fiscal sponsorships	-	3,181,395	3,181,395	-	-	-	3,181,395
Staff development	3,907	12,880	16,787	110,947	8,930	119,877	136,664
Office expenses	24,716	54,254	78,970	69,668	56,557	126,225	205,195
Professional services	-	80	80	115,791	-	115,791	115,871
Building and occupancy	3,845	218,548	222,393	11,913	8,782	20,695	243,088
Depreciation	5,047	120,559	125,606	13,733	11,534	25,267	150,873
Total expenses	<u>\$ 20,018,923</u>	<u>\$ 4,439,738</u>	<u>\$24,458,661</u>	<u>\$ 829,284</u>	<u>\$ 713,301</u>	<u>\$ 1,542,585</u>	<u>\$26,001,246</u>

See accompanying notes to financial statements.

Lincoln Community Foundation, Inc.

STATEMENTS OF CASH FLOWS

Years ended December 31,

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Cash received from revenue and support	\$ 19,858,717	\$ 33,866,757
Cash paid to employees and vendors	(2,980,850)	(2,815,988)
Cash paid as disbursements	(20,429,208)	(23,272,629)
Investment income received	<u>3,167,055</u>	<u>3,539,231</u>
Net cash provided (used) by operating activities	<u>(384,286)</u>	<u>11,317,371</u>
Cash flows from investing activities		
Proceeds from certificates of deposit	359,880	8,759,610
Purchases of certificates of deposit	(353,103)	(950,000)
Proceeds from sale of investments	29,943,271	121,068,067
Purchases of investments	(20,700,480)	(139,327,846)
Purchase of property and equipment	<u>(61,500)</u>	<u>(15,000)</u>
Net cash provided (used) by investing activities	<u>9,188,068</u>	<u>(10,465,169)</u>
Cash flows from financing activities		
Payments on annuities and trusts payable	<u>(67,801)</u>	<u>(74,009)</u>
Net increase in cash and cash equivalents	8,735,981	778,193
Cash and cash equivalents at beginning of year	<u>19,739,054</u>	<u>18,960,861</u>
Cash and cash equivalents at end of year	<u>\$ 28,475,035</u>	<u>\$ 19,739,054</u>
Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities		
Increase (decrease) in net assets	<u>\$ (19,959,287)</u>	<u>\$ 43,237,611</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation	142,379	150,873
Realized and unrealized (gains) losses on investments	24,340,310	(20,937,141)
Reinvested interest and dividends	(106,807)	(135,578)
Actuarial gain on annuities	79,571	72,169
Non-cash contributions	(5,916,100)	(7,986,457)
(Increase) decrease in assets		
Stocks in transit	1,060,847	(796,294)
Beneficial interests in charitable trusts	20,039	(9,096)
Unconditional promises to give	(628,599)	(1,384,123)
Mission investment loans	12,520	(782,451)
Receivables	190	(3,512)
Cash surrender value of life insurance	357,783	54,311
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	<u>212,868</u>	<u>(162,941)</u>
Total adjustments to increase (decrease) in net assets	<u>19,575,001</u>	<u>(31,920,240)</u>
Net cash provided (used) by operating activities	<u>\$ (384,286)</u>	<u>\$ 11,317,371</u>

See accompanying notes to financial statements.

Lincoln Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

Lincoln Community Foundation, Inc. (the Foundation) was incorporated on April 11, 1955. The mission of the Foundation is to provide leadership and resources to help build a great city. The Foundation also owns and manages the Lincoln Community Foundation Building. The building is leased to tax-exempt organizations.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting. The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents. For purposes of the statements of financial position, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be temporary cash investments.

Investments. Investments in marketable securities, including equity and debt securities, with readily determinable fair values are reported at their fair values in the statement of financial position. Equity securities without readily determinable fair values are carried at cost, minus impairment, if any, plus or minus changes resulting in observable price changes in orderly transactions for identical or similar investments. Unrealized gains and losses are included in the statement of activities. Donated securities are recorded as contributions equal to the fair market value of the securities at the date of gift.

Promises to Give. Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at present value of estimated future cash flows. Based upon a review of outstanding unconditional promises receivable and historical collection information, management has deemed no allowance is necessary for doubtful accounts.

Receivables. Receivables are stated at the amount management expects to collect from the balance outstanding at year-end. The Foundation does not charge interest on overdue account balances. Based on management's assessment of the credit history of the debtors having outstanding balances and the current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Property and Equipment and Depreciation. Property and equipment are carried at cost, if purchased, and at fair market value at the date of contribution, if received by donation, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives computed primarily on the straight-line method. Buildings and improvements are depreciated over estimated lives of five to forty years. Furniture, fixtures and equipment are depreciated over estimated lives of three to seven years. It is the Foundation's policy to capitalize property and equipment over \$500. Lesser amounts are expensed.

Funds Held for Agencies. Funds established by an unrelated not-for-profit organization using its own funds and for its own benefit are classified by the Foundation as a liability rather than as a net asset. The Foundation refers to these as agency funds.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Without donor restrictions. Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

With donor restrictions. Net assets subject to donor- or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported in the statements of activities as net assets released from restrictions.

In August 2008, the Financial Accounting Standards Board issued guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA were also improved.

The State of Nebraska adopted UPMIFA effective September 1, 2007. The Foundation adopted the Financial Accounting Standards Board's guidance and required disclosures for the year ended December 31, 2008. The Board of Directors, on the advice of legal counsel, has determined that the majority of the Foundation's net assets do not meet the definition of "endowment" under UPMIFA. The Foundation is governed subject to the Governing Documents of the Foundation and most contributions are subject to the terms of the Governing Documents, including the Foundation's payout policy.

Under the terms of the Governing Documents, the Board of Directors has the ability to distribute as much of the principal of the funds as the board in its sole discretion shall determine. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Organization 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 Organization
- 7) The investment policies of the Organization

Donor restricted net assets consist of split-interest agreements, unconditional promises to give, and restricted accounts.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Endowment Investment and Spending Policies. The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. The Foundation's investment and spending policies, which have been approved by the Foundation's Board of Directors, work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current investment objective is to achieve a total return (net of inflation and expenses) that is at least as great as the spending supported by the portfolio, so that the purchasing power of the portfolio does not decline over time. The Foundation utilizes an asset allocation model of 75% equity and 25% fixed income.

To satisfy its long-term return objectives, the Foundation utilizes a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy determines the amount of money distributable from the Foundation's various endowment funds for grant making, taking into account administrative costs. The spending rate allowed distributions for grant making at 5.00% and 4.75% of the sixteen-quarter net asset fund balance average for the years ended December 31, 2022 and 2021, respectively. The spending rate is approved by the board of directors annually in order to take into account the effect of recent investment returns and long-term investment returns.

Fair Value Measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation utilizes a fair value hierarchy to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy 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 used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments measured at net asset value (NAV) per share (or its equivalent) using the practical expedient in the FASB's fair value measurement guidance are not required to be categorized in the fair value hierarchy. The Foundation's investments in commodity limited partnerships and index funds that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy.

Lincoln Community Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition. The following is a description of the Foundation's principal sources of revenue:

Contributions: Contributions are recognized when a donor makes a promise to give that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Foundation has not received any conditional contributions.

Program Fees: Fees charged to program users are recognized over time as the Foundation satisfies its performance obligations by transferring program benefits or services to users. The Foundation's primary user fees relate to investment management fees on endowed and non-endowed donor advised, discretionary, and scholarship funds as well as funds held for other agencies, in which program users simultaneously consume and receive benefits. Any program fees prepaid by users are accounted for as unearned until the Organization satisfies its obligations to provide the related program benefit or services. Program fees are included under other income on the statements of activities.

Functional Expenses. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include building and occupancy and depreciation, which are allocated on a square footage basis, as well as personnel and benefits, community outreach, staff development, and office expenses, which are allocated on the basis of time and effort.

Leases. At inception, the Organization determines if a contract is or includes a lease arrangement. The Organization's lease arrangements include office space within their own building. The following describes the Organization's accounting policies related to its leasing arrangements:

As lessor

Operating Leases

Under operating lease arrangements, the Organization continues to recognize the underlying asset on its statement of financial position and recognizes income and initial direct costs expense generally on a straight-line basis over the lease term. The Organization accounts for utilities and maintenance as part of the monthly lease billing, recognized as revenue on a straight-line basis over the lease term.

Advertising and Marketing Costs. Advertising and marketing costs of the Foundation are expensed as incurred. The accompanying financial statements include advertising and marketing expense of \$148,129 and \$182,863 for the years ended December 31, 2022 and 2021, respectively.

Income Taxes. Lincoln Community Foundation, Inc. is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. As such, income earned in the performance of the Foundation's exempt purpose is not subject to income tax. Any income earned through unrelated business activities is subject to income tax at normal corporate rates. For the year ended December 31, 2022, the Foundation had no tax liability on unrelated business activity. For the year ended December 31, 2021, the Foundation was gifted and sold S-Corporation stock, which is subject to tax on unrelated business income. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation's federal Returns of Organization Exempt from Income Tax (Forms 990 and 990T) for December 31, 2022, 2021, and 2020 are subject to examination by the IRS, generally for three years after they were filed.

Lincoln Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - UNCONDITIONAL PROMISES TO GIVE AND RECEIVABLES

Unconditional promises to give consist of donor pledges due in the following periods:

	<u>2022</u>	<u>2021</u>
One to five years	\$ 485,343	\$ 500,000
Five to fifteen years	3,135,103	2,169,680
Fifteen to twenty-five years	3,780,306	4,071,290
More than twenty-five years	<u>1,938,000</u>	<u>1,659,540</u>
	9,338,752	8,400,510
Less discount to present value (0.6% to 7.4%)	<u>(2,807,939)</u>	<u>(2,498,296)</u>
	<u>\$ 6,530,813</u>	<u>\$ 5,902,214</u>

NOTE C - MISSION INVESTMENT LOANS

Mission investment loans consist of the following:

(a) Note receivable	\$ 241,717	\$ 253,436
(b) Note receivable	390,000	390,000
(c) Note receivable	270,000	270,400
(d) Note receivable	<u>161,804</u>	<u>162,205</u>
	<u>\$ 1,063,521</u>	<u>\$ 1,076,041</u>

- a) The mission investment loan program originates from a \$300,000 mission investment loan to a not-for-profit corporation. The note calls for 27 equal quarterly installment payments of \$5,000 including 3% interest commencing on July 1, 2017 through April 1, 2024, at which time all unpaid principal and interest is due. The loan is secured by a deed of trust.
- b) Mission investment loan for the purchase of land for development. Original amount \$390,000 including 3% interest. Principle and interest due at maturity on March 15, 2024.
- c) Mission investment loan for the purchase of a building for mixed income housing development. Original amount \$370,400 with variable interest only payments due quarterly. The interest rate is between 2% and 3% interest. Principle and any unpaid interest is due on November 29, 2024 or when permanent financing is obtained, whichever is earlier.
- d) Mission investment loan for the purchase of a building for mixed income housing development. Original amount \$162,205 including 2% interest. Principle and interest is due at maturity on December 13, 2023.

Lincoln Community Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE C - MISSION INVESTMENT LOANS - CONTINUED

Future minimum loan receipts for the years following December 31, 2022 are:

2023		\$ 174,818
2024		<u>888,703</u>
		<u>\$ 1,063,521</u>

NOTE D - INVESTMENTS

Investments consist of the following:

		2022	
		Cost	Market
Marketable securities:			
U.S. Government bonds	\$ 632,023	\$ 628,876	
Corporate bonds	1,259,283	1,249,043	
Asset backed securities	969,375	978,125	
Common stocks	23,048,089	28,433,781	
Equity and fixed-income funds	<u>126,488,077</u>	<u>108,299,162</u>	
	152,396,847	139,588,987	
Nonmarketable securities:			
Alternative investments	<u>3,443,302</u>	<u>4,574,293</u>	
	<u>\$ 155,840,149</u>	<u>\$ 144,163,280</u>	
		2021	
		Cost	Market
Marketable securities:			
Corporate bonds	\$ 4,132,075	\$ 4,115,233	
Asset backed securities	969,375	998,500	
Common stocks	22,249,078	32,863,650	
Equity and fixed-income funds	<u>130,401,686</u>	<u>132,611,366</u>	
	157,752,214	170,588,749	
Nonmarketable securities:			
Alternative investments	<u>2,466,075</u>	<u>2,220,558</u>	
	<u>\$ 160,218,289</u>	<u>\$ 172,809,307</u>	

Investment performance consists of the following:

	2022	2021
Interest and dividend income	\$ 3,168,056	\$ 3,545,223
Net realized and unrealized gains (losses)	(24,340,310)	20,937,141
Investment expenses	<u>(142,016)</u>	<u>(149,311)</u>
	<u>\$ (21,314,270)</u>	<u>\$ 24,333,053</u>

Lincoln Community Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE E - FAIR VALUE OF ASSETS AND LIABILITIES

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used during the years ended December 31, 2022 and 2021.

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

Mutual funds: Valued at the observable net asset value (NAV) of shares held by the Foundation at year end.

Fixed Income: Valued using independent pricing models.

Asset backed securities: Valued using independent pricing models.

Private equity: Valued using an independent appraisal.

Investments measured at NAV: Valued based on the value of the underlying assets.

Stocks in transit: Valued at the closing price reported on the active market on which the individual securities are traded.

Unconditional promises to give: Valued using the estimated present value of future cash flows at historical discount rates.

Property held for resale: Valued at the real estate appraisal value, less anticipated selling expenses or at actual subsequent selling price, if known.

Annuity agreements: Valued using the estimated present value of the annuity obligation. The Foundation has elected the fair value option for measuring annuity obligations. The discount rate of 5.2% (2022) and 1.6% (2021) and the actuarial assumptions used in calculating the annuity obligation are those provided in Internal Revenue Service guidelines and actuarial tables are updated each period the obligations are valued.

Beneficial interest in charitable trusts: Valued at the fair market value of the trust based on the underlying assets less the estimated present value of the annuity obligation.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Lincoln Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE E - FAIR VALUE OF ASSETS AND LIABILITIES - CONTINUED

The following table sets forth the balances of assets and liabilities measured at fair value on a recurring basis at December 31, 2022.

<u>December 31, 2022</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments:				
Common stocks				
Domestic	\$ 28,039,429	\$ 28,039,429	\$ -	\$ -
International	394,352	394,352	-	-
Mutual funds, equities				
Domestic	55,078,221	55,078,221	-	-
Emerging markets	4,879,508	4,879,508	-	-
International	17,014,399	17,014,399	-	-
Mutual funds, fixed income				
Corporate and domestic bonds	31,312,886	31,312,886	-	-
High Yield	8,432	8,432	-	-
Inflation Protection	5,716	5,716	-	-
Fixed Income				
Domestic bonds	999,195	-	999,195	-
International bonds	249,848	-	249,848	-
Municipal and US government bonds	628,876	-	628,876	-
Asset backed securities	978,125	-	978,125	-
Private equity	2,206,000			2,206,000
Investments measured at NAV:				
Commodity limited partnerships	594,544	-	-	-
Private equity	1,773,749	-	-	-
Total investments	<u>\$ 144,163,280</u>	<u>\$ 136,732,943</u>	<u>\$ 2,856,044</u>	<u>\$ 2,206,000</u>
Beneficial interest in charitable trusts	<u>\$ 112,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,434</u>
Unconditional promises to give receivable	<u>\$ 6,530,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,530,813</u>
Annuities and trust payable	<u>\$ 191,331</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,331</u>
Unconditional promises to give to others	<u>\$ 244,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244,871</u>

Lincoln Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE E - FAIR VALUE OF ASSETS AND LIABILITIES - CONTINUED

The following table sets forth the balances of assets and liabilities measured at fair value on a recurring basis at December 31, 2021.

<u>December 31, 2021</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments:				
Common stocks				
Domestic	\$ 32,465,138	\$ 32,465,138	\$ -	\$ -
International	398,512	398,512		
Mutual funds, equities				
Domestic	68,115,936	68,115,936	-	-
Emerging markets	6,054,008	6,054,008	-	-
International	21,001,422	21,001,422	-	-
Mutual funds, fixed income				
Corporate bonds	37,405,859	37,405,859	-	-
High Yield	19,157	19,157	-	-
Inflation Protection	14,984	14,984	-	-
Fixed income				
Domestic bonds	3,258,384	-	3,258,384	-
International bonds	856,849	-	856,849	-
Asset backed securities	998,500	-	998,500	-
Investments measured at NAV:				
Commodity limited partnerships	530,524	-	-	-
Private equity	1,690,034	-	-	-
Total investments	<u>\$ 172,809,307</u>	<u>\$ 165,475,016</u>	<u>\$ 5,113,733</u>	<u>\$ -</u>
Stocks in transit:				
Common stocks				
Industrial	\$ 1,060,847	\$ 1,060,847	\$ -	\$ -
Beneficial interest in charitable trusts	\$ 132,473	\$ -	\$ -	\$ 132,473
Unconditional promises to give receivable	\$ 5,902,214	\$ -	\$ -	\$ 5,902,214
Annuities and trust payable	\$ 290,941	\$ -	\$ -	\$ 290,941
Unconditional promises to give to others	\$ 49,558	\$ -	\$ -	\$ 49,558

Lincoln Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE E - FAIR VALUE OF ASSETS AND LIABILITIES - CONTINUED

The following table sets forth a summary of transfers out of and issuances of the Foundation's level 3 assets and liabilities, receipts of the Foundation's level 3 assets, and distributions of the Foundation's level 3 liabilities for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Transfers out of level 3 assets and liabilities	\$ -	\$ (52,036)
Issuances of level 3 assets and liabilities	1,375,000	1,732,493
Receipt of level 3 assets	2,074,000	(192,000)
Distribution of level 3 liabilities	(92,801)	(174,009)

Transfers out of level 3 assets and liabilities are due to the death of the trust holder and annuitants, respectively.

The following table sets forth the balances of assets measured at fair value on a nonrecurring basis as of December 31, 2021.

<u>December 31, 2021</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Donated property held for resale	\$ 90,352	\$ 90,352	\$ -	\$ -

Investments valued at NAV consist of the following as of December 31,

	<u>2022</u>			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Frequency (if eligible)</u>	<u>Redemption Notice Period</u>
Commodity limited partnerships (a)	\$ 594,544	\$ 825,036	N/A	N/A
Private equity (b)	344,178	8,529		
Private equity (c)	1,277,750	-	N/A	N/A
Private equity (d)	151,821	200,000	N/A	N/A
	<u>\$ 2,368,293</u>	<u>\$ 1,033,565</u>		
	<u>2021</u>			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Frequency (if eligible)</u>	<u>Redemption Notice Period</u>
Commodity limited partnerships (a)	\$ 530,524	\$ 825,036	N/A	N/A
Private equity (b)	941,997	8,629		
Private equity (c)	748,037	-	N/A	N/A
	<u>\$ 2,220,558</u>	<u>\$ 833,665</u>		

NOTES TO FINANCIAL STATEMENTS

NOTE E - FAIR VALUE OF ASSETS AND LIABILITIES - CONTINUED

- (a) Commodity limited partnerships - A limited partnership intended to invest in opportunities created by underlying fund managers with an investment focus on energy, timber, real estate, mining, and other minerals and natural resources. The partnership will end one year after all underlying investments have been disposed. Investors cannot request redemptions and all fund distributions are at the discretion of the underlying fund manager and the terms of that fund.
- (b) Private equity - A limited liability company intended to invest in Mid-American and opportunistic global growth-stage, high-growth, and innovative companies with the objective of long-term growth. The company has no set term and partners are not permitted to withdraw their investment. Distributions are at the discretion of the general partner.
- (c) Private equity - A limited liability company invests in high-growth startups including software, IT, web, SaaS, life science, MedTech, e-commerce, and hardware. The company has no set term and partners are not permitted to withdraw their investment. Distributions are at the discretion of the general partner.
- (d) Private equity - A limited liability company invests in high-growth startups including software, IT, web, SaaS, life science, MedTech, e-commerce, and hardware. The company has no set term and partners are not permitted to withdraw their investment. Distributions are at the discretion of the general partner.

NOTE F - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 28,475,035	\$ 19,739,054
Certificates of deposit	723,366	730,143
Short-term investments	6,549,699	9,025,000
Receivables	3,322	3,512
Stock in transit not invested	-	1,060,846
Endowment spending rate distributions and appropriations	<u>3,949,411</u>	<u>3,774,014</u>
	<u>\$ 39,700,833</u>	<u>\$ 34,332,569</u>

The endowment funds consist of funds designated by the board as endowments.

The board designated endowment of \$78,059,369 is subject to an annual spending rate of 5.00% percent as described in Note A. Annual spending is intended to be used for grant making and other program services as part of the Board's annual budget approval and appropriation.

Lincoln Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE F - LIQUIDITY AND AVAILABILITY - CONTINUED

As part of the liquidity management plan, cash in excess of daily requirements is invested in short-term investments, CDs, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was \$10,945,726 as of December 31, 2022. The operating reserve is a board-designated fund with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

NOTE G - PROPERTY AND EQUIPMENT

Property and equipment consists of:

	<u>2022</u>	<u>2021</u>
Land	\$ 641,294	\$ 641,294
Buildings and improvements	5,938,095	5,884,364
Furniture, fixture and equipment	<u>365,607</u>	<u>402,543</u>
	6,944,996	6,928,201
Less accumulated depreciation	<u>(4,332,288)</u>	<u>(4,234,614)</u>
	<u>\$ 2,612,708</u>	<u>\$ 2,693,587</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$142,379 and \$150,853, respectively.

NOTE H - SPLIT INTEREST AGREEMENTS

The Foundation has entered into irrevocable agreements (split-interest agreements) with donors where, in exchange for a gift from the donor, the Foundation provides an annuity to the donor or other designated beneficiaries for a specific period of time, usually the life of the donor.

A liability is recognized for the estimated present value of the annuity obligation and the contributed assets are recorded at their gross market value. The discount rate and actuarial assumptions used in calculating the annuity obligation are those provided in Internal Revenue Service (IRS) guidelines and actuarial tables. The discount rate used was 5.2% and 1.6% for the years ended December 31, 2022 and 2021, respectively. The amount of the liability is adjusted annually in accordance with the IRS actuarial tables and a gain or loss is recorded to reflect the change in value.

For agreements where the Foundation is not the trustee, the Foundation has recorded an asset as a beneficial interest in charitable trusts.

The Foundation did not recognize any new annuity contributions for the years ended December 31, 2022 and 2021, respectively.

If a gift annuity has a projected liability greater than the gift annuity's assets, the excess liability is the Foundation's and is recorded as a negative unrestricted net asset. For the years ended December 31, 2022 and 2021, there was \$7,471 and \$21,164, respectively, of negative equity related to annuities in this situation.

Lincoln Community Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE H - SPLIT INTEREST AGREEMENTS - CONTINUED

Assets of the Foundation, as derived from split-interest agreements, are as follows:

Assets included in investments and cash	\$ 628,838	<u>\$ 1,039,260</u>
Beneficial interest in charitable trusts	\$ 112,434	<u>\$ 132,473</u>

NOTE I - UNCONDITIONAL PROMISES TO GIVE OTHERS

Unconditional promises to give others consists of a multi-year grant due in the following years:

2023	\$ 170,000	
2024	55,000	
2025	<u>25,000</u>	
Unconditional promises to give others	250,000	
Less discount to present value (5.2%)	<u>(5,129)</u>	
	<u>\$ 244,871</u>	

Unconditional promises to give others are included in accounts payable and accrued expenses on the statements of financial position.

NOTE J - TRANSACTIONS IN FUNDS HELD FOR AGENCIES

Transactions in funds held for agencies are summarized as follows:

	<u>2022</u>	<u>2021</u>
Additions:		
Contributions	\$ 611,185	\$ 1,671,702
Investment performance	<u>(1,274,453)</u>	<u>904,075</u>
	<u>(663,268)</u>	<u>2,575,777</u>
Deductions:		
Administrative fees	(49,662)	(45,601)
Grant distributions	<u>(351,875)</u>	<u>(211,658)</u>
	<u>(401,537)</u>	<u>(257,259)</u>
INCREASE (DECREASE) IN BALANCE	(1,064,805)	2,318,518
Funds held for agencies, beginning of year	<u>8,706,936</u>	<u>6,388,418</u>
Funds held for agencies, end of year	<u>\$ 7,642,131</u>	<u>\$ 8,706,936</u>

Lincoln Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE K - NET ASSETS

Net assets comprise the following:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Totals
Endowment funds:			
Advised and designated	\$ 40,840,410	\$ -	\$ 40,840,410
Discretionary	28,316,765	-	28,316,765
Scholarship	8,902,194	-	8,902,194
	<u>78,059,369</u>	<u>-</u>	<u>78,059,369</u>
Nonendowed funds:			
Advised, designated, or restricted	75,970,391	567,658	76,538,049
Discretionary	2,814,099	-	2,814,099
Scholarship	2,400	-	2,400
Operating	10,945,726	-	10,945,726
	<u>89,732,616</u>	<u>567,658</u>	<u>90,300,274</u>
Subject to the passage of time:			
Assets held under split-interest agreements and other	-	2,199,858	2,199,858
Promises to give that are not restricted by donors, but			
which are unavailable for expenditure until received	<u>-</u>	<u>6,530,813</u>	<u>6,530,813</u>
	<u>-</u>	<u>8,730,671</u>	<u>8,730,671</u>
	<u>\$ 167,791,985</u>	<u>\$ 9,298,329</u>	<u>\$ 177,090,314</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Totals
Endowment funds:			
Advised and designated	\$ 48,663,000	\$ -	\$ 48,663,000
Discretionary	35,834,928	-	35,834,928
Scholarship	11,935,249	-	11,935,249
	<u>96,433,177</u>	<u>-</u>	<u>96,433,177</u>
Nonendowed funds:			
Advised, designated, or restricted	75,605,261	105,601	75,710,862
Discretionary	2,258,455	-	2,258,455
Scholarship	7,421	-	7,421
Operating	14,053,113	-	14,053,113
	<u>91,924,250</u>	<u>105,601</u>	<u>92,029,851</u>
Subject to the passage of time:			
Assets held under split-interest agreements and other	-	2,684,359	2,684,359
Promises to give that are not restricted by donors, but			
which are unavailable for expenditure until received	<u>-</u>	<u>5,902,214</u>	<u>5,902,214</u>
	<u>-</u>	<u>8,586,573</u>	<u>8,586,573</u>
	<u>\$ 188,357,427</u>	<u>\$ 8,692,174</u>	<u>\$ 197,049,601</u>

Lincoln Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE K - NET ASSETS - CONTINUED

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Expiration of time restrictions	\$ 107,205	\$ 126,159
Satisfaction of purpose restrictions	8,037,638	7,894,255
Distributions (proceeds are not restricted by donors)		
Assets held under split-interest agreements	<u>211,554</u>	<u>94,762</u>
	<u>\$ 8,356,397</u>	<u>\$ 8,115,176</u>

NOTE L - INTENTIONS TO GIVE

The Foundation has received indications of gifts in the form of bequests which are revocable during the donors' lifetime or irrevocable for which a donation amount cannot be determined. Due to the uncertain nature of these intentions, the Foundation has not recognized a promise to give or contribution revenue for these gifts.

NOTE M - ENDOWMENTS

All endowment net assets relate to board designated endowment funds for which the Foundation has the ability to distribute principal subject to a spending policy, and is managing the funds in accordance with the investment policy to allow the funds to maintain their purchasing power and fulfill the Foundation's purpose.

Changes in endowment net assets for the year ended December 31, 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance January 1, 2022	\$ 96,433,177	\$ -	\$ 96,433,177
Interest and dividends	1,774,409	-	1,774,409
Realized and unrealized gains	(17,323,952)	-	(17,323,952)
Contributions	1,940,012	-	1,940,012
Amounts appropriated for expenditure	<u>(4,764,277)</u>	<u>-</u>	<u>(4,764,277)</u>
Balance December 31, 2022	<u>\$ 78,059,369</u>	<u>\$ -</u>	<u>\$ 78,059,369</u>

Changes in endowment net assets for the year ended December 31, 2021 are as follows:

Balance January 1, 2021	\$ 76,959,548	\$ -	\$ 76,959,548
Interest and dividends	2,404,232	-	2,404,232
Realized and unrealized gains	11,639,991	-	11,639,991
Contributions	9,485,968	-	9,485,968
Amounts appropriated for expenditure	<u>(4,056,562)</u>	<u>-</u>	<u>(4,056,562)</u>
Balance December 31, 2021	<u>\$ 96,433,177</u>	<u>\$ -</u>	<u>\$ 96,433,177</u>

Lincoln Community Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS

NOTE N - OPERATING LEASES

As Lessor

The Foundation has entered into lease agreements for office space. The leases with various non-profit organizations expire through 2027.

The financial statements include rent income of \$285,472 and \$291,058 for the years ended December 31, 2022 and 2021, respectively.

Future minimum lease revenues for the years following December 31, 2022 are:

2023	\$ 234,512
2024	196,275
2025	170,690
2026	<u>46,639</u>
	<u>\$ 648,116</u>

NOTE O – NEW ACCOUNTING STANDARDS

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 affects any entity that enters into a lease and is intended to increase the transparency and comparability of financial statements among organizations. ASU 2016-02 requires, among other changes, a lessee to recognize on its statement of financial position a lease asset and a lease liability for those leases previously classified as operating leases. The lease asset represents the right to use the underlying asset for the lease term and the lease liability represents the discounted value of the required lease payments to the lessor. ASU 2016-02 also requires entities to disclose key information about leasing arrangements. As of December 31, 2022 and 2021, the Foundation did not have any lease arrangements as lessee that would require the recognition of an asset or liability on the statement of financial position.

The Foundation adopted the standard, effective for the year ended December 31, 2022, using a modified retrospective approach with the effective date option, which allows the Foundation to apply the standard at the effective date, January 1, 2022, and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. Under this approach, the reporting for comparative periods presented in the financial statements will continue to be in accordance with legacy GAAP.

The new standard provides a number of optional practical expedients in transition. On adoption, the Foundation elected the package of practical expedients permitted under the transition guidance, which allowed the Foundation to carry forward historical lease classifications for existing leases on the adoption date and allowed the Foundation not to assess whether an existing contract contains a lease or initial direct costs. In addition, the Foundation also elected not to apply the lease recognition requirements to its short-term leases, that is, leases with a term of 12 months or less, as allowed under the standard. The Foundation did not elect the hindsight practical expedient to determine the lease term for existing leases.

The Foundation's accounting policies in note A have been updated to reflect the impact of the standard. Additionally, see note N for further disclosure of the Foundation's leasing arrangements.

NOTES TO FINANCIAL STATEMENTS

NOTE P - RETIREMENT PLAN

The Foundation has a SIMPLE-IRA plan covering eligible employees. The plan provides for matching contributions, approved by the Board of Directors annually. The Foundation contributed \$39,522 and \$37,178 to the retirement plan for the years ended December 31, 2022 and 2021, respectively.

NOTE Q - DEFERRED COMPENSATION

The Foundation entered into a deferred compensation agreement with the Foundation's President. The Foundation will determine an annual accrual intended to be equal to 10% of the President's base compensation for five years beginning January 1, 2015. The accruals will earn interest equal to the annual endowment performance but not less than zero until the agreement vested on January 1, 2020. Once vested, the President can receive the benefits in equal quarterly installments over five years from the date of retirement, over which time the deferred amount will continue to earn interest. The Foundation recognized expense of \$- and \$18,316 for the years ended December 31, 2022 and 2021, respectively, under the agreement.

NOTE R - CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of checking, money market, and certificate of deposit accounts at financial institutions. Accounts at each institution are insured by the FDIC up to \$250,000. The bank accounts, at December 31, 2022 and 2021, exceeded federally insured limits by \$6,290,742 and \$5,428,126, respectively. The Foundation also holds uninsured money market and STFIT accounts at financial institutions totaling \$5,109,867 and \$4,710,446 as of December 31, 2022 and 2021, respectively. The Foundation has not experienced any losses on such accounts.

NOTE S - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, the date that the financial statements were available to be issued.