

The Muskingum County Community
Foundation and Affiliates
Audited Consolidated Financial Statements

As of and for the Years Ended
December 31, 2021 and 2020



Rea & associates

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Muskingum County Community Foundation and Affiliates
Zanesville, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of The Muskingum County Community Foundation and Affiliates (the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, 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 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 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be 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 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 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 audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The consolidated graphs representing: grants awarded, gifts, bequests, in-kind donations, and grants received, investment income, and investment composition on pages 22 through 25 are presented for purposes of additional analysis and are not a required part of the basic 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Rea & Associates, Inc.

Rea & Associates, Inc.
Zanesville, Ohio
August 11, 2022

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020

ASSETS

	2021	2020
	<hr/>	<hr/>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,982,605	\$ 1,597,692
Certificates of deposit	121,726	119,630
Pledges receivable, net	3,083	2,790
Contributions receivable	17,530	80,694
Accounts receivable	57,092	13,879
Other receivables	81,529	14,657
Other current assets	5,536	5,536
Prepaid expenses	1,781	1,261
	<hr/>	<hr/>
Total current assets	3,270,882	1,836,139
PROPERTY AND EQUIPMENT, NET	926,338	1,187,962
OTHER ASSETS:		
Investments	27,555,475	24,463,522
Collectibles and artwork	36,761	36,761
Cash surrender value - life insurance policies	482,924	462,325
Contributions receivable - charitable remainder trusts	133,663	114,793
Note receivable	-	5,000
Pledges receivable, net of current portion	-	3,650
	<hr/>	<hr/>
Total other assets	28,208,823	25,086,051
Total assets	<hr/> <hr/> \$ 32,406,043	<hr/> <hr/> \$ 28,110,152

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 37,856	\$ 14,533
Grants payable	12,363	21,163
Accrued expenses	10,799	10,597
Funds held as agency endowments	1,204,316	996,149
Total current liabilities	<u>1,265,334</u>	<u>1,042,442</u>
NET ASSETS:		
Without donor restrictions, undesignated	27,906,912	24,345,432
Without donor restrictions, board designated	3,230,714	2,715,838
With donor restrictions	3,083	6,440
Total net assets	<u>31,140,709</u>	<u>27,067,710</u>
Total liabilities and net assets	<u>\$ 32,406,043</u>	<u>\$ 28,110,152</u>

The accompanying notes are an integral part of these financial statements.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE:			
Support:			
Gifts and bequests	\$ 2,142,399	\$ -	\$ 2,142,399
Employee retention credit	66,872	-	66,872
Grants received	306,627	-	306,627
PPP grant	68,517	-	68,517
In-kind contributions	168,817	-	168,817
Total support	2,753,232	-	2,753,232
Revenue:			
Interest and dividends	508,541	-	508,541
Net realized and unrealized gains on investments	3,138,233	-	3,138,233
Administrative fees	313,227	-	313,227
Event revenue	89,653	-	89,653
Other revenue	8,215	-	8,215
Gain on sale of fixed assets	221,365	-	221,365
Increase in cash surrender value - life insurance	20,599	-	20,599
Change in value of trust agreements	18,869	-	18,869
Total revenue	4,318,702	-	4,318,702
Net assets released from restrictions	3,357	(3,357)	-
Total support and revenue	7,075,291	(3,357)	7,071,934
EXPENSES:			
Program services	1,980,004	-	1,980,004
Management and general	803,310	-	803,310
Fundraising expenses	215,621	-	215,621
Total expenses	2,998,935	-	2,998,935
Change in net assets	4,076,356	(3,357)	4,072,999
NET ASSETS, beginning of year	27,061,270	6,440	27,067,710
NET ASSETS, end of year	\$ 31,137,626	\$ 3,083	\$ 31,140,709

The accompanying notes are an integral part of these financial statements.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE:			
Support:			
Gifts and bequests	\$ 1,240,278	\$ -	\$ 1,240,278
Grants received	234,579	-	234,579
PPP grant	84,505	-	84,505
In-kind contributions	60,736	-	60,736
Total support	1,620,098	-	1,620,098
Revenue:			
Interest and dividends	472,938	-	472,938
Net realized and unrealized gains on investments	1,846,207	-	1,846,207
Administrative fees	257,538	-	257,538
Event revenue	50,948	-	50,948
Other revenue	1,757	-	1,757
Workers' compensation dividend	1,799	-	1,799
Increase in cash surrender value - life insurance	23,826	-	23,826
Change in value of trust agreements	58,067	-	58,067
Total revenue	2,713,080	-	2,713,080
Net assets released from restrictions	23,813	(23,813)	-
Total support and revenue	4,356,991	(23,813)	4,333,178
EXPENSES:			
Program services	1,483,161	-	1,483,161
Management and general	650,186	-	650,186
Fundraising expenses	177,589	-	177,589
Total expenses	2,310,936	-	2,310,936
Change in net assets	2,046,055	(23,813)	2,022,242
NET ASSETS, beginning of year	25,015,215	30,253	25,045,468
NET ASSETS, end of year	\$ 27,061,270	\$ 6,440	\$ 27,067,710

The accompanying notes are an integral part of these financial statements.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL
Grants awarded	\$ 1,776,715	\$ -	\$ -	\$ 1,776,715
Trustee and administrative fees	-	317,652	-	317,652
Fundraising expense	-	-	56,147	56,147
Salaries and wages	121,571	94,554	87,903	304,028
Employee benefits	15,015	11,678	13,281	39,974
Payroll taxes	14,385	11,189	9,778	35,352
Professional fees	3,325	26,601	3,325	33,251
Advertising	323	2,585	323	3,231
Office expenses	6,007	48,055	6,007	60,069
Occupancy	10,668	85,340	10,668	106,676
Conferences and meetings	387	-	3,483	3,870
Interest	-	3,008	-	3,008
Depreciation and amortization expense	6,980	5,710	-	12,690
Insurance	1,195	9,555	1,195	11,945
Special project expenses	19,353	154,826	19,353	193,532
Dues and subscriptions	1,401	11,125	1,479	14,005
Contracted services	2,021	16,165	2,021	20,207
Other expenses	658	5,267	658	6,583
	<u>\$ 1,980,004</u>	<u>\$ 803,310</u>	<u>\$ 215,621</u>	<u>\$ 2,998,935</u>

The accompanying notes are an integral part of these financial statements.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL
Grants awarded	\$ 1,293,235	\$ -	\$ -	\$ 1,293,235
Trustee and administrative fees	-	263,607	-	263,607
Fundraising expense	-	-	29,446	29,446
Salaries and wages	124,971	97,200	88,658	310,829
Employee benefits	12,438	9,673	12,708	34,819
Payroll taxes	11,987	9,324	9,245	30,556
Professional fees	3,549	28,390	3,549	35,488
Advertising	470	3,762	470	4,702
Office expenses	5,479	43,830	5,479	54,788
Occupancy	9,615	76,918	9,615	96,148
Conferences and meetings	490	41	4,367	4,898
Interest	-	40	-	40
Depreciation and amortization expense	6,953	5,689	-	12,642
Insurance	1,239	9,916	1,239	12,394
Special project expenses	6,712	53,697	6,712	67,121
Bad debt	2,353	18,826	2,353	23,532
Unitrust annuity	1,058	8,459	1,058	10,575
Dues and subscriptions	996	7,893	1,074	9,963
Contracted services	1,152	9,212	1,152	11,516
Other expenses	464	3,709	464	4,637
	<u>\$ 1,483,161</u>	<u>\$ 650,186</u>	<u>\$ 177,589</u>	<u>\$ 2,310,936</u>

The accompanying notes are an integral part of these financial statements.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,072,999	\$ 2,022,242
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	12,690	12,642
Gain on sale of property and equipment	(221,365)	-
Discount on sale of property and equipment	145,000	-
Increase in cash surrender value of life insurance	(20,599)	(23,826)
Provision for loss on unconditional promises to give	-	23,532
Reinvested interest on certificates of deposit	(2,096)	14,302
Net realized and unrealized gain on investments	(3,138,233)	(1,846,207)
(Increase) decrease in operating assets:		
Pledges receivable	3,357	281
Contributions receivable	63,164	(72,519)
Accounts receivable	(43,213)	41,618
Other current assets	(66,872)	141
Prepaid expenses	(520)	453
Contributions receivable - charitable remainder trust	(18,870)	(15,587)
Increase (decrease) in operating liabilities:		
Accounts payable	23,323	(33,846)
Grants payable	(8,800)	19,053
Accrued expenses	202	4,354
Annuity liability	-	(42,481)
Funds held as agency endowments	208,167	78,668
Total adjustments	(3,064,665)	(1,839,422)
Net cash provided by operating activities	1,008,334	182,820
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the issuance of notes receivable	5,000	5,000
Payments for the purchase of property and equipment	(109,701)	(7,074)
Proceeds from life insurance	-	17,500
Proceeds from sale of property and equipment	435,000	-
Payments for the purchase of collectibles	-	(6,081)
Payments for the purchase of investments	(6,409,613)	(5,536,896)
Proceeds from redemption of investments	6,455,893	5,662,744
Net cash provided by investing activities	376,579	135,193
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on capital lease obligations	-	(384)
Net cash used in financing activities	-	(384)
Net increase in cash and cash equivalents	1,384,913	317,629
CASH AND CASH EQUIVALENTS, beginning of the year	1,597,692	1,280,063
CASH AND CASH EQUIVALENTS, end of the year	\$ 2,982,605	\$ 1,597,692
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ 3,008	\$ 40

The accompanying notes are an integral part of these financial statements.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Program and Supporting Services

The Muskingum County Community Foundation (“MCCF”), formerly The Zanesville Foundation, was formed in August 1985 for the purpose of encouraging gifts from individuals, estates, corporations and other entities and to provide the means for those gifts to be accumulated and distributed for the benefit of the community of Muskingum County.

MCCF administers the funds of MCCF, Limited (a limited liability company), MCCF II, LLC (a limited liability company), MCCF III, LLC (a limited liability company) and Wooden Building, LTD (a limited liability company). MCCF is the sole member of these four entities. MCCF, Limited was formed in April 2002. MCCF II, LLC and MCCF III, LLC were formed in November 2004 and January 2010, respectively, and Wooden Building, LTD was formed in July 2013, to support MCCF and its charitable purposes.

Basis of Accounting

The consolidated financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles (“GAAP”) in the United States of America.

Principles of Consolidation

The consolidated financial statements include MCCF, and its four wholly owned subsidiaries: MCCF, Limited, MCCF II, LLC, MCCF III, LLC and Wooden Building, LTD (collectively, the “Foundation”). All significant intercompany accounts and transactions have been eliminated in consolidation.

Net Assets and Financial Statement Presentation

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

Net Assets Without Donor Restriction – Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the “Board”) and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion. While most of the Foundation’s net assets are reported without donor restriction, many of them are endowments intended to benefit specific charities. These net assets are listed as net assets without donor restriction due to the existence of variance power.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Foundation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

Accounting standards provide that if the governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as net assets without donor restrictions. Accordingly, the financial statements classify all net assets that the Foundation has obtained variance power from the donor as net assets without donor restrictions.

See independent auditor’s report.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Support Recognition

The Foundation's specific revenue and support recognition policies are as follows:

Contributions

Contributions, gifts and bequests received are recorded as with donor restriction or without donor restrictions depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Unconditional promises to give (pledges) are recorded as received and are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded as their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk free interest rates applicable to the years in which the promises are received to discount the amounts. Amortization of the discount is included in the related contribution revenue.

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 met.

Donated Materials

Donated property, marketable securities, and other non-cash donations are recorded as contributions at their fair market value at the date of transfer.

In-Kind Services

Office space, some architectural media, and some legal services are furnished without charge and are accounted for as revenue and expense at fair market values as determined by comparable properties and services.

Contract with Customer

See Footnote 7 for policies on contracts with customers.

Cash and Cash Equivalents

For the purpose of these financial statements, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Pledges Receivable

Pledges to give are recognized as revenue in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Pledges to give are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

The Company expenses the production costs of advertising the first time the advertising takes place. Advertising expense for the years ended December 31, 2021 and 2020, was \$3,231 and \$4,702, respectively.

Certificates of Deposit

Certificates of deposit are carried at principal plus interest. Maturities of 90 days or less are considered “cash and cash equivalents.” Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as “current.” Certificates of deposit with remaining maturities greater than one year are classified as “long-term.”

Investments

Marketable debt and equity securities are stated at fair market values as determined at year-end.

Collectibles and Artwork

The Foundation capitalizes its collectibles and artwork, which include a stained glass work of art, various framed paintings by local artists, various pottery artifacts and various other items. These pieces are held for exhibition to the public and are protected and preserved by the Foundation. It is the intent of the Foundation to hold these items indefinitely.

Property and Equipment

Purchased equipment is recorded at cost, less accumulated depreciation. Assets acquired through capitalized leasing arrangements are recorded at the lower of fair market value or present value of minimum required lease payments. Leasehold improvements are depreciated over the lesser of the useful life or the lease term. Donated equipment is recorded as support at its estimated fair value at the time of donation. Such donations are reported as support without donor restriction unless the donor has restricted the donated asset to a specific purpose. As of December 31, 2021 and 2020, the Foundation did not have donated property restricted for a specific purpose. It is the Foundation’s policy to capitalize expenditures for items in excess of \$400. Expenditures for replacements are capitalized and the replaced items are retired. Maintenance and repairs are charged to operations. Gains and losses from the sale of property and equipment are included in revenue and support. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets as follows:

Building and renovations	39 years
Leasehold improvements	15 years
Equipment	5 - 7 years
Furniture and fixtures	5 - 7 years

Depreciation and Amortization expense

Depreciation and amortization expense was \$12,690 and \$12,642 for the years ended December 31, 2021 and 2020, respectively.

Provision for Federal Income Tax

The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and had no unrelated business income subject to income tax for the years ended December 31, 2021 and 2020. MCCF is the sole member of its four subsidiary entities, all of which are limited liability companies and are disregarded entities for IRS reporting purposes.

See independent auditor’s report.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provision for Federal Income Tax (Continued)

Generally accepted accounting principles require management to evaluate the level of uncertainty related to whether tax positions taken will be sustained upon examination. Any positions taken that do not meet the more-likely-than-not threshold must be quantified and recorded as a liability for unrecognized tax benefits in the accompanying consolidated statement of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Management believes that none of the tax positions taken would materially impact the financial statements and no such liabilities have been recorded.

Allocation of Functional Expenses

The Foundation estimates the percentage of each major category of expense that is related to its exempt function activities to determine the amount allocated to program expense.

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.

Recently Issued Accounting Pronouncements Not Yet Effective

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which may change the Foundation's statement of financial position by requiring lessees to record all leases as a lease liability and corresponding right-of-use asset. This may affect compliance with any contractual agreements and loan covenants. This new standard is effective for the Foundation for fiscal years beginning after December 15, 2021, with early adoption permitted. The provisions of this standard will be applied retrospectively. Management has not yet determined whether this new standard will have a material effect on its financial statements.

Subsequent Events

Subsequent events have been evaluated through August 11, 2022, which is the date the financial statements were available to be issued.

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Cash on hand, checking and savings accounts	\$ 482,601	\$ 410,982
Cash management funds	2,500,004	1,186,710
Total cash and cash equivalents	<u>\$ 2,982,605</u>	<u>\$ 1,597,692</u>

See independent auditor's report.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of December 31:

	2021	2020
Receivable in less than one year	\$ 8,140	\$ 7,847
Receivable in one to five years at face value	-	3,650
Pledges receivable, at face value	<u>8,140</u>	<u>11,497</u>
Less: allowances for uncollectible pledges receivable	(5,057)	(5,057)
Pledges receivable, net	<u>\$ 3,083</u>	<u>\$ 6,440</u>
	2021	2020
Pledges receivable, current portion, net	\$ 3,083	\$ 2,790
Pledges receivable, long-term portion, net	-	3,650
Pledges receivable, net	<u>\$ 3,083</u>	<u>\$ 6,440</u>

NOTE 4: INVESTMENTS

Investments are recorded at fair value. The value assigned to investments received by the gift is the market value at the date of the donation. Marketable equity securities are valued at fair value determined by quoted prices as of December 31, 2021 and 2020. Investments consisted of the following as of December 31:

	2021	2020
Equity funds	\$ 13,064,705	\$ 11,462,890
Common stock domestic	7,898,344	6,774,241
Common stock international	266,451	223,894
Commodity funds	264,183	262,952
Bond funds	4,360,987	3,485,887
Corporate obligations domestic	476,251	1,249,415
Governmental obligations	287,431	255,625
Other equity interests	900,473	748,618
Other	36,650	-
Investments, at fair value	<u>27,555,475</u>	<u>24,463,522</u>
Excess fair value over cost	(7,599,569)	(5,562,225)
Investments, at cost	<u>\$ 19,955,906</u>	<u>\$ 18,901,297</u>

NOTE 5: CONTRIBUTIONS RECEIVABLE – CHARITABLE REMAINDER TRUSTS

For the years ended December 31, 2021 and 2020, the Foundation had contributions receivable from a unitrust of \$405,653 and \$367,374 respectively. These contributions receivable were discounted to \$133,663 for 2021 and \$114,793 for 2020 using fair market value of assets donated and a market discount rate. The unitrust is irrevocable and transfers assets upon the death of the life beneficiary. The agreement specified that a certain percentage of the net fair market value of the trust assets be paid in quarterly installments to the donor(s) from income and, to the extent income is insufficient, from principal. Any income in excess of the unitrust amount shall be added to the principal.

See independent auditor's report.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	2021	2020
Building and renovations	\$ 306,966	\$ 200,966
Land	661,807	1,020,443
Leasehold improvements	123,790	123,790
Equipment	85,853	82,150
Furniture and fixtures	50,668	50,668
Property and equipment, at cost	<u>1,229,084</u>	<u>1,478,017</u>
Less: accumulated depreciation	<u>(302,746)</u>	<u>(290,055)</u>
Property and equipment, net	<u>\$ 926,338</u>	<u>\$ 1,187,962</u>

NOTE 7: ADMINISTRATION FEE REVENUE

The Foundation assesses administration fees to the various funds at a rate of 0.25% of the market value of invested assets at each quarter end. Scholarship funds were assessed fees at a rate of 0.50% per quarter. Project type funds were assessed fees at a rate of 2% of income coming into the fund. Revenue from these contracts with customers is recognized over time as performance obligations of performing administrative services are met.

NOTE 8: CASH SURRENDER VALUE – LIFE INSURANCE

The Foundation is the owner and beneficiary of various insurance policies given as contributions. The Foundation, in most cases, pays the premium and the donor reimburses the Foundation. Cash surrender values are determined at the end of the statement year and revenue is adjusted accordingly. For the years ended December 2021 and 2020, cash surrender values increased by \$20,599 and \$23,826, respectively. The aggregate face values of the policies assigned to the Foundation are approximately \$2,100,000 as of December 31, 2021 and 2020.

NOTE 9: CONCENTRATION OF ECONOMIC RISK

The Foundation invests its funds with local financial institutions or investment advisors. Other than funds needed for current operations, all funds are deposited with financial institution trust departments under various trust agreements and cash management arrangements. Monies are invested by the trust departments, subject to agreements and general guidelines, in cash management accounts, mutual funds, U.S. Treasury securities, agency issues of the United States government, corporate bonds, and corporate capital stock (foreign and domestic). Deposits in interest-bearing and non-interest bearing accounts are collectively insured by the Federal Deposit Insurance Corporation (“FDIC”) up to a coverage limit of \$250,000 at each FDIC-insured depository institution. As a result, the Foundation may have balances that exceed the insured limit.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10: SEGREGATED INVESTMENTS

Certain funds are required by donor and trust agreements to be invested and maintained separately in specific financial instruments or bank trust accounts. As of December 31, 2021 and 2020, segregated funds include the Josephine Sebach Educational Fund assets with market values of \$2,464,462 and \$2,511,349, respectively, the Longaberger Quality of Life Endowment Fund assets with market values of \$1,625,696 and \$1,489,880, respectively, funds established from the estate assets of Mary Vashti Funk with market values of \$3,050,667 and \$2,671,737 respectively, funds established from the estate assets of Emmett J. France with market values of \$1,552,488 and \$1,369,679, respectively, the Sarah E. Slack Prevention of Blindness Fund with market values of \$1,976,921 and \$1,746,293, respectively, and the Cerney Charitable Remainder Trust Annuity with market values of \$149,261 and \$145,190, respectively. These funds included cash and cash equivalents of \$2,500,003 and \$849,877 as of December 31, 2021 and 2020, respectively.

NOTE 11: RETIREMENT PLAN

The Foundation has a Simple IRA in which employees may contribute any amount up to certain maximum limits allowable as specified in the Internal Revenue Code. The Foundation matches employee contributions up to 3%. The Foundation contributed \$11,013 and \$11,846 to the plan during the years ended December 31, 2021 and 2020, respectively.

NOTE 12: OPERATING LEASE OBLIGATIONS

The Foundation leases its offices from a non-profit organization. The term of the lease was renewed for another 20 years through 2039. The lease can be automatically renewed for an additional 20-year term upon notification to the lessor at least one year prior to the expiration of the primary term. The Foundation is required to set aside \$1,000 per month to provide for maintenance and repairs of the building. If this fund reaches \$10,000 of unneeded and uncommitted funds, the monthly set aside may cease as long as the sum of \$10,000 is maintained in the accounts. The Foundation recognizes the fair value of the building rent in the amount of \$60,000 annually as an in-kind contribution and corresponding rental expense.

NOTE 13: AGENCY FUNDS

The Foundation has adopted provisions of the “Revenue Recognition” topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). Provisions of this topic establish standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both to another entity that is specified by the donor. Provisions also specifically require that if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13: AGENCY FUNDS (Continued)

The Foundation maintains variance power and legal ownership of agency endowment funds and as such continues to report the funds as assets of the Foundation. However, in accordance with the “Revenue Recognition” topic of the FASB ASC, a liability has been established for the fair value of the funds, which is equivalent to the funds current fair market value.

As of December 31, 2021 and 2020, the Foundation was the owner of 21 agency endowment funds, respectively, with a combined value of \$1,204,315 and \$996,149, respectively. The following table summarizes activity in such funds during the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Agency Endowment Fund balances as of January 1	\$ 996,149	\$ 917,481
Amounts raised	5,181	15,295
Investment income, net of administrative and bank fees	857	4,221
Net unrealized and realized gains on investments	119,318	83,095
Refundable advance reclass	107,969	-
Grants	<u>(25,158)</u>	<u>(23,943)</u>
Agency Endowment Fund balances as of December 31	<u>\$ 1,204,316</u>	<u>\$ 996,149</u>

NOTE 14: ASSETS AND LIABILITIES – FAIR VALUE INFORMATION

In accordance with the Fair Value Measurements and Disclosures Topic of the FASB ASC, all financial instruments that are being measured and reported on a fair value basis must be classified and disclosed in one of the following three categories:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has 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, and 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’s 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs. There were no changes in methodologies used during the years ended December 31, 2021 and 2020.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14: ASSETS AND LIABILITIES – FAIR VALUE INFORMATION (Continued)

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

Corporate and government bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Mutual funds and other equity interests: Valued at the net asset value (“NAV”) of shares held by the plan at year end. NAV is based on the value of underlying assets owned by the fund, minus its liabilities and then divided by the number of shares outstanding. NAV is a quoted price in an active market.

Assets measured at fair value on a recurring basis were as follows:

Description	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Equity funds	\$ 13,064,705	\$ 13,064,705	\$ -	\$ -
Common stock domestic	7,898,344	7,898,344	-	-
Common stock international	266,451	266,451	-	-
Commodity funds	264,183	264,183	-	-
Bond funds	4,360,987	4,360,987	-	-
Corporate obligations domestic	476,251	476,251	-	-
Government obligations	287,431	287,431	-	-
Other equity interest	900,473	900,473	-	-
Other	36,650	36,650	-	-
Total	<u>\$ 27,555,475</u>	<u>\$ 27,555,475</u>	<u>\$ -</u>	<u>\$ -</u>

Description	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Equity funds	\$ 11,462,890	\$ 11,462,890	\$ -	\$ -
Common stock domestic	6,774,241	6,774,241	-	-
Common stock international	223,894	223,894	-	-
Commodity funds	262,952	262,952	-	-
Bond funds	3,485,887	3,485,887	-	-
Corporate obligations domestic	1,249,415	1,249,415	-	-
Government obligations	255,625	255,625	-	-
Other equity interest	748,618	748,618	-	-
Total	<u>\$ 24,463,522</u>	<u>\$ 24,463,522</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor’s report.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15: LONG-TERM NOTE RECEIVABLE

The Foundation entered into a note receivable with a non-profit limited liability company. The note is non-interest bearing. \$5,000 payments are due annually on December 30. During the year ended December 31, 2021 the balance was paid in full.

NOTE 16: ENDOWMENTS

Investment Policy

The Foundation's investment policy was established to give general guidance to investment managers with a goal of earning a reasonable rate of return based on market conditions while minimizing risk. Target allocations are as follows. Acceptable ranges are also given for each category.

US equities	35%
International equities – developed	15%
International equities – emerging	5%
Alternative Investments: REITs	5%
Alternative Investments: Long Short	5%
Alternative Investments: Relative Value / Event Driven	5%
Investment grade fixed income	30%

This policy applies to all of the Foundation's investments as a whole, with the exception of those assets in the Donor Advised/Pass Thru pool, which has a benchmark of 30% equity and 70% fixed income.

Spending Policy

Subject to giving instruments and statutory requirements, the Foundation's spending policy is determined by total return. The amount to be spent in the coming year is calculated in October, using September 30th figures, and is reviewed and approved by the Board annually. The calculation is based on a 12-quarter moving average of the market value of the total fund multiplied by an amount not to exceed 5%. Half of all fees (administration, investment management and custodianship) will be included in the multiplier. The other half of all fees will come from the principal balance. The spending policy applies to all endowment funds held by the Foundation.

The tables below represent changes in Board designated endowment net assets for the years ended December 31:

	2021	2020
Balance, beginning of year	\$ 2,715,838	\$ 2,518,608
Contributions	247,872	55,579
Investment income	36,781	35,016
Net (depreciation) appreciation	340,336	218,590
Amounts appropriated for expenditures	(110,113)	(111,955)
Balance, end of the year	<u>\$ 3,230,714</u>	<u>\$ 2,715,838</u>

See independent auditor's report.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17: LIQUIDITY AND AVAILABILITY OF FUNDS

The following reflects the Foundation’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of December 31, 2021 because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside by the Board for growth and sustainability of the Foundation that could be drawn upon if the Board approves the action. The Foundation’s financial assets available within one year of the statements of financial position date for general expenditure are as follows:

Financial assets:	
Cash and cash equivalents	\$ 2,982,605
Certificates of deposit	121,726
Accounts receivable	57,092
Contributions and pledges receivables	20,613
Other receivables	81,529
Financial assets, at year-end	<u>3,263,565</u>
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions:	
Restriction by donor with purpose restrictions	<u>(3,083)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,260,482</u>

Liquidity Policy

As part of the Foundation’s liquidity management, it maintains a sufficient level of operating cash and short-term investments to be available as its general expenditures, liabilities, and other obligations come due. Management treats investments as long-term assets. Additionally, the Foundation has the Board designated endowment fund, while the Foundation does not intend to spend this fund for purposes other than those identified, the amounts could be made available for current operations, if necessary.

NOTE 18: GOVERNMENT ASSISTANCE

Paycheck Protection Program

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was signed. The CARES Act had impact on several matters. The Payroll Protection Program (“PPP”), administered by the Small Business Administration (“SBA”), allows eligible companies to apply for government assistance to help businesses keep their workforce employed during the Coronavirus (“COVID-19”) crisis.

In April 2020, the Foundation entered into an agreement for government assistance under the PPP. Management has elected to apply ASC 958-605 to the funds received as part of the PPP program. The funds received as part of the PPP program are reflected as PPP grant in support and revenue for the year ended December 31, 2020. The unsecured PPP grant had an initial principal amount of \$84,505 and notice of forgiveness was received during 2021.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

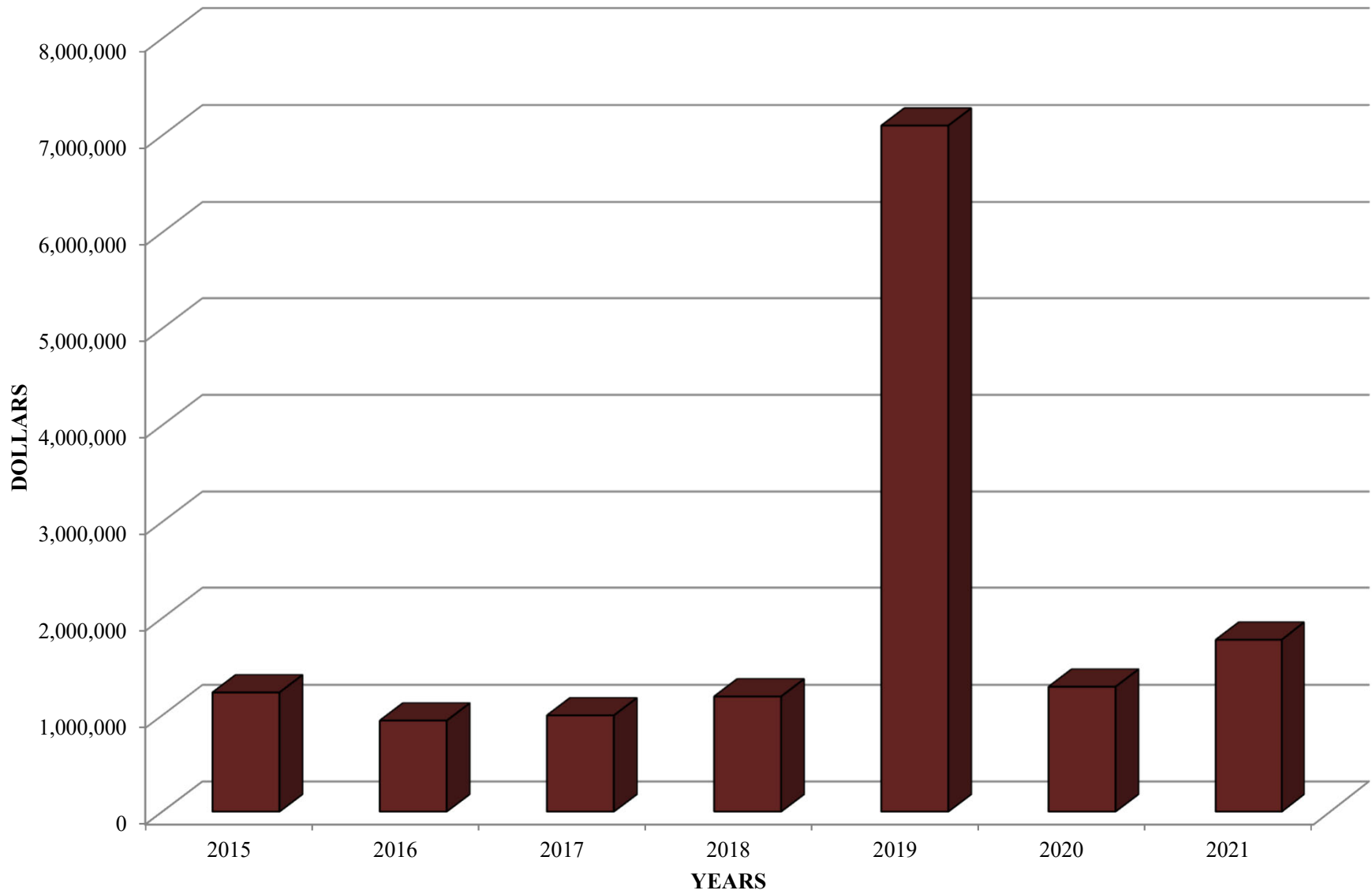
NOTE 18: GOVERNMENT ASSISTANCE (Continued)

In February 2021, the Foundation entered into a note payable agreement with a bank as a Second Draw Loan under the PPP of the Economic Aid to Hard-Hit Small Businesses, Non-Profits, and Venues Act (“Consolidated Appropriations Act, 2021”). The unsecured note had a principal amount of \$68,517, maturing in February 2026. During the year-ended December 31, 2021, this amount was forgiven. The funds received as a part of the Consolidated Appropriations Act, 2021 are included in support and revenue for the year ended December 31, 2021.

Employee Retention Credit

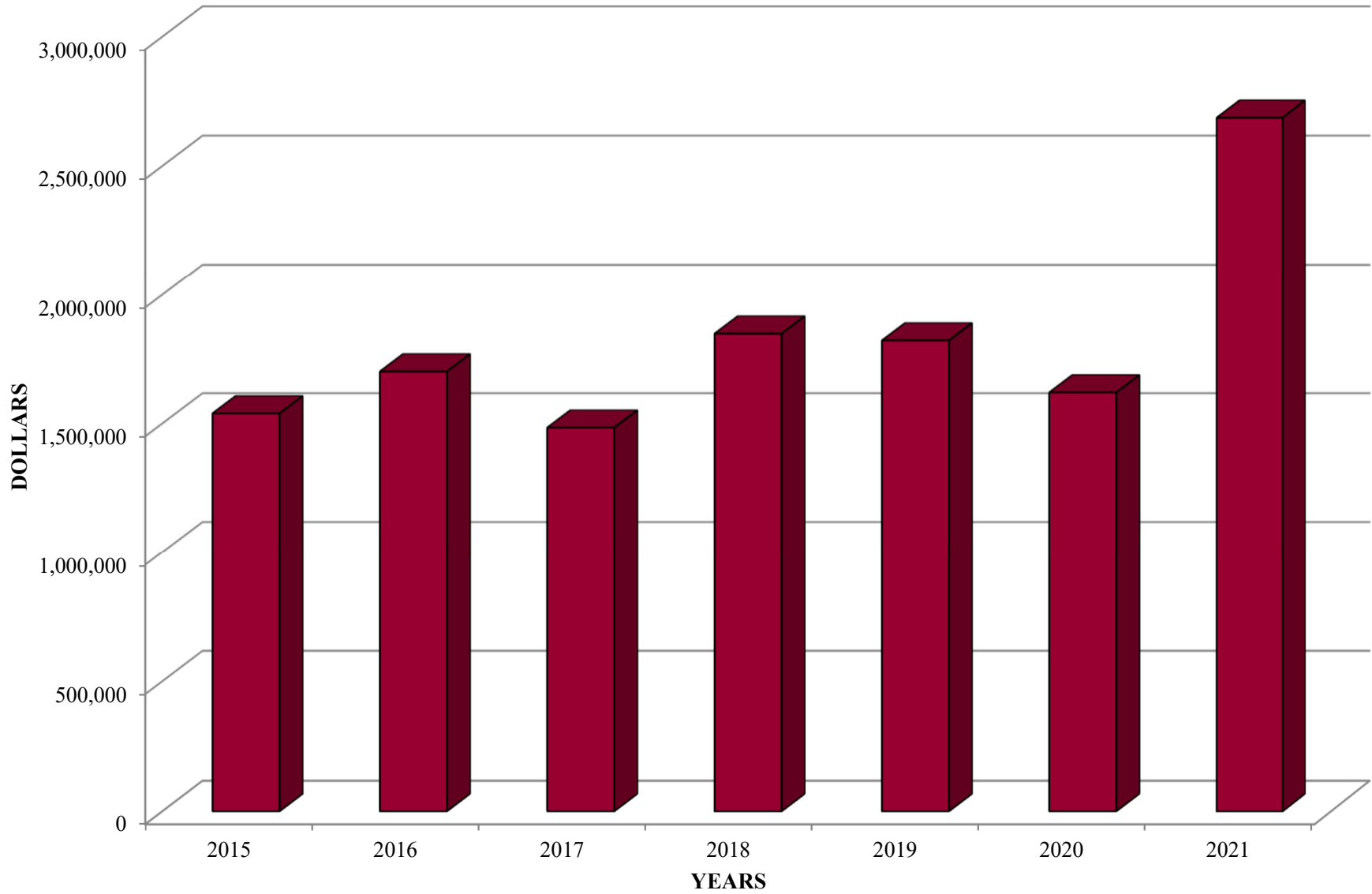
Also included, as part of the CARES Act was the Employee Retention Credit (“ERC”). This credit is a refundable tax credit for employers who experienced certain levels of decline in gross receipts due to COVID-19. During 2021, the Company requested an ERC of \$66,872. As of December 31, 2021, the refund was outstanding and is recorded in other receivables.

**THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES
GRANTS AWARDED
FOR THE YEARS ENDED DECEMBER 31**



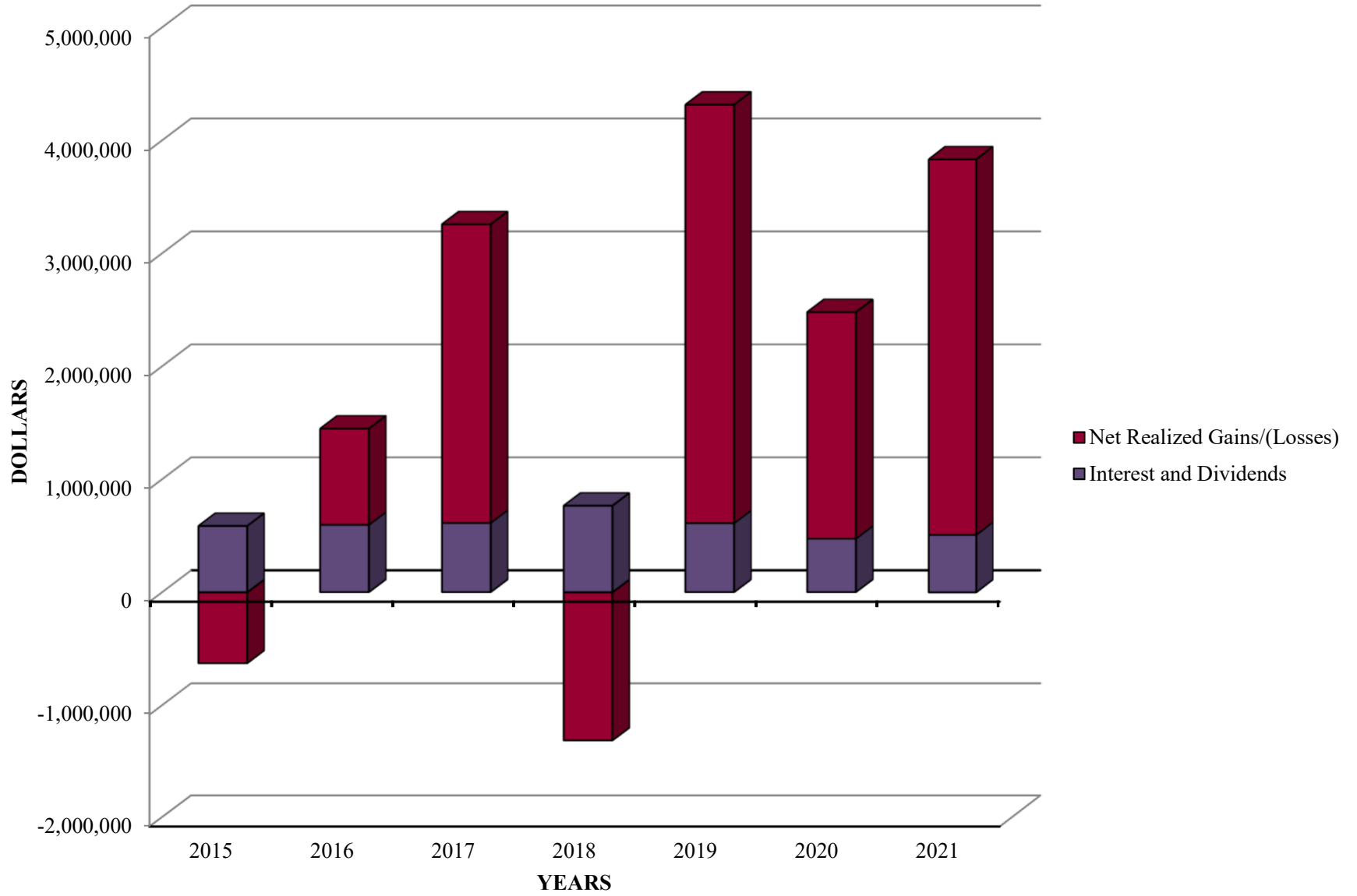
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THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES
GIFTS, BEQUESTS, IN-KIND DONATIONS, AND GRANTS
FOR THE YEARS ENDED DECEMBER 31



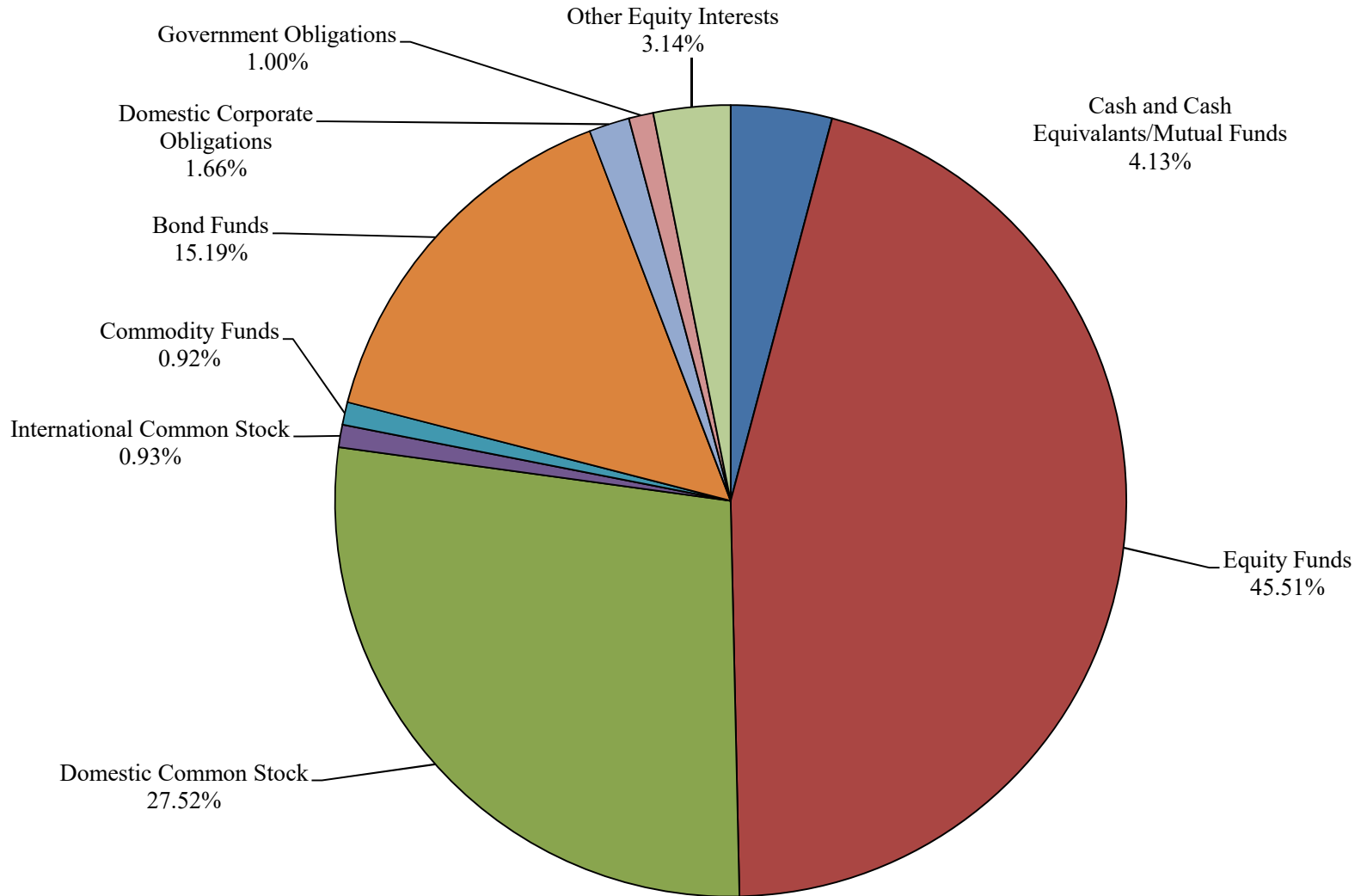
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THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES
INVESTMENT INCOME (EXCLUDING UNREALIZED GAINS/(LOSSES))
FOR THE YEARS ENDED DECEMBER 31



See independent auditor's report

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES
INVESTMENT (COMPOSITION - AT MARKET)
FOR THE YEAR ENDED DECEMBER 31, 2021



See independent auditor's report