

The Muskingum County Community
Foundation and Affiliates
Audited Consolidated Financial Statements

As of and for the Years Ended
December 31, 2020 and 2019



Rea & associates

www.reacpa.com



Table of Contents

	<u>Page</u>
Independent Auditor’s Report	1-2
Consolidated Statements of Financial Position	3-4
Consolidated Statements of Activities and Change in Net Assets	5-6
Consolidated Statements of Functional Expenses	7-8
Consolidated Statements of Cash Flows	9
Notes to the Consolidated Financial Statements	10-21
<u>Supplementary Information:</u>	
Grants Awarded	22
Gifts, Bequests, In-Kind Donations, and Grants	23
Investment Income (Excluding Unrealized Gains (Losses))	24
Investment (Composition – At Market).....	25

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Muskingum County Community Foundation and Affiliates (collectively, the "Foundation") which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (the "financial statements").

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Muskingum County Community Foundation and Affiliates as of December 31, 2020 and 2019, 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.

Other Matter

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 23, 2021

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
	<hr/>	<hr/>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,597,692	\$ 1,280,063
Certificates of deposit	119,630	133,932
Pledges receivable, net	2,790	19,053
Contributions receivable	80,694	8,175
Accounts receivable	13,879	55,497
Other receivables	14,657	14,657
Other current assets	5,536	5,677
Prepaid expenses	1,261	1,714
	<hr/>	<hr/>
Total current assets	1,836,139	1,518,768
PROPERTY AND EQUIPMENT, NET	1,187,962	1,193,530
OTHER ASSETS:		
Investments	24,463,522	22,743,163
Collectibles and artwork	36,761	30,680
Cash surrender value - life insurance policies	462,325	455,999
Contributions receivable - charitable remainder trusts	114,793	99,206
Note receivable	5,000	10,000
Pledges receivable, net of current portion	3,650	11,200
	<hr/>	<hr/>
Total other assets	25,086,051	23,350,248
Total assets	<hr/> <hr/> \$ 28,110,152	<hr/> <hr/> \$ 26,062,546

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

LIABILITIES AND NET ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 14,533	\$ 48,379
Grants payable	21,163	2,110
Accrued expenses	10,597	6,243
Current portion of annuity liability	-	14,100
Current portion of capital lease obligation	-	384
Funds held as agency endowments	996,149	917,481
Total current liabilities	<u>1,042,442</u>	<u>988,697</u>
LONG-TERM LIABILITIES:		
Annuity liability, net of current portion	-	28,381
Total long-term liabilities	<u>-</u>	<u>28,381</u>
Total liabilities	1,042,442	1,017,078
NET ASSETS:		
Without donor restrictions, undesignated	24,345,432	22,496,607
Without donor restrictions, board designated	2,715,838	2,518,608
With donor restrictions	6,440	30,253
Total net assets	<u>27,067,710</u>	<u>25,045,468</u>
Total liabilities and net assets	<u>\$ 28,110,152</u>	<u>\$ 26,062,546</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, 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 ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE:			
Support:			
Gifts and bequests	\$ 1,479,974	\$ -	\$ 1,479,974
Grants received	275,287	-	275,287
In-kind contributions	66,345	-	66,345
Total support	1,821,606	-	1,821,606
Revenue:			
Interest and dividends	610,623	-	610,623
Net realized and unrealized gains on investments	3,550,258	-	3,550,258
Administrative fees	250,342	-	250,342
Event revenue	105,748	-	105,748
Other revenue	6,621	-	6,621
Loss on sale of property and equipment	(169,190)	-	(169,190)
Increase in cash surrender value - life insurance	21,156	-	21,156
Change in value of trust agreements	13,466	-	13,466
Total revenue	4,389,024	-	4,389,024
Net assets released from restrictions	129,118	(129,118)	-
Total support and revenue	6,339,748	(129,118)	6,210,630
EXPENSES:			
Program services	7,415,018	-	7,415,018
Management and general	793,585	-	793,585
Fundraising expenses	219,977	-	219,977
Total expenses	8,428,580	-	8,428,580
Change in net assets	(2,088,832)	(129,118)	(2,217,950)
NET ASSETS, beginning of year	27,104,047	159,371	27,263,418
NET ASSETS, end of year	\$ 25,015,215	\$ 30,253	\$ 25,045,468

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 STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL
Grants awarded	\$ 7,100,978	\$ -	\$ -	\$ 7,100,978
Trustee and administrative fees	-	257,121	-	257,121
Fundraising expense	-	-	76,823	76,823
Salaries and wages	213,380	54,010	60,887	328,277
Employee benefits	15,977	7,809	11,719	35,505
Payroll taxes	19,005	4,887	8,875	32,767
Professional fees	10,928	87,420	10,928	109,276
Advertising	1,581	12,648	1,581	15,810
Office expenses	5,305	42,444	5,305	53,054
Occupancy	10,215	81,716	10,215	102,146
Conferences and meetings	971	3,894	4,848	9,713
Interest	-	5,468	-	5,468
Depreciation and amortization expense	7,960	6,513	-	14,473
Insurance	1,255	10,038	1,255	12,548
Special project expenses	13,954	111,632	13,954	139,540
Bad debt	8,750	70,000	8,750	87,500
Unitrust annuity	1,410	11,280	1,410	14,100
Dues and subscriptions	593	4,662	671	5,926
Contracted services	1,469	11,751	1,469	14,689
Other expenses	1,287	10,292	1,287	12,866
	<u>\$ 7,415,018</u>	<u>\$ 793,585</u>	<u>\$ 219,977</u>	<u>\$ 8,428,580</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, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,022,242	\$ (2,217,950)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	12,642	19,941
Loss on sale of property and equipment	-	169,190
Increase in cash surrender value of life insurance	(23,826)	(21,156)
Provision for loss on unconditional promises to give	23,532	87,500
Non-cash forgiveness of debt granted	-	4,639,950
Reinvested interest on certificates of deposit	14,302	(2,262)
Net realized and unrealized gain on investments	(1,846,207)	(3,550,258)
(Increase) decrease in operating assets:		
Pledges receivable	281	41,618
Contributions receivable	(72,519)	14,920
Accounts receivable	41,618	(21,008)
Other current assets	141	4,653
Prepaid expenses	453	630
Contributions receivable - charitable remainder trust	(15,587)	(14,987)
Increase (decrease) in operating liabilities:		
Accounts payable	(33,846)	38,084
Grants payable	19,053	(5,365)
Accrued expenses	4,354	(139)
Annuity liability	(42,481)	1,521
Funds held as agency endowments	78,668	129,689
Total adjustments	(1,839,422)	1,532,521
Net cash provided by (used in) operating activities	182,820	(685,429)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for the issuance of notes receivable	-	(10,000)
Proceeds from the issuance of notes receivable	5,000	-
Payments for the purchase of property and equipment	(7,074)	(7,218)
Proceeds from life insurance	17,500	-
Proceeds from sale of property and equipment	-	20,000
Payments for the purchase of collectibles	(6,081)	(2,000)
Payments for the purchase of investments	(5,536,896)	(6,695,884)
Proceeds from redemption of investments	5,662,744	7,117,892
Net cash provided by investing activities	135,193	422,790
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net payments on refundable advance	-	(16,025)
Principal payments on capital lease obligations	(384)	(2,180)
Net cash used in financing activities	(384)	(18,205)
Net increase (decrease) in cash and cash equivalents	317,629	(280,844)
CASH AND CASH EQUIVALENTS, beginning of the year	1,280,063	1,560,907
CASH AND CASH EQUIVALENTS, end of the year	\$ 1,597,692	\$ 1,280,063
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ 40	\$ 5,468

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”).

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.

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.

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)

Certificates of Deposit

Certificates of deposit with original 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. 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, 2020 and 2019, 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 \$12,642 and \$14,473 for the years ended December 31, 2020 and 2019, 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, 2020 and 2019.

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.

See independent auditors report

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 23, 2021, which is the date the financial statements were available to be issued. See Note 22 for subsequent events disclosed.

NOTE 2: CASH AND CASH EQUIVALENTS

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

	2020	2019
Cash on hand, checking and savings accounts	\$ 410,982	\$ 434,704
Cash management funds	1,186,710	845,359
Total cash and cash equivalents	<u>\$ 1,597,692</u>	<u>\$ 1,280,063</u>

NOTE 3: PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of December 31:

	2020	2019
Receivable in less than one year	\$ 7,847	\$ 41,053
Receivable in one to five years at face value	3,650	11,200
Pledges receivable, at face value	11,497	52,253
Less: allowances for uncollectible pledges receivable	<u>(5,057)</u>	<u>(22,000)</u>
Pledges receivable, net	<u>\$ 6,440</u>	<u>\$ 30,253</u>
	2020	2019
Pledges receivable, current portion, net	\$ 2,790	\$ 19,053
Pledges receivable, long-term portion, net	3,650	11,200
Pledges receivable, net	<u>\$ 6,440</u>	<u>\$ 30,253</u>

See independent auditors report

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, 2020 and 2019. Investments consisted of the following as of December 31:

	2020	2019
Equity funds	\$ 11,462,890	\$ 10,161,014
Common stock domestic	6,774,241	6,218,264
Common stock international	223,894	205,666
Commodity funds	262,952	235,303
Bond funds	3,485,887	3,096,080
Corporate obligations domestic	1,249,415	1,770,197
Governmental obligations	255,625	298,713
Other equity interests	748,618	757,926
Investments, at fair value	<u>24,463,522</u>	<u>22,743,163</u>
Excess fair value over cost	<u>(5,562,225)</u>	<u>(4,507,879)</u>
Investments, at cost	<u>\$ 18,901,297</u>	<u>\$ 18,235,284</u>

NOTE 5: CONTRIBUTIONS RECEIVABLE – CHARITABLE REMAINDER TRUSTS

For the years ended December 31, 2020 and 2019, the Foundation had contributions receivable from a unitrust of \$367,374 and \$331,351 respectively. These contributions receivable were discounted to \$114,793 for 2020 and \$99,206 for 2019 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.

NOTE 6: ANNUITY LIABILITY

The Foundation is the beneficiary of a charitable remainder trust, which specified that an annual annuity payment of \$14,100 is to be made to the donors during their lifetime. Upon the death of the donors, the balance remaining in the trust will pass to the Foundation. The liability for this charitable remainder trust has been recorded at the present value of the expected future payments to be made to the donors. The present value is as follows as of December 31:

	2020	2019
Total net present value	\$ -	\$ 42,481
Less: current portion	-	(14,100)
Long-term portion	<u>\$ -</u>	<u>\$ 28,381</u>

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: PROPERTY AND EQUIPMENT

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

	2020	2019
Building and renovations	\$ 200,966	\$ 200,966
Land	1,020,443	1,020,443
Leasehold improvements	123,790	121,390
Equipment	82,150	77,477
Furniture and fixtures	50,668	50,668
Property and equipment, at cost	<u>1,478,017</u>	<u>1,470,944</u>
Less: accumulated depreciation	<u>(290,055)</u>	<u>(277,414)</u>
Property and equipment, net	<u>\$ 1,187,962</u>	<u>\$ 1,193,530</u>

NOTE 8: 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 9: 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 2020 and 2019, cash surrender values increased by \$23,826 and \$21,156, respectively. The aggregate face values of the policies assigned to the Foundation are approximately \$2,100,000 as of December 31, 2020 and 2019.

NOTE 10: 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 11: 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, 2020 and 2019, segregated funds include the Josephine Sebach Educational Fund assets with market values of \$2,511,349 and \$2,380,898, respectively, the Longaberger Quality of Life Endowment Fund assets with market values of \$1,489,880 and \$1,372,719, respectively, funds established from the estate assets of Mary Vashti Funk with market values of \$2,671,737 and \$2,518,738 respectively, funds established from the estate assets of Emmett J. France with market values of \$1,369,679 and \$1,305,563, respectively, the Sarah E. Slack Prevention of Blindness Fund with market values of \$1,746,293 and \$1,668,750, respectively, and the Cerney Charitable Remainder Trust Annuity with market values of \$145,190 and \$139,955, respectively. These funds included cash and cash equivalents of \$849,877 and \$464,504 as of December 31, 2020 and 2019, respectively.

NOTE 12: 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 \$11,846 and \$11,909 to the plan during the years ended December 31, 2020 and 2019, respectively.

NOTE 13: CAPITAL LEASE OBLIGATIONS

The Foundation entered into a capital lease for office equipment with a term of five years and no interest beginning February 1, 2015 (imputed interest is not significant to the financial statements). Assets under lease are depreciated over the term of the lease. Depreciation of assets under capital lease is included in depreciation and amortization expense. The following is a summary of the property held under capital lease, which is included in property and equipment in the financial statements for the years ended December 31:

	2020	2019
Office equipment	\$ 10,993	\$ 10,993
Less: accumulated depreciation	(10,993)	(10,809)
Office equipment, net	<u>\$ -</u>	<u>\$ 184</u>

NOTE 14: 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.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15: 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 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, 2020 and 2019, the Foundation was the owner of 21 and 22 agency endowment funds, respectively, with a combined value of \$996,149 and \$917,481, respectively. The following table summarizes activity in such funds during the years ended December 31, 2020 and 2019:

	2020	2019
Agency Endowment Fund balances as of January 1	\$ 917,481	\$ 787,792
Amounts raised	15,295	10,030
Investment income, net of administrative and bank fees	4,221	5,951
Net unrealized and realized gains on investments	83,095	137,813
Pledges written-off	-	-
Grants	(23,943)	(24,104)
Agency Endowment Fund balances as of December 31	<u>\$ 996,149</u>	<u>\$ 917,481</u>

NOTE 16: 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.

See independent auditors report

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16: ASSETS AND LIABILITIES – FAIR VALUE INFORMATION (Continued)

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, 2020 and 2019.

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, 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>

Description	December 31, 2019			
	Total	Level 1	Level 2	Level 3
Equity funds	\$ 10,161,014	\$ 10,161,014	\$ -	\$ -
Common stock domestic	6,218,264	6,218,264	-	-
Common stock international	205,666	205,666	-	-
Commodity funds	235,303	235,303	-	-
Bond funds	3,096,080	3,096,080	-	-
Corporate obligations domestic	1,770,197	1,770,197	-	-
Government obligations	298,713	298,713	-	-
Other equity interest	757,926	757,926	-	-
Total	<u>\$ 22,743,163</u>	<u>\$ 22,743,163</u>	<u>\$ -</u>	<u>\$ -</u>

The Foundation includes in its investments an equity method investment in the amount of \$24,976 as of December 31, 2019.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17: LONG-TERM DEBT

The Foundation held no long-term debt as of December 31, 2020 and 2019. During 2019, the Foundation was released from the liability of the \$2,542,550 Leveraged Loan between MCCF and PNC. This transaction took place as part of the corporate restructuring of the Muskingum Recreation Center. Ohio University was assigned the debt of the Leveraged Loan by MCCF, acceptance of which was agreed to by PNC and Ohio University. In exchange for the acceptance of the Leveraged Loan debt, Ohio University, the sole member of the Muskingum Recreation Center, received the promissory note held by MCCF. This note was valued at \$7,182,500 and was assigned to Muskingum Investment Fund, LCC. The balance of \$4,639,950 of the promissory note was a grant to the MRC through Ohio University during 2019.

NOTE 18: 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 and matures December 30, 2021. As of the years ended December 31, 2020 and 2019 the balance remaining to be collected was \$5,000 and \$10,000, respectively.

NOTE 19: 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 MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19: ENDOWMENTS (Continued)

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

	2020	2019
Balance, beginning of year	\$ 2,518,608	\$ 2,229,241
Contributions	55,579	13,087
Investment income	35,016	42,047
Net (depreciation) appreciation	218,590	354,975
Amounts appropriated for expenditures	(111,955)	(120,742)
Balance, end of the year	<u>\$ 2,715,838</u>	<u>\$ 2,518,608</u>

NOTE 20: 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, 2020 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	\$ 1,597,692
Certificates of deposit	119,630
Accounts receivable	13,879
Contributions and pledges receivables	83,484
Other receivables	14,657
Financial assets, at year-end	<u>1,829,342</u>
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions:	
Restriction by donor with purpose restrictions	<u>(6,440)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,822,902</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.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21: GOVERNMENT ASSISTANCE

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.

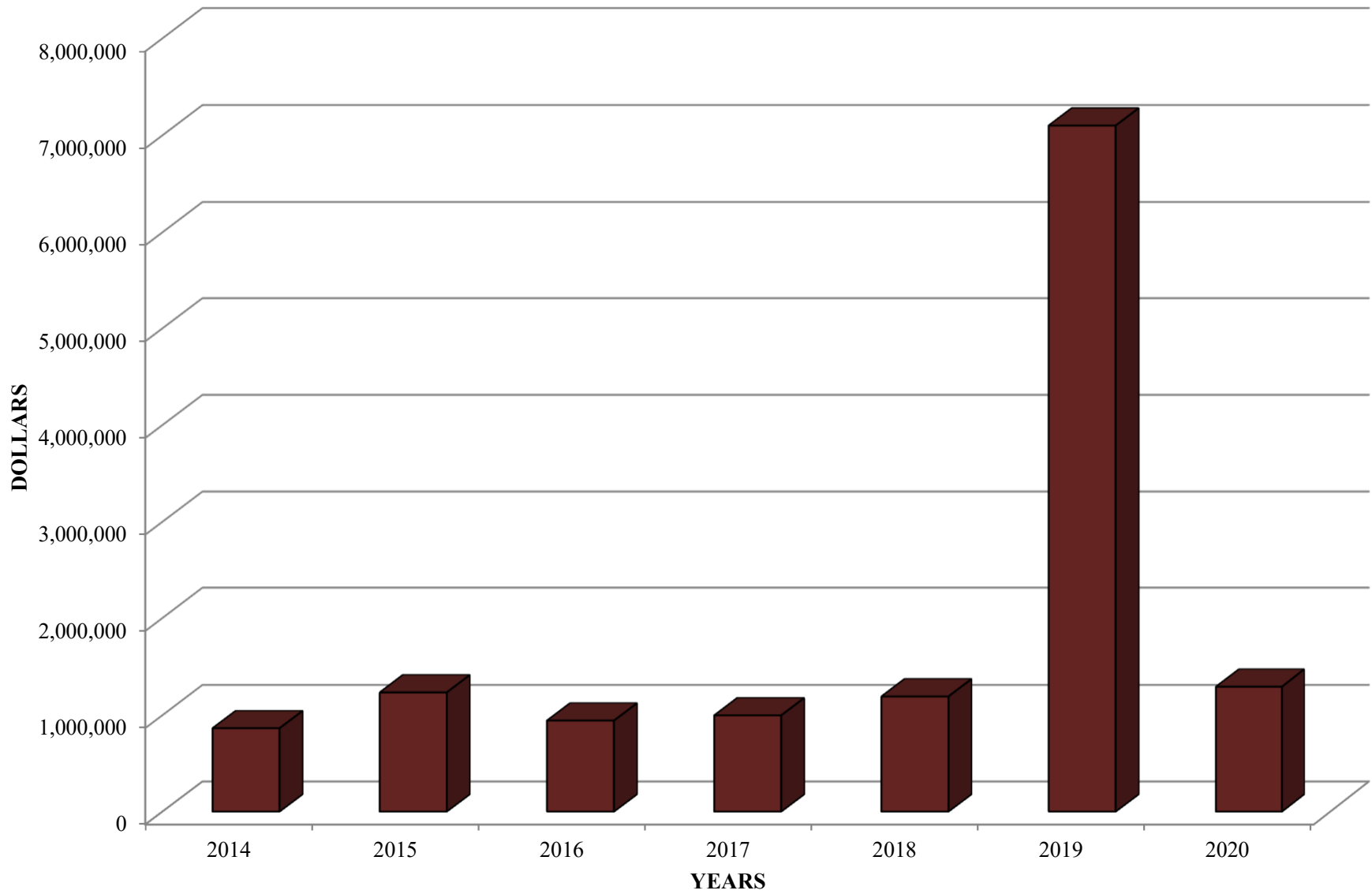
In April 2020, the Foundation entered into a note payable agreement with a bank under the PPP of the CARES Act. The unsecured note had a principal amount of \$84,505 and was set to mature in April 2022. The note required monthly payments of principal and accrued interest calculated at a fixed rate of 1%. The Foundation used the loan proceeds for allowable payroll and other costs to qualify for loan forgiveness as specified in the CARES Act. Management has elected to apply ASC 958-605 to the funds received as part of the PPP program as it had high confidence that the Foundation was an eligible recipient and met conditions for forgiveness of the loan. Forgivable expenses incurred and recognized as grant revenue under the program were \$84,505 for the year ended December 31, 2020. Subsequent to year end, the Foundation received formal notification of the forgiveness of the loan.

NOTE 22: SUBSEQUENT EVENTS

In February 2021, the Foundation entered into a note payable agreement with a bank as a Second Draw Loan under the Paycheck Protection Program of the Economic Aid to Hard-Hit Small Businesses, Non-Profits, and Venues Act (“Consolidated Appropriations Act, 2021”). The unsecured note has a principal amount of \$68,517 and is set to mature in February 2026. The note requires monthly payments of principal and accrued interest at 1% beginning in June 2022. The Foundation plans to use the loan proceeds for allowable payroll and other costs to qualify for loan forgiveness as specified in the Consolidated Appropriations Act, 2021.

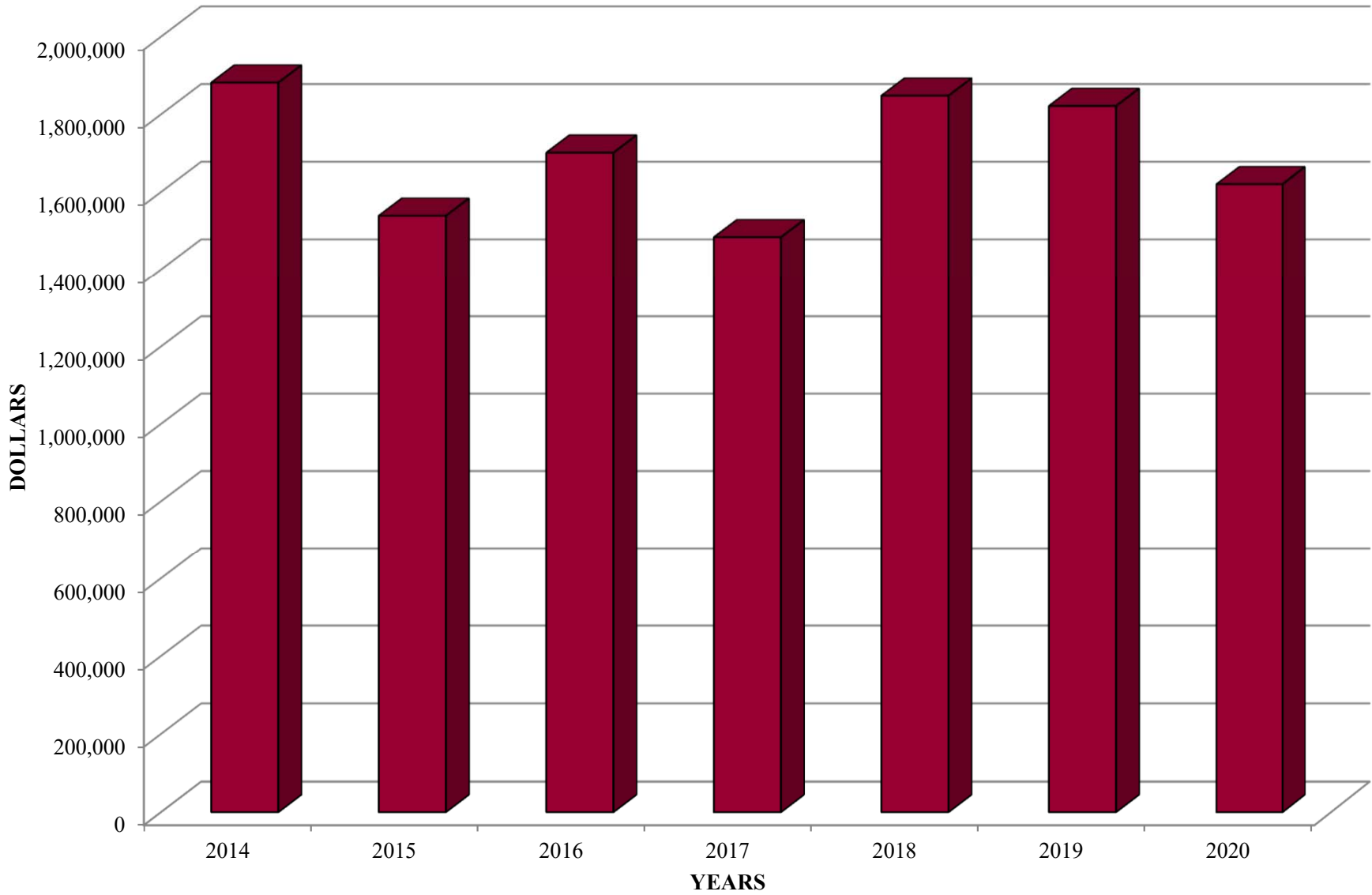
In June 2021, the Foundation sold property resulting in net proceeds of approximately \$435,000. The property had a net book value of approximately \$378,000 as of December 31, 2020.

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



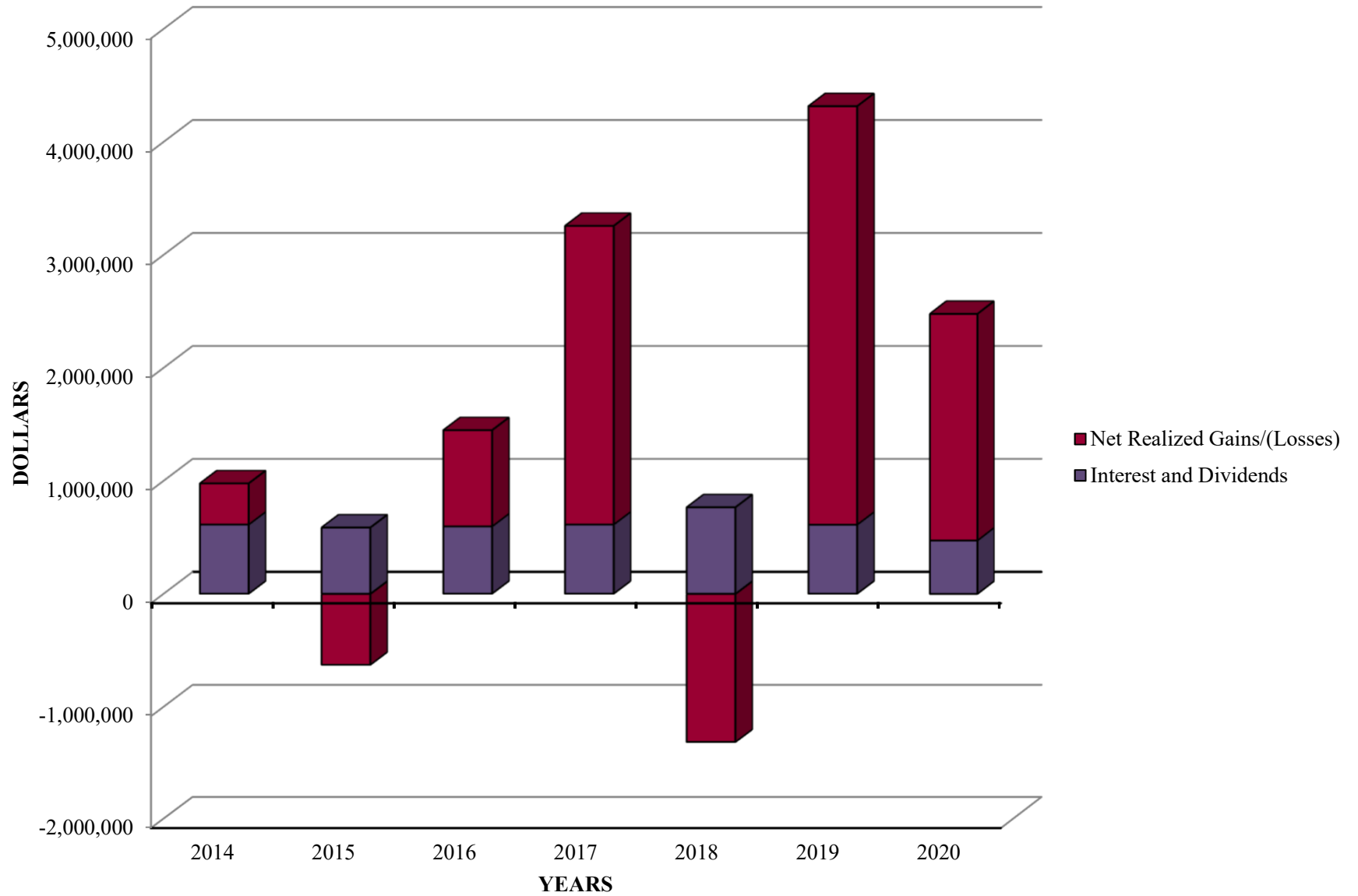
See independent auditor's report

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



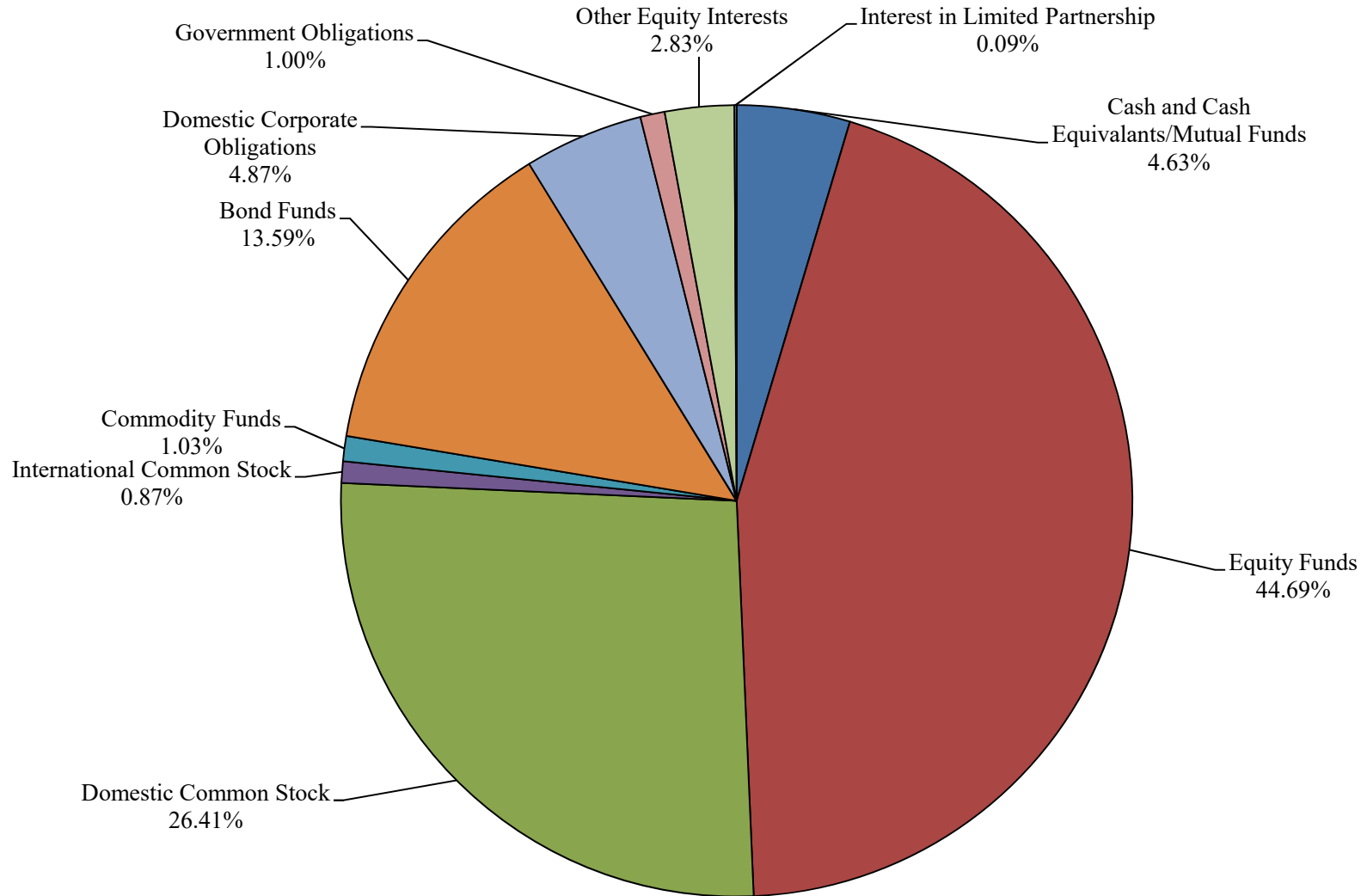
See independent auditor's report

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, 2020



See independent auditor's report