

The Muskingum County Community Foundation and Affiliates

Audited Consolidated Financial Statements

As of and for the Years Ended
December 31, 2023 and 2022



Rea & associates

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Table of Contents

	<u>Page</u>
Independent Auditor’s Report	1-2
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities and Change in Net Assets	4-5
Consolidated Statements of Functional Expenses	6-7
Consolidated Statements of Cash Flows	8
Notes to the Consolidated Financial Statements	9-18
 <u>Supplementary Information:</u>	
Grants Awarded	19
Gifts, Bequests, In-Kind Donations, and Grants	20
Investment Income (Excluding Unrealized Gains (Losses))	21
Investment (Composition – At Market).....	22

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 (collectively, the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, 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, 2023 and 2022, 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.

Report on the 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 19 through 22 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 9, 2024

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

	<u>ASSETS</u>	
	2023	2022
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,412,237	\$ 2,516,335
Certificates of deposit	71,254	69,758
Contributions receivable	970	11,860
Accounts receivable	150	901
Other receivables	13,489	14,180
Prepaid expenses and other current assets	9,965	8,226
Total current assets	<u>1,508,065</u>	<u>2,621,260</u>
PROPERTY AND EQUIPMENT, NET	1,280,687	888,170
OTHER ASSETS:		
Investments	29,230,879	25,055,002
Collections and artwork	40,873	36,761
Cash surrender value - life insurance policies	525,113	504,250
Contributions receivable - charitable remainder trusts	132,287	113,983
Total other assets	<u>29,929,152</u>	<u>25,709,996</u>
Total assets	<u>\$ 32,717,904</u>	<u>\$ 29,219,426</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Accounts payable	\$ 49,313	\$ 31,024
Grants payable	9,000	24,906
Accrued expenses	10,474	12,103
Funds held as agency endowments	1,464,366	1,306,976
Total current liabilities	<u>1,533,153</u>	<u>1,375,009</u>
NET ASSETS:		
Without donor restrictions, undesignated	28,318,144	25,214,861
Without donor restrictions, board designated	2,866,607	2,629,556
Total net assets	<u>31,184,751</u>	<u>27,844,417</u>
Total liabilities and net assets	<u>\$ 32,717,904</u>	<u>\$ 29,219,426</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, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE:			
Support:			
Gifts and bequests	\$ 2,452,738	\$ -	\$ 2,452,738
Grants received	26,000	-	26,000
In-kind contributions	68,770	-	68,770
Total support	2,547,508	-	2,547,508
Revenue:			
Interest and dividends	742,182	-	742,182
Net realized and unrealized gains on investments	2,387,399	-	2,387,399
Administrative fees	297,069	-	297,069
Event revenue	122,347	-	122,347
Other revenue	40,710	-	40,710
Increase in cash surrender value - life insurance	20,773	-	20,773
Change in value of trust agreements	18,304	-	18,304
Total revenue	3,628,784	-	3,628,784
Net assets released from restrictions	-	-	-
Total support and revenue	6,176,292	-	6,176,292
EXPENSES:			
Program services	1,832,420	-	1,832,420
Management and general	773,075	-	773,075
Fundraising	230,463	-	230,463
Total expenses	2,835,958	-	2,835,958
Change in net assets	3,340,334	-	3,340,334
NET ASSETS, beginning of year	27,844,417	-	27,844,417
NET ASSETS, end of year	\$ 31,184,751	\$ -	\$ 31,184,751

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, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE:			
Support:			
Gifts and bequests	\$ 2,755,905	\$ -	\$ 2,755,905
Grants received	148,102	-	148,102
In-kind contributions	67,097	-	67,097
Total support	2,971,104	-	2,971,104
Revenue:			
Interest and dividends	558,790	-	558,790
Net realized and unrealized losses on investments	(4,313,038)	-	(4,313,038)
Administrative fees	317,090	-	317,090
Event revenue	174,166	-	174,166
Other revenue	2,533	-	2,533
Loss on the sale of property and equipment	(32,000)	-	(32,000)
Increase in cash surrender value - life insurance	21,326	-	21,326
Change in value of trust agreements	(19,680)	-	(19,680)
Total revenue	(3,290,813)	-	(3,290,813)
Net assets released from restrictions	3,083	(3,083)	-
Total support and revenue	(316,626)	(3,083)	(319,709)
EXPENSES:			
Program services	1,952,494	-	1,952,494
Management and general	774,876	-	774,876
Fundraising	249,213	-	249,213
Total expenses	2,976,583	-	2,976,583
Change in net assets	(3,293,209)	(3,083)	(3,296,292)
NET ASSETS, beginning of year	31,137,626	3,083	31,140,709
NET ASSETS, end of year	\$ 27,844,417	\$ -	\$ 27,844,417

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, 2023

	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL
FUNCTIONAL EXPENSES:				
Grants awarded	\$ 1,547,312	\$ -	\$ -	\$ 1,547,312
Trustee and administrative fees	-	283,199	-	283,199
Fundraising expense	-	-	58,594	58,594
Salaries and wages	181,606	141,248	113,942	436,796
Employee benefits	42,472	33,034	12,638	88,144
Payroll taxes	13,378	10,406	8,602	32,386
Professional fees	3,699	29,595	3,699	36,993
Advertising	1,014	8,116	1,014	10,144
Office expenses	8,979	71,830	8,979	89,788
Occupancy	10,067	80,531	10,067	100,665
Conferences and meetings	3,350	26,795	3,350	33,495
Interest	-	2,713	-	2,713
Depreciation and amortization expense	10,964	8,971	-	19,935
Insurance	1,753	14,024	1,753	17,530
Special project expenses	5,970	47,756	5,970	59,696
Dues and subscriptions	754	6,036	754	7,544
Contracted services	450	3,600	450	4,500
Other expenses	652	5,221	651	6,524
Total functional expenses	\$ 1,832,420	\$ 773,075	\$ 230,463	\$ 2,835,958

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, 2022

	PROGRAM SERVICES	MANAGEMENT & GENERAL	FUNDRAISING	TOTAL
FUNCTIONAL EXPENSES:				
Grants awarded	\$ 1,706,657	\$ -	\$ -	\$ 1,706,657
Trustee and administrative fees	-	307,912	-	307,912
Fundraising expense	-	-	85,312	85,312
Salaries and wages	164,435	127,893	97,428	389,756
Employee benefits	22,833	17,759	15,018	55,610
Payroll taxes	12,411	9,654	9,339	31,404
Professional fees	4,082	32,651	4,082	40,815
Advertising	1,028	8,223	1,028	10,279
Office expenses	8,490	67,924	8,490	84,904
Occupancy	9,396	75,163	9,396	93,955
Conferences and meetings	1,854	10,952	5,731	18,537
Interest	-	3,785	-	3,785
Depreciation and amortization expense	7,996	6,543	-	14,539
Insurance	1,368	10,947	1,368	13,683
Special project expenses	10,444	83,552	10,444	104,440
Dues and subscriptions	793	6,270	871	7,934
Contracted services	69	547	69	685
Other expenses	638	5,101	637	6,376
	<u>\$ 1,952,494</u>	<u>\$ 774,876</u>	<u>\$ 249,213</u>	<u>\$ 2,976,583</u>
Total functional expenses	<u>\$ 1,952,494</u>	<u>\$ 774,876</u>	<u>\$ 249,213</u>	<u>\$ 2,976,583</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, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,340,334	\$ (3,296,292)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	19,935	14,539
(Gain) loss on sale or disposal of property and equipment	-	32,000
Increase in cash surrender value of life insurance	(20,863)	(21,326)
Reinvested interest on certificates of deposit	(1,496)	(1,893)
Net realized and unrealized (gains) losses on investments	(2,387,399)	4,313,038
(Increase) decrease in operating assets:		
Pledges receivable	-	3,083
Contributions receivable	10,890	5,670
Accounts and other receivables	1,442	56,191
Prepaid expenses and other current assets	(1,739)	66,440
Contributions receivable - charitable remainder trust	(18,304)	19,680
Increase (decrease) in operating liabilities:		
Accounts payable	18,289	(6,832)
Grants payable	(15,906)	12,543
Accrued expenses	(1,629)	1,304
Funds held as agency endowments	157,390	102,660
Total adjustments	(2,239,390)	4,597,097
Net cash provided by operating activities	1,100,944	1,300,805
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for the purchase of property and equipment	(412,452)	(82,371)
Proceeds from sale of property and equipment	-	74,000
Payments for the purchase of investments	(9,721,948)	(9,925,736)
Proceeds from redemption of investments	7,933,470	8,113,171
Payments for the purchase of collections	(4,112)	-
Proceeds from maturity of certificate of deposits	-	53,861
Net cash used in investing activities	(2,205,042)	(1,767,075)
Net decrease in cash and cash equivalents	(1,104,098)	(466,270)
CASH AND CASH EQUIVALENTS, beginning of the year	2,516,335	2,982,605
CASH AND CASH EQUIVALENTS, end of the year	\$ 1,412,237	\$ 2,516,335
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ 2,713	\$ 3,785

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, MCCF II, LLC, MCCF III, LLC, and Wooden Building, LTD, which are all limited liability companies. 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.

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 Customers

See Footnote 6 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 Foundation expenses the production costs of advertising the first time the advertising takes place. Advertising expense for the years ended December 31, 2023 and 2022 was \$10,144 and \$10,279, 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.

Collections and Artwork

The Foundation capitalizes its collections 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, 2023 and 2022, 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

Leases

The Foundation applies FASB ASC 842 in the accounting for leases. The Foundation determines if a contract contains a lease when the contract conveys the right to control the use of identified assets for a period in exchange for consideration. Upon identification and commencement of a lease, the Foundation establishes a right-of-use (“ROU”) asset and a lease liability. The total lease term is determined by considering the initial term per the lease agreement, which is adjusted to include any renewal or termination options that the Foundation is reasonably certain to exercise. The Organization does not recognize ROU assets and lease liabilities for leases with a term of 12 months or less.

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, 2023 and 2022. 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.

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)

GAAP requires 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.

Use of Management 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.

Adoption of New Accounting Standard

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, *Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which (1) significantly changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments from an incurred loss model to an expected loss model and (2) provides for recording credit losses on available for sale debt securities through an allowance account. The update requires credit losses on most financial assets measured at amortized cost and certain other instruments to be measured using an expected credit loss model. The guidance is effective for the Foundation beginning January 1, 2023, with earlier adoption permitted.

The Foundation adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Subsequent Events

Subsequent events have been evaluated through August 9, 2024, 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:

	2023	2022
Cash on hand, checking and savings accounts	\$ 257,547	\$ 768,903
Cash management funds	1,154,690	1,747,432
Total cash and cash equivalents	<u>\$ 1,412,237</u>	<u>\$ 2,516,335</u>

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3: CONTRIBUTIONS RECEIVABLE – CHARITABLE REMAINDER TRUSTS

As of December 31, 2023 and 2022, the Foundation had contributions receivable from a unitrust of \$358,015 and \$323,384 respectively. These contributions receivable were discounted to \$132,287 and \$113,983 as of December 31, 2023 and 2022, respectively, 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 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, 2023 and 2022. Investments consisted of the following as of December 31:

	2023	2022
Equity funds	\$ 12,368,755	\$ 11,169,125
Common stock domestic	4,822,988	5,776,899
Common stock international	736,112	219,377
Commodity funds	-	259,279
Bond funds	8,396,035	4,382,145
Corporate obligations domestic	2,294,978	2,062,722
Governmental obligations	198,055	439,413
Other equity interests	400,624	746,042
Other	13,332	-
Investments, at fair value	<u>29,230,879</u>	<u>25,055,002</u>
Excess fair value over cost	<u>(4,383,176)</u>	<u>(2,980,961)</u>
Investments, at cost	<u>\$ 24,847,703</u>	<u>\$ 22,074,041</u>

NOTE 5: PROPERTY AND EQUIPMENT

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

	2023	2022
Building and renovations	\$ 406,438	\$ 200,966
Land	863,239	671,807
Leasehold improvements	189,894	183,778
Equipment	102,050	92,616
Furniture and fixtures	56,287	56,288
Property and equipment, at cost	<u>1,617,908</u>	<u>1,205,455</u>
Less: accumulated depreciation	<u>(337,221)</u>	<u>(317,285)</u>
Property and equipment, net	<u>\$ 1,280,687</u>	<u>\$ 888,170</u>

NOTE 6: 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.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: 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 2023 and 2022, cash surrender values increased by \$20,863 and \$21,326, respectively. The aggregate face values of the policies assigned to the Foundation are approximately \$2,100,000 as of December 31, 2023 and 2022.

NOTE 8: 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.

NOTE 9: 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, 2023 and 2022, segregated funds include the Josephine Sebach Educational Fund assets with market values of \$2,570,583 and \$2,453,136, respectively, the Longaberger Quality of Life Endowment Fund assets with market values of \$1,541,506 and \$1,378,276, respectively, funds established from the estate assets of Mary Vashti Funk with market values of \$2,719,977 and \$2,645,611 respectively, funds established from the estate assets of Emmett J. France with market values of \$1,401,467 and \$1,375,277, respectively, and the Sarah E. Slack Prevention of Blindness Fund with market values of \$1,757,968 and \$1,725,593, respectively. These funds included cash and cash equivalents of \$368,772 and \$1,747,432 as of December 31, 2023 and 2022, respectively.

NOTE 10: 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 \$11,569 and \$10,674 to the plan during the years ended December 31, 2023 and 2022, respectively.

NOTE 11: OPERATING LEASE

The Foundation leases its offices from a non-profit organization. The term of the conditional lease was renewed for 20 years through 2039. The lease can be 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 non-financial contribution and corresponding rental expense.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12: AGENCY FUNDS

The Foundation has adopted provisions of the “Revenue Recognition” topic of the 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, 2023 and 2022, the Foundation was the owner of 21 agency endowment funds, respectively, with a combined value of \$1,464,366 and \$1,306,976, respectively. The following table summarizes activity in such funds during the years ended December 31:

	<u>2023</u>	<u>2022</u>
Agency Endowment Fund balances as of January 1	\$ 1,306,976	\$ 1,204,316
Amounts raised	4,929	324,316
Investment income, net of administrative and bank fees	18,689	6,086
Net unrealized and realized gains (losses) on investments	187,843	(176,237)
Repayments on refundable advance	(26,907)	(24,707)
Grants awarded	(27,164)	(26,798)
Agency Endowment Fund balances as of December 31	<u>\$ 1,464,366</u>	<u>\$ 1,306,976</u>

NOTE 13: 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, 2023 and 2022.

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13: 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, 2023			
	Total	Level 1	Level 2	Level 3
Equity funds	\$ 12,368,755	\$ 12,368,755	\$ -	\$ -
Common stock domestic	4,822,988	4,822,988	-	-
Common stock international	736,112	736,112	-	-
Commodity funds	-	-	-	-
Bond funds	8,396,035	8,396,035	-	-
Corporate obligations domestic	2,294,978	2,294,978	-	-
Government obligations	198,055	198,055	-	-
Other equity interest	413,956	413,956	-	-
Other	-	-	-	-
Total	<u>\$ 29,230,879</u>	<u>\$ 29,230,879</u>	<u>\$ -</u>	<u>\$ -</u>

Description	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Equity funds	\$ 11,169,125	\$ 11,169,125	\$ -	\$ -
Common stock domestic	5,776,899	5,776,899	-	-
Common stock international	219,377	219,377	-	-
Commodity funds	259,279	259,279	-	-
Bond funds	4,382,145	4,382,145	-	-
Corporate obligations domestic	2,062,722	2,062,722	-	-
Government obligations	439,413	439,413	-	-
Other equity interest	746,042	746,042	-	-
Other	-	-	-	-
Total	<u>\$ 25,055,002</u>	<u>\$ 25,055,002</u>	<u>\$ -</u>	<u>\$ -</u>

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14: 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 as of December 31, 2023. Subsequent to December 31, 2023, this benchmark was changed to 95% fixed income and 5% cash.

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:

	2023	2022
Balance, beginning of year	\$ 2,629,556	\$ 3,230,714
Contributions	243,705	30,984
Investment income	19,906	43,852
Net (depreciation) appreciation	104,967	(543,022)
Amounts appropriated for expenditures	(131,527)	(132,972)
Balance, end of the year	<u>\$ 2,866,607</u>	<u>\$ 2,629,556</u>

THE MUSKINGUM COUNTY COMMUNITY FOUNDATION AND AFFILIATES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15: LIQUIDITY AND AVAILABILITY OF FUNDS

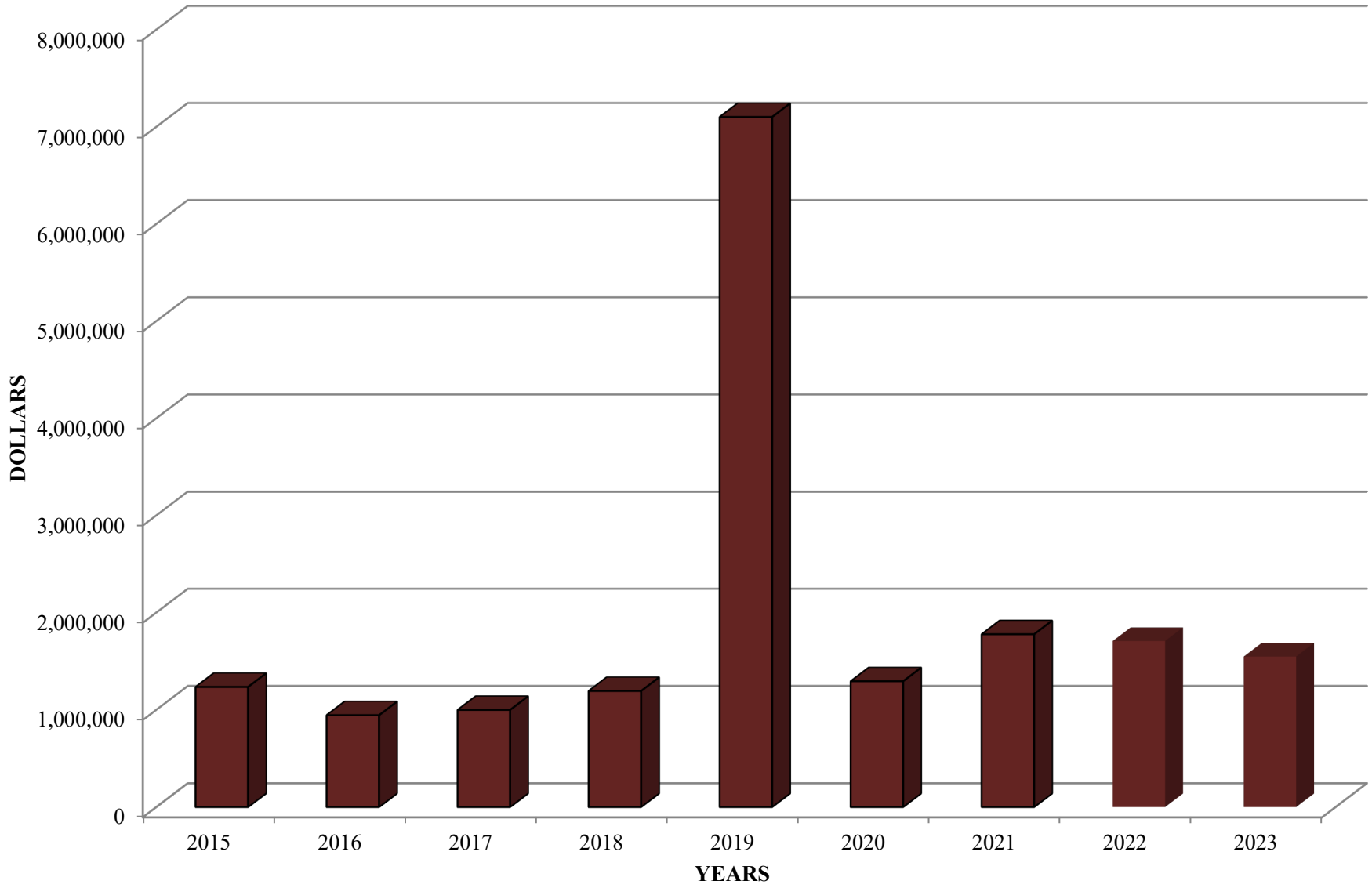
The following reflects the Foundation’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of December 31 because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts 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:	2023	2022
Cash and cash equivalents	\$ 1,412,237	\$ 2,516,335
Certificates of deposit	71,254	69,758
Accounts receivable	150	901
Contributions and pledges receivables	970	11,860
Other receivables	13,489	14,180
Financial assets, at year-end	<u>1,498,100</u>	<u>2,613,034</u>
Less those unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions:		
Restriction by donor with purpose restrictions	-	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,498,100</u>	<u>\$ 2,613,034</u>

Liquidity Policy

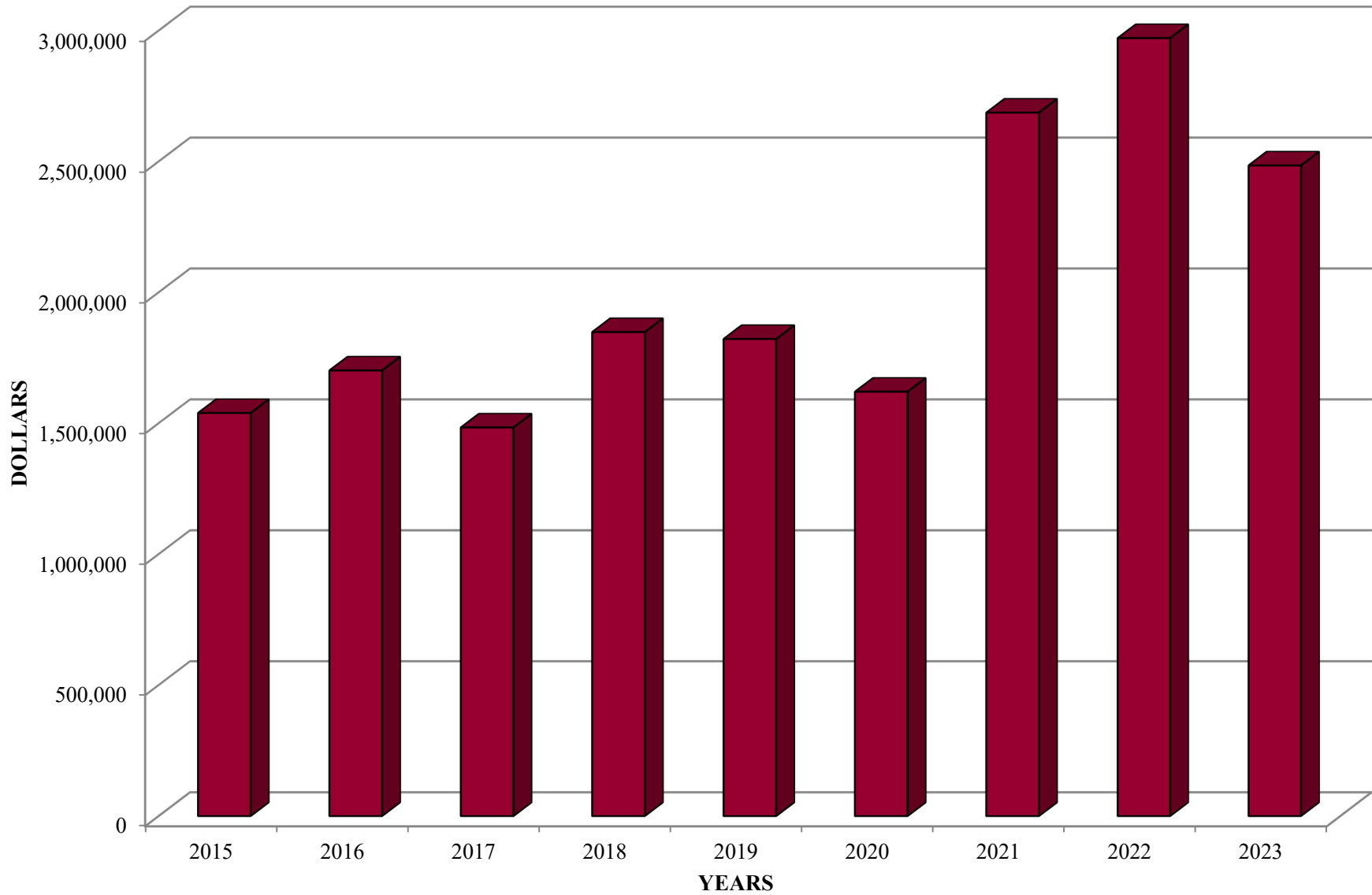
As part of the Foundation’s liquidity management, it maintains a sufficient level of operating cash and short-term investments to be available as its general expenditures, liabilities, and other obligations come due. Management treats investments as long-term assets. Additionally, the Foundation has 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
GRANTS AWARDED
FOR THE YEARS ENDED DECEMBER 31



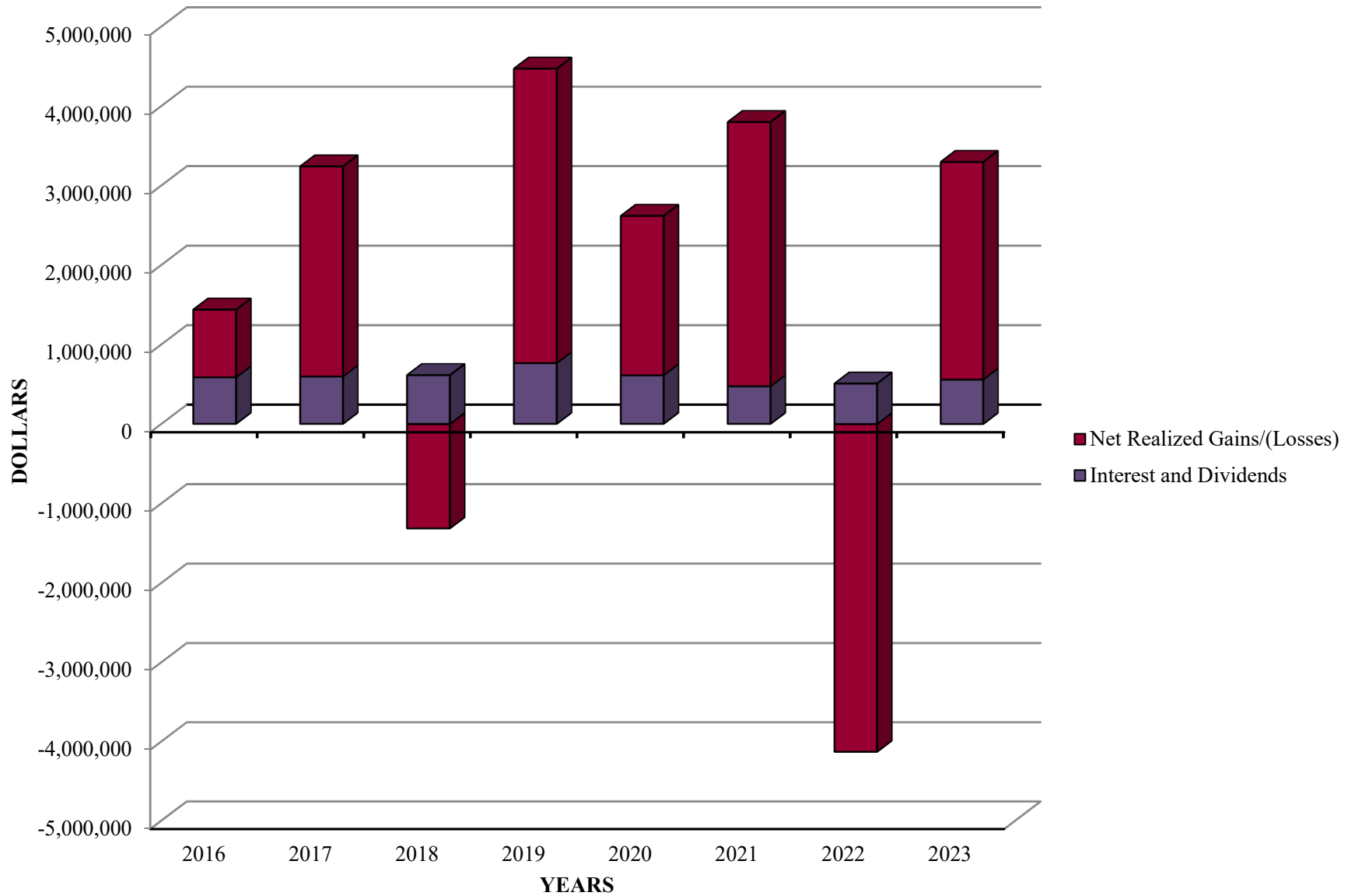
See independent auditor's report

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



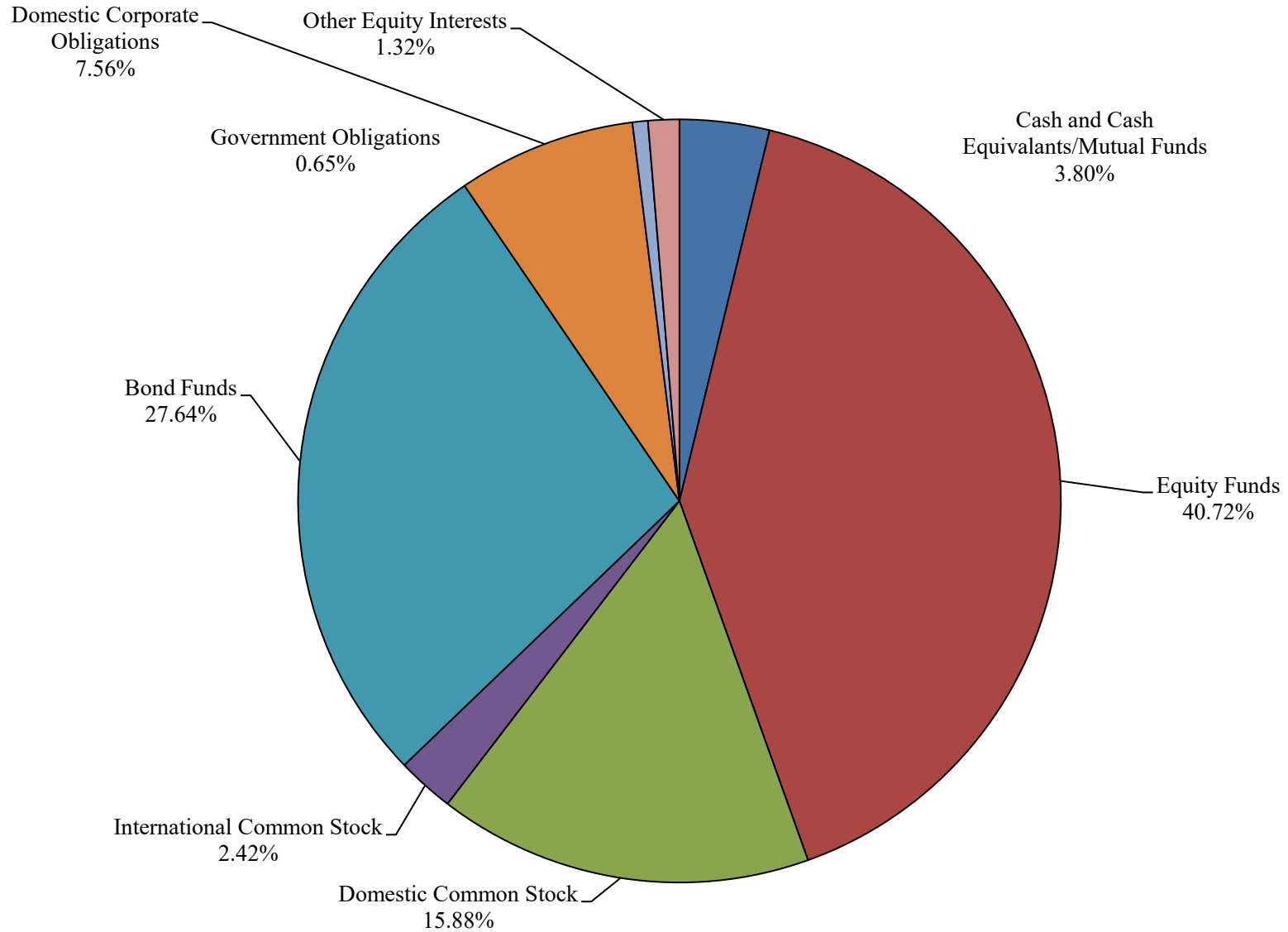
See independent auditor's report

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, 2023



See independent auditor's report