

**RUSH COUNTY COMMUNITY
FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**RUSH COUNTY COMMUNITY FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)**

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YEARS ENDED DECEMBER 31, 2018 AND 2017

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BRADY WARE
& SCHOENFELD

INDEPENDENT AUDITORS' REPORT

Board of Directors
Rush County Community Foundation, Inc.
Rushville, Indiana

We have audited the accompanying financial statements of the **Rush County Community Foundation, Inc.** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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.

Auditors' 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 audits 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 auditors' 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.

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INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Rush County Community Foundation, Inc.** as of December 31, 2018 and 2017, 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.

Effect of Adopting New Accounting Standards

As discussed in Note 1, the Foundation adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, during 2018. The requirements of the ASU have been applied retroactively to all periods presented. In addition, the Foundation early adopted the Financial Accounting Standards Board's ASU No. 2018-08, *Not-for-Profit Entities - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, during 2018. Our opinion is not modified with respect to these matters.



Richmond, Indiana
May 28, 2019

**RUSH COUNTY COMMUNITY FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)**

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 852,112	\$ 408,119
Investments	15,828,077	16,690,843
Unconditional promises to give	-	553,185
Property and equipment, net	<u>334,470</u>	<u>283,376</u>
	<u>\$ 17,014,659</u>	<u>\$ 17,935,523</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued expenses	\$ 3,225	\$ 2,460
Grant payable	50,000	75,000
Funds held for others	<u>2,412,014</u>	<u>2,458,151</u>
	<u>2,465,239</u>	<u>2,535,611</u>
NET ASSETS		
Without donor restrictions		
Donor advised endowment funds	40,887	48,507
Undesignated	3,853,597	4,132,342
Board designated	580,289	570,069
Plant fund	<u>334,470</u>	<u>283,376</u>
	<u>4,809,243</u>	<u>5,034,294</u>
With donor restrictions		
Purpose restrictions	8,300,217	8,819,223
Time-restricted for future periods	446,750	553,185
Perpetual in nature	<u>993,210</u>	<u>993,210</u>
	<u>9,740,177</u>	<u>10,365,618</u>
	<u>14,549,420</u>	<u>15,399,912</u>
	<u>\$ 17,014,659</u>	<u>\$ 17,935,523</u>

RUSH COUNTY COMMUNITY FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions and grants	\$ 180,036	\$ 621,030	\$ 801,066
Net investment return	202,712	473,190	675,902
Net realized gain on investments	30,095	17,906	48,001
Net unrealized loss on investments	(521,246)	(1,179,788)	(1,701,034)
Administrative fee revenue	39,537	-	39,537
Other income	<u>1,394</u>	<u>-</u>	<u>1,394</u>
Total Public Support and Revenue	(67,472)	(67,662)	(135,134)
NET ASSETS RELEASED FROM RESTRICTIONS	<u>557,779</u>	<u>(557,779)</u>	<u>-</u>
	<u>490,307</u>	<u>(625,441)</u>	<u>(135,134)</u>
EXPENSES			
Program services	546,527	-	546,527
Management and administrative	127,674	-	127,674
Fund development	<u>41,157</u>	<u>-</u>	<u>41,157</u>
Total Expenses	<u>715,358</u>	<u>-</u>	<u>715,358</u>
CHANGE IN NET ASSETS	(225,051)	(625,441)	(850,492)
NET ASSETS			
Beginning of year	<u>5,034,294</u>	<u>10,365,618</u>	<u>15,399,912</u>
End of year	<u>\$ 4,809,243</u>	<u>\$ 9,740,177</u>	<u>\$ 14,549,420</u>

**RUSH COUNTY COMMUNITY FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)**

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions and grants	\$ 309,593	\$ 511,394	\$ 820,987
Net investment return	107,256	264,153	371,409
Net realized gain on investments	419,781	1,036,064	1,455,845
Net unrealized loss on investments	(98,139)	(263,967)	(362,106)
Administrative fee revenue	<u>35,253</u>	<u>-</u>	<u>35,253</u>
Total Public Support and Revenue	773,744	1,547,644	2,321,388
NET ASSETS RELEASED FROM RESTRICTIONS	<u>486,066</u>	<u>(486,066)</u>	<u>-</u>
	<u>1,259,810</u>	<u>1,061,578</u>	<u>2,321,388</u>
EXPENSES			
Program services	505,373	-	505,373
Management and administrative	130,270	-	130,270
Fund development	<u>28,516</u>	<u>-</u>	<u>28,516</u>
Total Expenses	<u>664,159</u>	<u>-</u>	<u>664,159</u>
CHANGE IN NET ASSETS	595,651	1,061,578	1,657,229
NET ASSETS			
Beginning of year	<u>4,438,643</u>	<u>9,304,040</u>	<u>13,742,683</u>
End of year	<u>\$ 5,034,294</u>	<u>\$ 10,365,618</u>	<u>\$ 15,399,912</u>

**RUSH COUNTY COMMUNITY FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	Program Services	Management and Administrative	Fund Development	Total
Grants and scholarships	\$ 461,731	\$ -	\$ -	\$ 461,731
Salaries and wages	55,924	48,569	23,683	128,176
Employee benefits	14,562	12,647	6,167	33,376
Professional fees	1,875	10,625	-	12,500
Travel and meetings	946	126	189	1,261
Telephone and utilities	404	7,265	404	8,073
Advertising and promotion	1,841	-	2,762	4,603
Consultants	-	15,727	-	15,727
Repairs and maintenance	372	867	-	1,239
Insurance	1,944	4,536	-	6,480
Donor cultivation	-	-	7,051	7,051
Dues and subscriptions	-	1,743	-	1,743
Postage	502	1,755	251	2,508
Printing	650	1,948	650	3,248
Supplies	-	9,806	-	9,806
Miscellaneous	-	3,395	-	3,395
Total Expenses Before Depreciation	540,751	119,009	41,157	700,917
Depreciation	5,776	8,665	-	14,441
Total Expenses	<u>\$ 546,527</u>	<u>\$ 127,674</u>	<u>\$ 41,157</u>	<u>\$ 715,358</u>

**RUSH COUNTY COMMUNITY FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)**

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Program Services	Management and Administrative	Fund Development	Total
Grants and scholarships	\$ 408,789	\$ -	\$ -	\$ 408,789
Salaries and wages	66,297	54,978	12,320	133,595
Employee benefits	15,627	12,959	2,904	31,490
Professional fees	3,261	18,477	-	21,738
Travel and meetings	2,177	290	435	2,902
Telephone and utilities	359	6,454	359	7,172
Advertising and promotion	1,762	-	2,642	4,404
Consultants	-	13,039	-	13,039
Repairs and maintenance	337	787	-	1,124
Insurance	851	1,987	-	2,838
Donor cultivation	-	-	8,683	8,683
Dues and subscriptions	-	1,247	-	1,247
Postage	569	1,992	285	2,846
Printing	888	2,663	888	4,439
Supplies	-	7,412	-	7,412
Miscellaneous	-	1,302	-	1,302
Total Expenses Before Depreciation	500,917	123,587	28,516	653,020
Depreciation	4,456	6,683	-	11,139
Total Expenses	<u>\$ 505,373</u>	<u>\$ 130,270</u>	<u>\$ 28,516</u>	<u>\$ 664,159</u>

**RUSH COUNTY COMMUNITY FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)**

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (850,492)	\$ 1,657,229
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,441	11,139
Loss on disposal of equipment	2,985	-
Net unrealized loss on investments	1,701,034	362,106
Net realized gain on investments	<u>(48,001)</u>	<u>(1,455,845)</u>
	819,967	574,629
Changes in operating assets and liabilities:		
Unconditional promises to give	553,185	(53,185)
Accrued expenses	765	79
Grant payable	(25,000)	(25,000)
Funds held for others	<u>(46,137)</u>	<u>31,832</u>
Net Cash Provided by Operating Activities	<u>1,302,780</u>	<u>528,355</u>
INVESTING ACTIVITIES		
Proceeds from sale of equipment	300	-
Purchases of property and equipment	(68,820)	(42,162)
Proceeds from sale of investments	1,796,096	5,157,630
Purchases of investments	<u>(2,586,363)</u>	<u>(6,498,118)</u>
Net Cash Used by Investing Activities	<u>(858,787)</u>	<u>(1,382,650)</u>
NET INCREASE (DECREASE) IN CASH	443,993	(854,295)
CASH		
Beginning of year	<u>408,119</u>	<u>1,262,414</u>
End of year	<u>\$ 852,112</u>	<u>\$ 408,119</u>

**RUSH COUNTY COMMUNITY FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business - Rush County Community Foundation, Inc. (the "Foundation") is a nonprofit organization established to enrich and enhance the quality of life in Rush County, Indiana. The Foundation enables donors to carry out their own philanthropic intentions by serving as a full service agency and catalyst for meeting local needs in areas such as education, arts and culture, health and human services, civic affairs, and community development. The Foundation is supported primarily through donor contributions and grants. Investment earnings from the various funds also provide revenue to the Foundation.

Basis of Accounting - The financial statements of the Foundation have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities.

Net Asset Classifications - Management has determined that the majority of the Foundation's net assets meet the definition of endowment under the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation is governed subject to the governing documents for the Foundation, and most contributions are subject to the terms of the governing documents. Certain contributions are received subject to other gift instruments or are subject to specific agreements with the Foundation.

Under the terms of the governing documents, the Board of Directors has the ability to distribute so much of the corpus of some specific endowment funds, or separate gift, devise, bequest, or fund, as the Board in its sole discretion shall determine. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Foundation and the donor-restricted endowment funds.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Foundation.
7. The investment policies of the Foundation.

As a result of the ability to distribute corpus from some specific endowment funds, the Board of Directors has determined that these contributions received subject to the governing document, and subject to UPMIFA, are classified as net assets with donor restrictions until appropriated, at which time the appropriation is reclassified to net assets without donor restrictions. Contributions that are subject to other gift instruments may be recorded with or without donor restrictions, depending on the specific terms of the agreement.

Generally, if the corpus of a contribution will, at some future time, become available for spending, it is recorded as with donor restrictions. In addition, contributions that are promised to be given in a future period are presented as with donor restrictions. If the corpus never becomes available for spending, it will be reported as net assets with donor restrictions which are perpetual in nature. Net assets with donor restrictions that are perpetual in nature represent the fair value of the original gift as of the gift date, and the original value of subsequent gifts to donor-restricted endowment funds.

Net assets without donor restrictions include unrestricted resources, including donations, gifts, and bequests available for the use of the Foundation, over which the Board of Directors has discretionary control. The bylaws of the Foundation include a variance provision on the income of endowed gifts, giving the Board of Directors the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose, or to a specified organization if, in its sole judgment, the Board determines that the restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

**RUSH COUNTY COMMUNITY FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial 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 the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations - The Foundation received one grant and one contribution that represented 74% of the total contributions and grants revenue for the year 2018. The Foundation received one bequest that represented 67% of the total contribution and grants revenue for the year 2017. Unconditional promises to give from this estate represented 100% of unconditional promises to give at December 31, 2017. There were no unconditional promises to give as of December 31, 2018.

At December 31, 2018 and 2017, the Foundation had deposits held at a financial institution that were in excess of FDIC limits.

Functional Allocation of Expenses - The costs of program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Investments - Investments are carried at fair value and include liquid investments with an original maturity of three months or less that are held within its portfolio.

Endowment Investment and Spending Policies - The Foundation has adopted an investment policy for endowment assets that attempt to preserve the real purchasing power of the assets, and provide a growing stream of income to be made available for spending, and keeping pace with inflation in order to sustain the operations and grant-making capacity of the Foundation. The investment policy establishes a return objective through diversification of asset classes.

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

In June 2017, the Foundation adopted a formal spending policy to calculate the amount of money annually distributed from the Foundation's various endowed funds. The current spending policy is to distribute an amount determined annually by the board of directors and that rate is multiplied by the previous five-year rolling average of the fund's fair market value. For December 31, 2018 and 2017, the board approved a spending rate of 4.2%. The Foundation's objective is to avoid invasion into the historical value or principal of a fund to meet the spending policy, unless the terms of a gift allows the Foundation to do so in a prudent manner. Accordingly, over the long term, the Foundation expects that the formalized spending policy will allow its endowment assets to grow consistent with the Foundation's objective to maintain the purchasing power of endowment assets, as well as to provide additional real growth through new gifts and investment return.

**RUSH COUNTY COMMUNITY FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Unconditional Promises to Give - Pledges and contributions receivable are recorded at net realizable value. Conditional promises to give are recorded only when the conditions on which they depend are substantially met and the promises become unconditional. All of the unconditional promises to give at December 31, 2017 were expected to be received within one year. There were no unconditional promises to give as of December 31, 2018.

Property and Equipment - Property and equipment are stated at cost, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Donated assets are reflected at their estimated value at the date of receipt. Routine repairs and maintenance are expensed as incurred. Depreciation expense for 2018 and 2017 was \$14,441 and \$11,139.

The Foundation reviews for impairment of long-lived assets in accordance with accounting standards. These standards require organizations to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at December 31, 2018 and 2017.

Funds Held for Others - The Foundation receives and distributes assets under certain agency arrangements. Accounting standards require that if a nonprofit organization establishes a fund at a community foundation with its own funds, and specifies itself or its affiliate as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The liability is reflected as funds held for others on the statements of financial position.

Advertising Expense - Advertising costs are expensed as incurred. Advertising and promotion expenses were \$4,603 and \$4,404 for the years 2018 and 2017.

Tax-Exempt Status - The Foundation, an Indiana nonprofit corporation, is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"), and has been determined not to be a private foundation under Section 509(a)(1) of the Code. Accordingly, no provision for income tax is presented in the statements of financial position.

Accounting for Uncertainty in Income Taxes - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Foundation's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. Based on its review, management does not believe the Foundation has taken any material uncertain tax positions, including any position that would place the Foundation's exempt status in jeopardy, as of December 31, 2018.

**RUSH COUNTY COMMUNITY FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)**

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Adoption of New Accounting Standards - The Foundation adopted the provisions of the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, during 2018. ASU 2016-14 addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources and the lack of consistency in the type of information provided about expenses and investment return. ASU 2016-14 has been applied retrospectively to all periods presented.

In June 2018, the Financial Accounting Standard Board issued ASU No. 2018-08, *Not-for-Profit Entities - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves the scope and the accounting guidance for contributions received, including determining whether a contribution is conditional, and contributions made. The Foundation elected to adopt ASU 2018-08 early in its financial statements for the year ended December 31, 2018.

Subsequent Events - In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 28, 2019, the date the financial statements were available to be issued.

Reclassifications - Certain prior year amounts have been reclassified to conform with current year presentation.

NOTE 2 - LIQUIDITY AND AVAILABILITY

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 the statement of financial position date because of donor-imposed restrictions or internal designations. Financial assets are considered unavailable when not convertible to cash within one year such as endowments which include board designated endowments. These board designations could be drawn upon if the Board of Directors approves that action.

Cash	\$ 852,112
Investments	<u>15,828,077</u>
Total financial assets	<u>16,680,189</u>
Less those unavailable for general expenditure within one year due to:	
Non-endowed purpose restrictions	(182,071)
Endowment funds subject to the Foundation's spending policy:	
Designated funds	(9,111,356)
Undesignated funds less the next year's approved draw	(3,691,746)
Board designated non-endowment funds	(580,289)
Lilly Grant VII - time restricted for future periods	(446,750)
Funds held for others	<u>(2,412,014)</u>
	<u>(16,424,226)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 255,963</u>

**RUSH COUNTY COMMUNITY FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)**

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS

	2018	
	Cost	Fair Value
Money market	\$ 606,361	\$ 606,361
Alternative investments	1,544,220	1,506,411
Fixed income funds	3,776,041	3,702,246
Equities - domestic and international	<u>10,399,474</u>	<u>10,013,059</u>
	<u>\$ 16,326,096</u>	<u>\$ 15,828,077</u>

	2017	
	Cost	Fair Value
Money market	\$ 355,185	\$ 355,185
Alternative investments	1,507,477	1,519,004
Fixed income funds	3,683,688	3,668,568
Equities - domestic and international	<u>9,611,114</u>	<u>11,148,086</u>
	<u>\$ 15,157,464</u>	<u>\$ 16,690,843</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

Fair values of the Foundation's financial assets measured on a recurring basis at December 31, 2018 and 2017 are as follows:

	2018			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Money market	\$ 606,361	\$ 606,361	\$ -	\$ -
Alternative investments	1,506,411	1,506,411	-	-
Fixed income funds	3,702,246	3,702,246	-	-
Equities - domestic and international	<u>10,013,059</u>	<u>10,013,059</u>	<u>-</u>	<u>-</u>
	<u>\$ 15,828,077</u>	<u>\$ 15,828,077</u>	<u>\$ -</u>	<u>\$ -</u>

RUSH COUNTY COMMUNITY FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - FAIR VALUE MEASUREMENTS - continued

	2017			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Money market	\$ 355,185	\$ 355,185	\$ -	\$ -
Alternative investments	1,519,004	1,519,004	-	-
Fixed income funds	3,668,568	3,668,568	-	-
Equities - domestic and international	<u>11,148,086</u>	<u>11,148,086</u>	<u>-</u>	<u>-</u>
	<u>\$ 16,690,843</u>	<u>\$ 16,690,843</u>	<u>\$ -</u>	<u>\$ -</u>

Investments - Fair values for investments are determined by reference to quoted market prices.

NOTE 5 - PROPERTY AND EQUIPMENT

	2018	2017
Land	\$ 100,293	\$ 100,293
Building	349,263	296,223
Furniture and equipment	<u>100,962</u>	<u>99,925</u>
Total cost	550,518	496,441
Less accumulated depreciation	<u>216,048</u>	<u>213,065</u>
	<u>\$ 334,470</u>	<u>\$ 283,376</u>

NOTE 6 - GRANT PAYABLE

A grant that is authorized but unpaid is reported as a liability. The following is a summary of a grant authorized and payable at December 31, 2018 and 2017:

	2018	2017
Payable in less than one year	\$ 25,000	\$ 25,000
Payable in one to three years	<u>25,000</u>	<u>50,000</u>
	<u>\$ 50,000</u>	<u>\$ 75,000</u>

**RUSH COUNTY COMMUNITY FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)**

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - ENDOWMENT FUNDS AND NET ASSETS

The following is a summary of changes in endowment net assets for the years 2018 and 2017:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 4,180,849	\$ 10,183,983	\$ 14,364,832
Net investment return	202,573	465,871	668,444
Net investment loss (realized and unrealized)	(491,151)	(1,145,226)	(1,636,377)
Contributions	174,286	591,511	765,797
Transfers	39,898	(13,925)	25,973
Amounts appropriated for expenditure	(211,971)	(524,108)	(736,079)
Endowment net assets, end of year	<u>\$ 3,894,484</u>	<u>\$ 9,558,106</u>	<u>\$ 13,452,590</u>

	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,617,753	\$ 9,243,559	\$ 12,861,312
Net investment return	107,225	263,189	370,414
Net investment gain (realized and unrealized)	321,642	769,864	1,091,506
Contributions	300,247	385,544	685,791
Transfers	10,832	(10,832)	-
Amounts appropriated for expenditure	(176,850)	(467,341)	(644,191)
	<u>\$ 4,180,849</u>	<u>\$ 10,183,983</u>	<u>\$ 14,364,832</u>

The following is a summary of endowment net asset composition by type of fund as of December 31, 2018 and 2017:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor designated endowment funds	\$ -	\$ 9,558,106	\$ 9,558,106
Donor advised endowment funds	40,887	-	40,887
Undesignated endowment funds	<u>3,853,597</u>	<u>-</u>	<u>3,853,597</u>
	<u>\$ 3,894,484</u>	<u>\$ 9,558,106</u>	<u>\$ 13,452,590</u>

**RUSH COUNTY COMMUNITY FOUNDATION, INC.
(A NONPROFIT ORGANIZATION)**

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - ENDOWMENT FUNDS AND NET ASSETS - continued

	2017	
	Without Donor Restrictions	With Donor Restrictions
		Total
Donor designated endowment funds	\$ -	\$ 10,183,983
Donor advised endowment funds	48,507	-
Undesignated endowment funds	<u>4,132,342</u>	<u>-</u>
	<u>\$ 4,180,849</u>	<u>\$ 10,183,983</u>
		<u>\$ 14,364,832</u>

In addition to endowment net assets, the Foundation also manages other non-endowed funds. The following tables summarize all Foundation net assets as of December 31, 2018 and 2017:

	2018	
	Without Donor Restrictions	With Donor Restrictions
		Total
Endowment funds:		
Donor advised funds	<u>\$ 40,887</u>	<u>\$ -</u>
Purpose restrictions		
Designated purpose	-	3,713,986
Field of interest	-	1,036,645
Scholarship funds	-	3,350,297
Agency	<u>-</u>	<u>17,218</u>
	<u>-</u>	<u>8,118,146</u>
Time-restricted for future periods	-	446,750
Perpetual in nature	-	993,210
Undesignated funds	<u>3,853,597</u>	<u>-</u>
	<u>3,894,484</u>	<u>9,558,106</u>
Non-endowment funds:		
Board designated	<u>580,289</u>	<u>-</u>
Purpose restrictions		
Special projects	-	28,677
Scholarship funds	-	9,834
Agency	<u>-</u>	<u>143,560</u>
	<u>-</u>	<u>182,071</u>
Plant fund	<u>334,470</u>	<u>-</u>
	<u>\$ 4,809,243</u>	<u>\$ 9,740,177</u>
		<u>\$ 14,549,420</u>

**RUSH COUNTY COMMUNITY FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS

NOTE 7 - ENDOWMENT FUNDS AND NET ASSETS - continued

	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds:			
Donor advised funds	\$ 48,507	\$ -	\$ 48,507
Purpose restrictions			
Designated purpose	-	3,697,687	3,697,687
Field of interest	-	1,137,196	1,137,196
Scholarship funds	-	3,894,156	3,894,156
Agency	-	19,186	19,186
	-	8,748,225	8,748,225
Time-restricted for future periods	-	442,548	442,548
Perpetual in nature	-	993,210	993,210
Undesignated funds	4,132,342	-	4,132,342
	4,180,849	10,183,983	14,364,832
Non-endowment funds:			
Board designated	570,069	-	570,069
Purpose restrictions			
Special projects	-	27,634	27,634
Scholarship funds	-	10,856	10,856
Agency	-	32,508	32,508
	-	70,998	70,998
Time-restricted for future periods	-	110,637	110,637
Plant fund	283,376	-	283,376
	\$ 5,034,294	\$ 10,365,618	\$ 15,399,912

**RUSH COUNTY COMMUNITY FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS

NOTE 8 - RELATED PARTY TRANSACTIONS

Due to the small community size of Rush County, Indiana, members of the Foundation's Board of Directors also serve on the Board of Directors for other local non-profit agencies. Some of these nonprofit organizations have applied for and received grants from the Foundation.

Further, the Foundation's Executive Director is related to two board members. Management has represented that these board members abstain from conversation and voting on matters pertaining to the Executive Director.

NOTE 9 - FUNDS HELD FOR OTHERS

During the years 2018 and 2017, the following activities occurred in the Foundation's funds held for others. These amounts are not reflected in the statements of activities.

	<u>2018</u>	<u>2017</u>
Contributions	\$ 330,052	\$ 16,564
Net investment return	125,875	66,180
Net realized gain on investments	19,070	259,673
Net unrealized loss on investments	<u>(330,365)</u>	<u>(56,659)</u>
	<u>144,632</u>	<u>285,758</u>
Grants	151,232	218,673
Foundation administrative fees	<u>39,537</u>	<u>35,253</u>
	<u>190,769</u>	<u>253,926</u>
Increase (decrease) in funds held for others	(46,137)	31,832
Balance at beginning of year	<u>2,458,151</u>	<u>2,426,319</u>
Balance at end of year	<u>\$ 2,412,014</u>	<u>\$ 2,458,151</u>

NOTE 10 - FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The main expenses that are allocated include salaries and wages and related employee benefits and payroll taxes which are allocated on the basis of estimates of time and effort.