

**THE COMMUNITY FOUNDATION OF
MACON COUNTY**

FINANCIAL STATEMENTS

December 31, 2022

THE COMMUNITY FOUNDATION OF MACON COUNTY

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Community Foundation of
Macon County
Decatur, Illinois

Opinion

We have audited the accompanying financial statements of the Community Foundation of Macon County (a nonprofit organization), which comprise the Statements of Financial Position as of December 31, 2022 and 2021, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Community Foundation of Macon County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Community Foundation of Macon County's

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ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Community Foundation of Macon County'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 Community Foundation of Macon County'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.

McGuire, Yuhas, Huffman & Buckley, P.C.

McGuire, Yuhas, Huffman & Buckley, P.C.
Decatur, Illinois
April 7, 2023

THE COMMUNITY FOUNDATION OF MACON COUNTY

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 587,971	\$ 498,104
Investments	41,754,018	48,999,792
Prepaid Expenses	25,147	24,180
Promises to Give (CLAT), Less Unamortized Discount of \$558,947 (2021 \$640,475)	2,787,033	3,021,637
Promises to Give (In-Kind Lease), Less Unamortized Discount of \$23,074 (2021 \$31,277)	280,926	320,723
Leasehold Improvements, Net of Accumulated Amortization of \$33,547 (2021 \$24,799)	74,661	64,658
Furniture and Equipment, Net of Accumulated Depreciation of \$24,114 (2021 \$23,032)	15,148	14,022
Total Assets	\$ <u>45,524,904</u>	\$ <u>52,943,116</u>
LIABILITIES		
Accounts Payable	\$ 9,971	\$ 20,415
Agency Funds	4,892,201	4,711,741
Total Liabilities	<u>4,902,172</u>	<u>4,732,156</u>
NET ASSETS		
Net Assets without Donor Restrictions:		
Operating Funds	665,961	724,802
Donor-Advised and Other Funds	36,888,812	44,143,799
Total Net Assets without Donor Restrictions	<u>37,554,773</u>	<u>44,868,601</u>
Net Assets with Donor Restrictions:		
Operating Funds with Purpose Restrictions	-	-
Operating Funds with Time Restrictions	280,926	320,723
Donor-Advised With Time Restrictions	2,787,033	3,021,636
Total Net Assets with Donor Restrictions	<u>3,067,959</u>	<u>3,342,359</u>
Total Net Assets	<u>40,622,732</u>	<u>48,210,960</u>
Total Liabilities and Net Assets	\$ <u>45,524,904</u>	\$ <u>52,943,116</u>

Notes to Financial Statements are an integral part of this statement.

THE COMMUNITY FOUNDATION OF MACON COUNTY

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support, Revenue and Reclassifications		
Gifts	\$ 2,728,325	\$ 5,070,983
Decatur Legacy Membership Dues	11,000	-
Investment Income, Net of Amounts Earned on Agency Funds	(5,130,874)	5,312,779
	<u>(2,391,549)</u>	<u>10,383,762</u>
Net Assets Released From Restrictions		
Satisfaction of Purpose Restriction	-	21,000
Expiration of Time Restriction	364,131	179,692
Total Support, Revenue and Reclassifications	<u>(2,027,418)</u>	<u>10,584,454</u>
Expenses		
Program Services	4,745,365	4,700,483
Supporting Services:		
General and Administrative	370,653	344,226
Fund-Raising	170,392	164,752
Total Supporting Services	<u>541,045</u>	<u>508,978</u>
Total Expenses	<u>5,286,410</u>	<u>5,209,461</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	<u>(7,313,828)</u>	<u>5,374,993</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Support, Revenue and Reclassifications		
Gifts	89,731	2,044,428
Net Assets Released From Restrictions		
Satisfaction of Purpose Restriction	-	(21,000)
Expiration of Time Restriction	(364,131)	(179,692)
Total Support, Revenue and Reclassifications	<u>(274,400)</u>	<u>1,843,736</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>(274,400)</u>	<u>1,843,736</u>
Total Increase (Decrease) in Net Assets	(7,588,228)	7,218,729
Net Assets, Beginning of Year	<u>48,210,960</u>	<u>40,922,231</u>
Net Assets, End of Year	<u>\$ 40,622,732</u>	<u>\$ 48,210,960</u>

Notes to Financial Statements are an integral part of this statement.

THE COMMUNITY FOUNDATION OF MACON COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended December 31, 2022 and 2021

	2022				
	Program Services	Supporting Services			Totals
		General and Administrative	Fund- Raising	Total Supporting Services	
Grants (Outside Organizations)	\$ 4,028,910	\$	\$	\$	\$ 4,028,910
Grants (Other Program Expenses)	78,864				78,864
Grants (EdCo/CommunityWorks & Early Childhood Education)					
Outside Organizations	325,444				325,444
Program Expenses	18,307				18,307
Salaries & Benefits	60,883				60,883
Total Grants/Programs	4,512,408	-	-	-	4,512,408
Salaries & Benefits	158,972	182,399	113,237	295,636	454,608
Conference/Training	6,025	8,936	8,371	17,307	23,332
Credit Card Processing			997	997	997
Printing/Postage/Advertising	21,747	11,232	47,787	59,019	80,766
Decatur Legacy	26,213			-	26,213
Depreciation & Amortization		15,455		15,455	15,455
Liability Insurance		12,461		12,461	12,461
Office Supplies		6,247		6,247	6,247
Professional Fees	20,000	63,710		63,710	83,710
Rent/Utilities		4,752		4,752	4,752
In-Kind Rent		48,000		48,000	48,000
Donor Stewardship		13,115		13,115	13,115
Telephone		4,346		4,346	4,346
Total Functional Expenses	\$ 4,745,365	\$ 370,653	\$ 170,392	\$ 541,045	\$ 5,286,410

	2021				
	Program Services	Supporting Services			Totals
		General and Administrative	Fund- Raising	Total Supporting Services	
Grants (Outside Organizations)	\$ 4,058,057	\$	\$	\$	\$ 4,058,057
Grants (Other Program Expenses)	78,609				78,609
Grants (EdCo/CommunityWorks & Early Childhood Education)					
Outside Organizations	273,068				273,068
Program Expenses	43,978				43,978
Salaries & Benefits	70,806				70,806
Total Grants/Programs	4,524,518	-	-	-	4,524,518
Salaries & Benefits	113,147	154,383	86,589	240,972	354,119
Conference/Training	7,239	4,826	12,065	16,891	24,130
Credit Card Processing			1,244	1,244	1,244
Printing/Postage/Advertising	21,300	9,404	64,854	74,258	95,558
Decatur Legacy	14,279			-	14,279
Depreciation & Amortization		12,234		12,234	12,234
Liability Insurance		10,108		10,108	10,108
Office Supplies		11,780		11,780	11,780
Professional Fees	20,000	72,742		72,742	92,742
Rent		5,930		5,930	5,930
In-Kind Rent		48,000		48,000	48,000
Donor Stewardship		11,325		11,325	11,325
Telephone		3,494		3,494	3,494
Total Functional Expenses	\$ 4,700,483	\$ 344,226	\$ 164,752	\$ 508,978	\$ 5,209,461

Notes to Financial Statements are an integral part of this statement.

THE COMMUNITY FOUNDATION OF MACON COUNTY

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (7,588,228)	\$ 7,218,729
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation of Equip/Amortization of Leasehold Improvements	15,455	12,234
Discounts on Promises to Give	(89,731)	377,401
Unrealized (Appreciation) Depreciation on Investments	7,453,674	(3,814,693)
Donated Securities included in Gifts	(1,726,145)	(4,097,522)
(Increase) Decrease in Assets:		
Promises to Give Receivable	364,132	(2,226,138)
Prepaid Expenses	(967)	(930)
Increase (Decrease) in Liabilities:		
Agency Funds	180,460	568,878
Accounts Payable	(10,444)	2,557
Net Cash Flows from (used by) Operating Activities	<u>(1,401,794)</u>	<u>(1,959,484)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (Purchase) of Equipment/Leasehold Improvements	(26,584)	-
Sale (Purchase) of Investments	<u>1,518,245</u>	<u>1,983,166</u>
Net Cash Flows from (used by) Investing Activities	<u>1,491,661</u>	<u>1,983,166</u>
Net Increase(Decrease) in Cash and Cash Equivalents	89,867	23,682
Cash and Cash Equivalents, beginning	<u>498,104</u>	<u>474,422</u>
Cash and Cash Equivalents, ending	\$ <u><u>587,971</u></u>	\$ <u><u>498,104</u></u>
SUPPLEMENTAL DISCLOSURES		
Noncash Investing and Financing Transactions:		
Gifts of Investments	\$ <u><u>1,726,145</u></u>	\$ <u><u>4,097,522</u></u>

Notes to Financial Statements are an integral part of this statement.

THE COMMUNITY FOUNDATION OF
MACON COUNTY

NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Note 1 **Summary of Significant Accounting Policies**

Organization Data

The Community Foundation of Macon County (the Foundation) was incorporated under the laws of the State of Illinois as a not-for-profit organization. The Foundation is a community trust organized to enhance the quality of life in the greater Macon County area, and toward that end, to receive, administer and distribute property in cash and in kind primarily to benefit the people, institutions and community for philanthropic purposes. The Foundation administers over 350 individual funds, each established with an instrument of gift describing either the general or specific purposes for which grants are to be made, usually from income only, but in some cases, from principal. The Foundation's governing instruments also allow for invasion of principal and for it to exercise its variance power. Additionally, on occasion, the Foundation receives funds for specific charitable purposes which are pass-through in nature.

Basis of Accounting

The Foundation's financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Grants Payable

Grants payable to selected or designated organizations and the related expense are recorded when the grants are approved by the Foundation. There were no grants payable as of December 31, 2022 and 2021.

Net Assets

The Foundation classifies net assets into two categories: without donor restrictions and with donor restrictions. All contributions and grants are considered to be available for any purpose performing the primary objective of the organization unless subject to specific donor-imposed restrictions.

Net assets consist of the following types of internally-designated funds:

Operating funds - Funds used for the general operation of the Foundation.

Donor-advised and other funds - Includes donor-advised, discretionary, field of interest, designated, and scholarship funds. See Note 8 for additional information.

THE COMMUNITY FOUNDATION OF
MACON COUNTY

NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

Note 1 Summary of Significant Accounting Policies - (Continued)

Net Assets (Continued)

When the Foundation has the ability to remove a donor restriction (i.e., variance power), the contribution is classified as a net asset without donor restrictions. To ensure tax deductibility of donors' gifts, the Foundation is required by the IRS to exercise final discretion concerning expenditures from its funds. The Foundation has variance power for all donor-advised, discretionary, field of interest, designated, and scholarship funds. Accordingly, all such funds are included in the net assets of the Foundation in the accompanying financial statements. However, if the donor has indicated a desire to support a particular area of interest or organization, the Foundation Board will designate the contribution for that use.

Gifts (Contributions)

Unconditional promises to give are recognized as revenue in the period received and as assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises expected to be collected in future years are recorded at the present value of expected future cash flows discounted at appropriate discount commensurate to the risks involved, which was 3% at December 31, 2022 and 2021.

In accordance with ASU 2018-08, the Foundation classifies receipts as gifts when there is no commensurate value transferred between the resource provider and the Community Foundation.

Furniture and Equipment and Leasehold Improvements

The Foundation capitalizes expenditures for furniture and equipment and leasehold improvements. Furniture and equipment and leasehold improvement purchases are stated at cost. Depreciation and amortization are provided over the estimated useful lives of the assets using the straight-line method.

Investment Policy

It is the Foundation's policy that investments should carry a balanced risk profile. The Foundation's asset allocation ranges, based on market value, are as follows: equities - 50% to 65%, fixed income - 25% to 40%, and cash - 0% to 15%.

Present Spending Policy

The Board of the Foundation expects to approve, for grant making purposes, an amount up to 5% of its net assets available for

THE COMMUNITY FOUNDATION OF
MACON COUNTY

NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

Note 1 Summary of Significant Accounting Policies - (Continued)

Present Spending Policy (Continued)

such use. The rate, amounts, and base against which policy is applied are subject to change at the sole discretion of the Board.

Investments

Investments are carried at market value, except for life insurance policies which are valued at their cash surrender value. The Foundation records all donated securities at their fair market value at the date of donation. Interest and dividends and gains and losses are reflected in the Statement of Activities as change in net assets without donor restrictions.

Concentration of Credit Risk

The Foundation maintains its cash balances at several financial institutions located in Decatur, Illinois. The balances in interest bearing demand or savings accounts at each institution are insured by the Federal Deposit Insurance Corporation for up to \$250,000. From time to time during the year, deposits exceed federally insured limits. At December 31, 2022 there was \$159,830 exceeding federally insured limits. At December 31, 2021, there were no deposits exceeding federally insured limits. Management does not believe that it is exposed to any significant risk in connection with any uninsured cash balances.

The Foundation's investments are invested mostly in mutual funds. These investments are uninsured and subject to the credit risk of the financial markets.

Income Taxes

The Foundation is a non-profit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Use of Donated Facilities

Nominal rents are paid by the Foundation under the terms of a lease agreement for office space. The Foundation recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the annual estimated fair-value rental of the property. The fair value of donated facilities is developed based on rental rates for comparable space in the surrounding area of the property.

THE COMMUNITY FOUNDATION OF
MACON COUNTY

NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

Note 1 Summary of Significant Accounting Policies - (Continued)

Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less and not held by a broker to be cash equivalents.

Use of Estimates

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

Agency Funds

The Foundation accepts transfers of assets from other nonprofit organizations. When the nonprofit organization names itself as the beneficiary of the transferred assets, the Community Foundation records the assets received and a liability for the amount due back to the organization, rather than recognizing revenue. In these situations, the Foundation is acting as an agent on behalf of the other nonprofit organization. Investment income produced from these assets is also accounted for as a liability.

Functional expenses

The costs associated with the Community Foundation's providing various charitable services to community, including both program services and related supporting services have been included in the Statement of Activities and are reported on the Statement of Functional Expenses. The costs associated with services provided to the community have been allocated to program services and have been determined by management based on a human resource allocation framework for all charitable activities.

Expenses that are allocated include the following:

Expense -----	Method of Allocation -----
Salaries & Benefits	Time and Effort
Conference/Training	Time and Effort
Printing/Postage/Advertising	Time and Effort
Professional Fees	Time and Effort

THE COMMUNITY FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

Note 2 Investments

Investments in marketable securities are held by commercial banks, segregated within the trust departments, or by brokerage houses. They consist primarily of mutual funds. Pursuant to its investment policy, the Foundation diversifies its holdings into various asset classes, principally debt and equity holdings. Mutual funds are evaluated on the basis of their underlying securities. As of December 31, 2022 and 2021, a majority of the Foundation's holdings were in the American Funds from Capital Group.

Investments consist of the following at December 31, 2022 and 2021:

	2022 Fair Value	2021 Fair Value
	-----	-----
Broker cash and money market funds	\$ 2,629,842	\$ 2,943,810
Common Stock	174,926	227,866
Corporate/government bonds/CDs Fixed	573,348	618,759
Mutual funds	38,336,036	45,164,683
Insurance policy- cash surrender value	39,866	44,674
	-----	-----
	\$41,754,018	\$48,999,792
	=====	=====

Investment income at December 31, 2022 and 2021 is summarized as follows:

	2022 ----	2021 ----
Interest and dividends	\$ 1,632,719	\$ 2,071,109
Realized and unrealized gains and (losses)	(7,453,675)	3,814,693
	-----	-----
	(5,820,956)	5,885,802
Less amount allocated to agency endowments	(690,082)	573,023
	-----	-----
Total investment income	\$ (5,130,874)	\$ 5,312,779
	=====	=====

Note 3 Leases

Decatur Area Arts Council: On April 1, 2018, the Foundation entered into a lease with the Decatur Area Arts Council for office space. This was a three-year lease ending March 31, 2022. The lease was for the 2nd and 3rd floors of the Madden Arts Center (the Foundation's previous office space). The Foundation paid \$1,000 per month for the space until the lease expired March 31, 2021.

THE COMMUNITY FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

Note 3 Leases - (Continued)

The Foundation recognized no additional months of rent for 2022 (2021 - \$3,000).

1 Main Place Properties: On May 2, 2019, the Foundation entered a 10-year lease with 1 Main Place Properties for facilities to be used for the main offices of the Foundation (the Foundation's current office space). The lease provides that the Foundation pays \$1 per year in rent as long as the premises are used for the furtherance of charitable and educational purposes.

The fair value of the total rent contributed under this lease term is estimated to be \$480,000. This estimate was developed based on rental rates for comparable space in the surrounding area of the property. This total amount is discounted to present value using a discount rate of 3%.

The contributed rent receivable is being amortized on a straight-line basis because that method does not differ materially from the effective-interest method. Therefore, the receivable and the related net assets with donor restrictions are reduced each year by \$48,000. The release of the time restriction increases net assets without donor restrictions concurrently with a decrease in that net asset class for rent expense. The Foundation is responsible for certain improvements and operating expenses of the property. During 2021, there were no additional improvements to the space and operating expenses amounted to \$2,786. During 2022, improvements to the space were \$18,751 and operating expenses amounted to \$4,752.

The December 31, 2022 and 2021 present value of this contributed use of facilities is \$280,926 and \$320,723 respectively and are included in the Foundation's donor-restricted net assets. In the year ended December 31, 2022, \$48,000 (2021 - \$48,000) of donor-restricted net assets was released to net assets without donor restrictions upon expiration of the time restrictions on the contributed rent.

Note 4 Promises to Give Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Promises to Give consist of charitable lead annuity trust (CLAT) agreements and in-kind lease agreements. When such agreements are signed into effect, the Foundation records revenue, and a promise to give for the entire amount of the agreement, discounted to present value. Subsequent payments under the agreements reduce the promise to give receivable, and the

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NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

Note 4 Promises to Give Receivable - (Continued)

discount is amortized (included in contribution revenue) over the life of the agreement.

As of December 31, 2022 and 2021, contributors to the Foundation have made written unconditional promises to give totaling \$3,649,980 and \$4,014,112, respectively. The discount on those amounts is computed using an assumed risk-free interest rate of 3%.

As of December 31, 2022:

	CLAT -----	In-Kind Lease -----	Total -----
Less than one year	\$ 316,131	\$ 48,000	\$ 364,131
One to five years	1,142,332	192,000	1,334,332
Beyond 5 years	1,887,517	64,000	1,951,517
	-----	-----	-----
	3,345,980	304,000	3,649,980
Less unamortized discount	(558,947)	(23,074)	(582,021)
	-----	-----	-----
Total promises to give	\$2,787,033	\$ 280,926	\$3,067,959
	=====	=====	=====

As of December 31, 2021:

	CLAT -----	In-Kind Lease -----	Total -----
Less than one year	\$ 316,132	\$ 48,000	\$ 364,132
One to five years	1,172,880	192,000	1,364,880
Beyond 5 years	2,173,100	112,000	2,285,100
	-----	-----	-----
	3,662,112	352,000	4,014,112
Less unamortized discount	(640,475)	(31,277)	(671,752)
	-----	-----	-----
Total promises to give	\$3,021,637	\$ 320,723	\$3,342,360
	=====	=====	=====

Note 5 Intentions to Give

The Foundation is aware that it has been named as beneficiary of several life insurance policies, IRA accounts and bequests. Because the Foundation's interest is conditional, the value of these intended gifts has not been established, nor have these gifts been recognized as an asset or contribution revenue.

THE COMMUNITY FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

Note 6 Furniture and Equipment and Leasehold Improvements

Furniture and equipment included the following at December 31, 2022 and 2021:

	2022 -----	2021 -----
Furniture and equipment	\$ 39,262	\$ 37,054
Accumulated depreciation	(24,114)	(23,032)
	-----	-----
Net property and equipment	\$ 15,148	\$ 14,022
	=====	=====

Furniture and equipment are capitalized at cost when purchased and at fair value if donated. Depreciation is computed using the straight-line method based on expected useful life and amounted to \$6,707 and \$3,234 for the years ending December 31, 2022 and 2021, respectively.

Leasehold improvements included the following at December 31, 2022 and 2021:

	2022 -----	2021 -----
Leasehold Improvements	\$ 108,208	\$ 89,457
Accumulated Amortization	(33,547)	(24,799)
	-----	-----
Net Leasehold Improvements	\$ 74,661	\$ 64,658
	=====	=====

Leasehold improvements are capitalized at cost when incurred. Amortization is computed using the straight-line method based on life of the lease and amounted to \$8,748 and \$9,000 for the years ending December 31, 2022 and 2021, respectively.

Total depreciation and amortization expense for 2022 amounted to \$15,455, which was allocated to general and administrative. Total depreciation and amortization expense for 2021 amounted to \$12,234, which was allocated to general and administrative.

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NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

Note 7 **Agency Funds**

Agency funds are used to account for the liabilities due to other not-for-profit organizations under certain agency and intermediary arrangements. Under these arrangements, a not-for-profit organization establishes an agency fund at the Foundation with its own funds and specifies itself or an affiliate organization as the beneficiary of the fund. All contributions, investment income, grants and other expenses of these funds are excluded from the Foundation's support, revenue, and expenses. A summary of the transactions comprising the total change in the agency funds liability is as follows:

	2022	2021
	-----	-----
Additions:		
Contributions	\$ 1,000,719	\$ 461,986
Investment income	(690,082)	573,023
Deductions:		
Grants to designated Organizations	(130,175)	(466,080)
Expenses	(2)	(51)
	-----	-----
Increase in agency funds	180,460	568,878
Balance in agency funds, Beginning of year	4,711,741	4,142,863
	-----	-----
Balance in agency funds, End of year	\$ 4,892,201	\$ 4,711,741
	=====	=====

THE COMMUNITY FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

Note 7 Agency Funds - (Continued)

At December 31, 2022 and 2021, individual balances which make up the total agency fund balance are as follows:

	2022	2021
	-----	-----
Decatur Area Arts Council Endowment	\$ 450,245	\$ 550,694
Governor Oglesby Mansion Endowment	165,625	190,365
Rock Springs Endowment	30,200	34,316
Girl Scouts of Central IL Endowment	31,542	38,018
United Way Endowment	84,657	103,240
Victory Pharmacy Endowment	14,220	16,335
Walter & Inabell Kirby Mem Endowment	48,582	58,212
Webster-Cantrell Hall Endowment	349,034	418,504
YMCA Endowment	52,124	59,493
Big Brothers/Big Sisters	70,025	80,285
LSA-Pritts	52,236	63,484
LSA-Horn	75,223	90,077
LSA-Burdick	45,774	55,667
LSA-Brink	1,312	1,595
LSA-Tieman	36,116	43,912
LSA-Fund I	179,750	219,491
Northwest Softball	750,615	862,733
Northeast Community Fund	7,980	8,931
St. Teresa Foundation-McCoy	453,782	562,099
Nancy Koopman Memorial Scholarship	124,726	151,324
Macon County Historical Society	272,265	271,531
Demirjian Scholarship for WCH	177,872	214,916
Friends of the Library Fund	106,406	122,300
Decatur Christian Education Fund	25,638	29,467
Webster-Cantrell Youth Advocacy Fund	371,609	362,364
The Good Samaritan Inn Fund	153,065	102,388
Dove, Inc. Agency Fund	53,493	0
Ronald McDonald House of Central IL	708,085	0
	-----	-----
Total	\$ 4,892,201	\$ 4,711,741
	=====	=====

THE COMMUNITY FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

Note 8 Donor-advised and Other Funds

Donor-advised and other funds are components of net assets and consist of the following as of December 31, 2022 and 2021. All are without donor restrictions, except as noted:

	2022	2021
	----	----
Donor-advised funds	\$15,436,404	\$18,501,355
Donor-advised funds with time restrictions	2,787,033	3,021,636
Discretionary funds	173,560	205,198
Field of service funds	8,651,194	10,453,693
Designated funds	5,268,486	6,432,111
Scholarship funds	7,359,168	8,551,442
	-----	-----
Total	\$39,675,845	\$47,165,435
	=====	=====

The following is a brief description of each type of fund:

Donor Advised Fund - Established by donors who may recommend grants to charitable projects or organizations they want to support, with oversight provided by the Board of Directors.

Discretionary Funds - Flexible and responsive to emerging and changing community needs. Donors place no restrictions on gifts and leave decisions about charitable use of the funds to the Foundation.

Field of Interest Funds - Support a class of charitable beneficiaries or institutions that assist children, support the arts, or environmental education. These funds are limited to a particular area of interest or service area.

Designated Funds - Designated support for a specific charitable organization.

Scholarship Funds - Allow donors to establish a named fund for any level of education. Donors may designate a particular school, field of study, and select eligibility criteria. Scholarship recipients are selected by the Foundation's scholarship committee.

The Foundation's policy is to assess each fund an annual fee of 1% of its market value. Such amounts are credited to discretionary funds without donor restrictions to offset administrative expenses. For the years ended December 31, 2022 and 2021, the Foundation assessed \$450,176 and \$438,292, respectively, against the various donor-advised and other funds.

THE COMMUNITY FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

Note 8 Donor-advised and Other Funds - (Continued)

For the years ended December 31, 2022 and 2021, grants were awarded and payments totaling \$4,354,354 and \$4,331,125, respectively, were made to a wide variety of charities, organizations, and universities on behalf of scholarship recipients. These benefited social service agencies, local churches, education, environment, arts, and others.

Note 9 Leave a Legacy

Partner nonprofit organizations and professional firms pay dues in order to help pay for conducting an annual awareness campaign, public relations projects, billboards, etc. The amount held for the group was \$31,917 on December 31, 2022 (2021 - \$22,989).

Note 10 Simplified Employee Pension (SEP) Plan

Effective January 1, 2001, the Organization adopted a Simplified Employee Pension (SEP) Plan. Employer contributions under this plan are made at the Employer's discretion and are based upon the total compensation of each participant. Eligibility requires the employee to have attained the age of twenty-one (21) and to have performed services for the employer in three of the last five plan years. It is the practice of the Foundation to begin contributions in the plan following the 1-year anniversary of an employee and contributions will be made from the employment start date. Contributions paid/accrued during 2022 were \$18,567 (2021 - \$14,102).

Note 11 Related Party Transactions

During the year ended December 31, 2022, the Foundation received \$196,532 (2021 - \$188,576) in contributions (including gifts of securities) from board members, their family, their employers/businesses, and Foundation employees/volunteers and their families.

During the course of ordinary business, the Foundation maintained investment accounts at numerous brokerage firms, one of which has partners who are a board member. This relationship is disclosed to the entire board and does not influence the operations or decision-making process of the Foundation. All investment choices in this particular account are made by the Foundation's board and are in line with the Foundation's investment policy, as well as the other investment accounts.

THE COMMUNITY FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

Note 12 Major Contributors

A significant portion of current year contributions received as of December 31, 2022 came from primarily five donors totaling \$1,436,210 or 51% of total contribution revenue. 2021 contributions came from primarily five donors totaling \$4,551,066 or 64% of total contribution revenue.

Note 13 Community Partnerships

During 2008, the Community Foundation launched the Decatur Area Education Coalition and the Leaders Challenge Fund, bringing state-wide private foundation funding as well as donor and local foundation giving together to create a network of well-informed advocates and community members working to support improvements in education and workforce development. During 2022 and 2021, these programs continued to run (although with somewhat different parameters due to the COVID-19 pandemic). The education related programs are being funded by interest earned, as well as additional donations and grants.

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NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

Note 14 Net Assets with Donor Restrictions

Net Assets with Donor Restrictions were as follows for the years ended December 31, 2022 and 2021:

	Beginning Balance December 31, 2021 -----	Increase -----	Decrease -----	Ending Balance December 31, 2022 -----
Specific Purpose				
Food Scarcity	\$ 0	\$ 0	\$ 0	\$ 0
Passage of Time				
DAF CLAT	58,453	2,643	30,548	30,548
DAF CLAT	593,142	7,782	60,000	540,924
DAF CLAT	394,983	11,850	30,000	376,833
DAF CLAT	1,074,414	32,233	90,000	1,016,647
DAF CLAT	900,644	27,020	105,583	822,081
In-Kind Lease	320,723	8,203	48,000	280,926
	-----	-----	-----	-----
	\$ 3,342,359	\$ 89,731	\$ 364,131	\$ 3,067,959
	=====	=====	=====	=====
	Beginning Balance December 31, 2020 -----	Increase -----	Decrease -----	Ending Balance December 31, 2021 -----
Specific Purpose				
Food Scarcity	\$ 5,000	\$ 16,000	\$ 21,000	\$ 0
Passage of Time				
DAF CLAT	86,409	2,592	30,548	58,453
DAF CLAT	635,225	17,917	60,000	593,142
DAF CLAT	412,605	12,378	30,000	394,983
DAF CLAT	0	1,076,880	2,466	1,074,414
DAF CLAT	0	909,322	8,678	900,644
In-Kind Lease	359,384	9,339	48,000	320,723
	-----	-----	-----	-----
	\$ 1,498,623	\$ 2,044,428	\$ 200,692	\$ 3,342,359
	=====	=====	=====	=====

THE COMMUNITY FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

Note 15 Endowments

The Foundation will continue to fulfill its stewardship responsibility by internally accounting for and reporting all net assets in accordance with each donor's original intent as provided for in the gift instrument which established the fund. All recordkeeping for internal management and external reporting retains the original donor intent for every charitable asset within the Foundation.

The Foundation, upon management and governance review, has determined that net assets do not meet the specific definition of endowment under Illinois UPMIFA. The Foundation, at its sole discretion, shall determine to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund. As a result of this responsibility, all contributions not subject to donor-imposed restrictions are classified as net assets without donor restrictions for financial statement purposes. Net assets with donor restrictions are disclosed in Note 14 above.

Although the charitable assets entrusted to the Foundation do not meet the definition as provided for under Illinois UPMIFA, the spending policies and philosophy, as well as the long-term investment management policies, and procedures described in Note 1, were designed to function as integrated processes and are administered to reflect the following factors, as described in Illinois UPMIFA, for prudent stewards of charitable assets, including:

- 1) The duration and preservation of a fund;
- 2) The purpose of the organization and the donor designations thereto;
- 3) General economic conditions;
- 4) The possible effects of inflation and deflation;
- 5) The expected total return of the charitable assets;
- 6) Other resources of the organization; and
- 7) The investment policies.

Note 16 Fair Value of Financial Instruments

The Foundation classifies and discloses the fair value measurements for certain financial and nonfinancial assets and liabilities, carried at fair value in one of the following three categories:

- Level 1: Quoted market prices for identical assets or liabilities in an open market, to which an entity has access to at the measurement date.

THE COMMUNITY FOUNDATION OF
MACON COUNTY

NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021
(Continued)

Note 16 Fair Value of Financial Instruments - (Continued)

Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When applying fair value principles in the valuation of assets and liabilities, we are required to maximize the use of quoted market prices and minimize the use of unobservable inputs. We calculate the fair value of our Level 1 and Level 2 instruments based on the market value, at close of business, of similar or identical instruments. The Foundation has not changed its valuation techniques in measuring the fair value of any financial assets and liabilities during the year.

The following table sets forth the Foundation's financial assets and liabilities as of December 31, 2022 and 2021, which were measured at fair value on a recurring basis during the period, segregated by level within the fair value hierarchy:

2022 -----	Level 1 -----	Level 2 -----	Level 3 -----	Total -----
Assets at Fair Value:				
Investments:				
Mutual Funds	\$ 38,336,036			\$ 38,336,036
Broker Cash Equivalents	2,629,842			2,629,842
Fixed Income		\$ 573,348		573,348
Equities	174,926			174,926
Insurance Policy		39,866		39,866
	-----	-----	-----	-----
Total assets at Fair Value:	\$ 41,140,804	\$ 613,214	\$ 0	\$ 41,754,018
	=====	=====	=====	=====
2021 -----	Level 1 -----	Level 2 -----	Level 3 -----	Total -----
Assets at Fair Value:				
Investments:				
Mutual Funds	\$ 45,164,683			\$ 45,164,683
Broker Cash Equivalents	2,943,810			2,943,810
Fixed Income		\$ 618,759		618,759
Equities	227,866			227,866
Insurance Policy		44,674		44,674
	-----	-----	-----	-----
Total assets at Fair Value:	\$ 48,336,359	\$ 663,433	\$ 0	\$ 48,999,792
	=====	=====	=====	=====

THE COMMUNITY FOUNDATION OF
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December 31, 2022 and 2021
(Continued)

Note 16 Fair Value of Financial Instruments - (Continued)

There were no non-financial assets requiring measurement at fair value on a non-recurring basis during the year ended December 31, 2022 or 2021.

Note 17 Availability and Liquidity

The following table discloses certain additional information as of December 31, 2022 and 2021 related to the Community Foundation's investments. The Community Foundation assesses liquidity needs on a monthly basis to ensure that it has access to sufficient resources necessary for its current and future operational activity.

	2022 Fair Value -----	2021 Fair Value -----	Redemption Terms -----	Redemption Restrictions -----
Assets at Fair Value:				
Investments:				
Mutual Funds	\$ 38,336,036	\$ 45,164,683	3-5 days	N/A
Broker Cash				
Equivalents	2,629,842	2,943,810	immediate	N/A
Fixed Income	573,348	618,759	Various redemption dates	
Equities	174,926	227,866	3-5 days	
Insurance Policy	39,866	44,674		Written notice
	-----	-----		
Total assets at Fair Value:	\$ 41,754,018	\$ 48,999,792		
	=====	=====		

The Foundation's goal is to maintain liquid financial assets to meet its day-to-day operating expenses and the distribution of grants at a spending rate of no less than 5% annually.

Note 18 Commitments

On May 1, 2017, the Foundation entered into a 36-month agreement with Network Solutions Unlimited Inc. for \$56,000 payable monthly at \$1,559. Network Solutions provides all the hardware, operating systems, and computer support as noted in the terms to the agreement. This agreement was continued in May of 2021 on a month-to-month plan. The total paid in 2022 was \$18,922 and in 2021 was \$18,420.

On November 11, 2022, the Foundation renewed a 1-year agreement for CommunitySuite licenses which includes hosting, maintenance,

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

Note 18 **Commitments - (Continued)**

upgrades, and support for accounting and fund management software service and scholarship application portal services. The total amount paid was \$30,177 for the one-year agreement. During 2021, the Foundation had a similar agreement with Foundant for CommunitySuite licenses which included hosting, maintenance, upgrades, and support for accounting and fund management software service and scholarship application portal services. The total amount paid during 2021 was \$29,016.

Note 19 **Subsequent Events**

Subsequent events have been evaluated through April 7, 2023, the date in which the financial statements were available to be issued.