INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

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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, 2021 and 2020, 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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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
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.
Decatur, Illinois
March 30, 2022
THE COMMUNITY FOUNDATION OF MACON COUNTY

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 498,104</td>
<td>$ 474,422</td>
</tr>
<tr>
<td>Investments</td>
<td>48,999,792</td>
<td>43,070,743</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>24,180</td>
<td>23,250</td>
</tr>
<tr>
<td>Promises to Give (CLAT), Less Unamortized Discount of $640,475 (2020 $253,735)</td>
<td>3,021,637</td>
<td>1,134,239</td>
</tr>
<tr>
<td>Promises to Give (In-Kind Lease), Less Unamortized Discount of $31,277 (2020 $40,616)</td>
<td>320,723</td>
<td>359,384</td>
</tr>
<tr>
<td>Leasehold Improvements, Net of Accumulated Amortization of $24,799 (2020 $15,799)</td>
<td>64,658</td>
<td>73,658</td>
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<tr>
<td>Furniture and Equipment, Net of Accumulated Depreciation of $23,032 (2020 $19,798)</td>
<td>14,022</td>
<td>17,256</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$ 52,943,116</td>
<td>$ 45,152,952</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$ 20,415</td>
<td>$ 17,858</td>
</tr>
<tr>
<td>Agency Funds</td>
<td>4,711,741</td>
<td>4,142,863</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$ 4,732,156</td>
<td>$ 4,160,721</td>
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</table>

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Assets without Donor Restrictions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Funds</td>
<td>724,802</td>
<td>723,056</td>
</tr>
<tr>
<td>Donor-Advised and Other Funds</td>
<td>44,143,799</td>
<td>38,770,552</td>
</tr>
<tr>
<td>Total Net Assets without Donor Restrictions</td>
<td>$ 44,868,601</td>
<td>$ 39,493,608</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Assets with Donor Restrictions:</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Funds with Purpose Restrictions</td>
<td>-</td>
<td>5,000</td>
</tr>
<tr>
<td>Operating Funds with Time Restrictions</td>
<td>320,723</td>
<td>359,384</td>
</tr>
<tr>
<td>Donor-Advised With Time Restrictions</td>
<td>3,021,636</td>
<td>1,134,239</td>
</tr>
<tr>
<td>Total Net Assets with Donor Restrictions</td>
<td>$ 3,342,359</td>
<td>$ 1,498,623</td>
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</table>

<table>
<thead>
<tr>
<th>Total Net Assets</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Net Assets</td>
<td>$ 48,210,960</td>
<td>$ 40,992,231</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Liabilities and Net Assets</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Liabilities and Net Assets</td>
<td>$ 52,943,116</td>
<td>$ 45,152,952</td>
</tr>
</tbody>
</table>
## THE COMMUNITY FOUNDATION OF MACON COUNTY
### STATEMENTS OF ACTIVITIES
#### Years Ended December 31, 2021 and 2020

<table>
<thead>
<tr>
<th>NET ASSETS WITHOUT DONOR RESTRICTIONS</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support, Revenue and Reclassifications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gifts</td>
<td>$5,070,983</td>
<td>$2,026,997</td>
</tr>
<tr>
<td>Decatur Legacy Membership Dues</td>
<td>-</td>
<td>-200</td>
</tr>
<tr>
<td>Investment Income, Net of Amounts Earned on Agency Funds</td>
<td>5,312,779</td>
<td>3,922,485</td>
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<tr>
<td>Total Support, Revenue and Reclassifications</td>
<td>10,584,454</td>
<td>6,954,281</td>
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<table>
<thead>
<tr>
<th>Net Assets Released From Restrictions</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction of Purpose Restriction</td>
<td>21,000</td>
<td>11,050</td>
</tr>
<tr>
<td>Expiration of Time Restriction</td>
<td>179,692</td>
<td>193,549</td>
</tr>
<tr>
<td>Total Expenses</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services</td>
<td>4,700,483</td>
<td>3,919,567</td>
</tr>
<tr>
<td>Supporting Services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and Administrative</td>
<td>344,226</td>
<td>374,467</td>
</tr>
<tr>
<td>Fund-Raising</td>
<td>164,752</td>
<td>165,265</td>
</tr>
<tr>
<td>Total Supporting Services</td>
<td>508,978</td>
<td>539,732</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>5,209,461</td>
<td>4,459,239</td>
</tr>
<tr>
<td>Increase (Decrease) in Net Assets</td>
<td>5,374,993</td>
<td>2,495,042</td>
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<table>
<thead>
<tr>
<th>NET ASSETS WITH DONOR RESTRICTIONS</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support, Revenue and Reclassifications</td>
<td>2,044,428</td>
<td>60,013</td>
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<table>
<thead>
<tr>
<th>Net Assets Released From Restrictions</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction of Purpose Restriction</td>
<td>(21,000)</td>
<td>(11,050)</td>
</tr>
<tr>
<td>Expiration of Time Restriction</td>
<td>(179,692)</td>
<td>(193,549)</td>
</tr>
<tr>
<td>Total Support, Revenue and Reclassifications</td>
<td>1,843,736</td>
<td>(144,586)</td>
</tr>
</tbody>
</table>

| Increase (Decrease) in Net Assets     | 1,843,736  | (144,586)  |

| Total Increase (Decrease) in Net Assets | 7,218,729 | 2,350,456 |

| Net Assets, Beginning of Year          | 40,992,231 | 38,641,775 |

| Net Assets, End of Year                | 48,210,960 | 40,992,231 |

Notes to Financial Statements are an integral part of this statement.
### 2021

<table>
<thead>
<tr>
<th>Supporting Services</th>
<th>Program Services</th>
<th>General and Administrative</th>
<th>Fund-Raising</th>
<th>Total Supporting Services</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants (Outside Organizations)</td>
<td>$4,058,057</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$4,058,057</td>
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<tr>
<td>Grants (Other Program Expenses)</td>
<td>78,609</td>
<td></td>
<td></td>
<td></td>
<td>78,609</td>
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<tr>
<td>Grants (EdCo/CommunityWorks &amp; Early Childhood Education)</td>
<td>273,068</td>
<td></td>
<td></td>
<td></td>
<td>273,068</td>
</tr>
<tr>
<td>Outside Organizations</td>
<td>43,978</td>
<td></td>
<td></td>
<td></td>
<td>43,978</td>
</tr>
<tr>
<td>Program Expenses</td>
<td>70,806</td>
<td></td>
<td></td>
<td></td>
<td>70,806</td>
</tr>
<tr>
<td>Salaries &amp; Benefits</td>
<td>4,524,518</td>
<td></td>
<td></td>
<td></td>
<td>4,524,518</td>
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<tr>
<td>Salaries &amp; Benefits</td>
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<td>154,383</td>
<td>86,589</td>
<td>240,972</td>
<td>354,119</td>
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<td>Conference/Training</td>
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<td>4,826</td>
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<td>16,891</td>
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<td>Credit Card Processing</td>
<td>1,244</td>
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<td>Printing/Postage/Advertising</td>
<td>9,604</td>
<td>64,854</td>
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<td>74,258</td>
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<tr>
<td>Decatur Legacy</td>
<td>14,279</td>
<td></td>
<td></td>
<td></td>
<td>14,279</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>12,234</td>
<td></td>
<td></td>
<td></td>
<td>12,234</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>11,780</td>
<td>11,780</td>
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<td></td>
<td>11,780</td>
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<td>Professional Fees</td>
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<td>72,742</td>
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<td></td>
<td>72,742</td>
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<tr>
<td>Rent/Utilities</td>
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<td>5,930</td>
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<td></td>
<td>5,930</td>
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<tr>
<td>In-Kind Rent</td>
<td>11,325</td>
<td>11,325</td>
<td></td>
<td></td>
<td>11,325</td>
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<tr>
<td>Donor Stewardship</td>
<td>3,494</td>
<td>3,494</td>
<td></td>
<td></td>
<td>3,494</td>
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<tr>
<td><strong>Total Functional Expenses</strong></td>
<td><strong>$4,700,483</strong></td>
<td><strong>$344,226</strong></td>
<td><strong>$164,752</strong></td>
<td><strong>$508,378</strong></td>
<td><strong>$5,209,461</strong></td>
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### 2020

<table>
<thead>
<tr>
<th>Supporting Services</th>
<th>Program Services</th>
<th>General and Administrative</th>
<th>Fund-Raising</th>
<th>Total Supporting Services</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants (Outside Organizations)</td>
<td>3,417,741</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$3,417,741</td>
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<tr>
<td>Grants (Other Program Expenses)</td>
<td>105,572</td>
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<td></td>
<td></td>
<td>105,572</td>
</tr>
<tr>
<td>Grants (EdCo/CommunityWorks &amp; Early Childhood Education)</td>
<td>201,050</td>
<td></td>
<td></td>
<td></td>
<td>201,050</td>
</tr>
<tr>
<td>Outside Organizations</td>
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<td>25,005</td>
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<tr>
<td>Program Expenses</td>
<td>51,335</td>
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<td>51,335</td>
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<tr>
<td>Salaries &amp; Benefits</td>
<td>3,800,703</td>
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<td>3,800,703</td>
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<tr>
<td>Salaries &amp; Benefits</td>
<td>110,143</td>
<td>168,711</td>
<td>72,059</td>
<td>240,772</td>
<td>351,115</td>
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<td>Contingency</td>
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<td>1,725</td>
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<td>6,037</td>
<td>8,624</td>
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<td>538</td>
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<td>9,714</td>
<td>87,429</td>
<td></td>
<td></td>
<td>97,143</td>
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<td>Depreciation &amp; Amortization</td>
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<td></td>
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<td>5,934</td>
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<td>Liability Insurance</td>
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<td></td>
<td></td>
<td>13,932</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>10,183</td>
<td>10,183</td>
<td></td>
<td></td>
<td>10,183</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>5,452</td>
<td>5,452</td>
<td></td>
<td></td>
<td>5,452</td>
</tr>
<tr>
<td>Rent</td>
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<td>82,890</td>
<td></td>
<td></td>
<td>82,890</td>
</tr>
<tr>
<td>In-Kind Rent</td>
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<td>14,975</td>
<td></td>
<td></td>
<td>14,975</td>
</tr>
<tr>
<td>Donor Stewardship</td>
<td>14,678</td>
<td>14,678</td>
<td></td>
<td></td>
<td>14,678</td>
</tr>
<tr>
<td>Telephone</td>
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<td>14,678</td>
<td></td>
<td></td>
<td>14,678</td>
</tr>
<tr>
<td><strong>Total Functional Expenses</strong></td>
<td><strong>$3,919,547</strong></td>
<td><strong>$374,467</strong></td>
<td><strong>$165,205</strong></td>
<td><strong>$539,672</strong></td>
<td><strong>$4,459,239</strong></td>
</tr>
</tbody>
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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, 2021 and 2020

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in Net Assets</td>
<td>$7,218,729</td>
<td>$2,350,456</td>
</tr>
<tr>
<td>Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of Equip/Amortization of Leasehold Improvements</td>
<td>12,234</td>
<td>13,932</td>
</tr>
<tr>
<td>Discounts on Promises to Give</td>
<td>377,401</td>
<td>(44,963)</td>
</tr>
<tr>
<td>Unrealized (Appreciation) Depreciation on Investments</td>
<td>(3,814,693)</td>
<td>(2,927,937)</td>
</tr>
<tr>
<td>Donated Securities included in Gifts</td>
<td>(4,097,522)</td>
<td>(1,593,278)</td>
</tr>
<tr>
<td>(Increase) Decrease in Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promises to Give Receivable</td>
<td>(2,226,138)</td>
<td>193,549</td>
</tr>
<tr>
<td>Prepaid Expenses</td>
<td>(930)</td>
<td>(600)</td>
</tr>
<tr>
<td>Increase (Decrease) in Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agency Funds</td>
<td>568,870</td>
<td>337,885</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>2,557</td>
<td>(8,800)</td>
</tr>
<tr>
<td>Net Cash Flows from (used by) Operating Activities</td>
<td>(1,959,484)</td>
<td>(1,679,736)</td>
</tr>
</tbody>
</table>

| CASH FLOWS FROM INVESTING ACTIVITIES        |          |          |
| Sale (Purchase) of Equipment/Leasehold Improvements |          |          |
| Sale (Purchase) of Investments              | 1,983,166 | 1,825,534 |
| Net Cash Flows from (used by) Investing Activities | 1,983,166 | 1,825,534 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 23,662   | 137,340  |
| Cash and Cash Equivalents, beginning        | 474,422  | 337,092  |
| Cash and Cash Equivalents, ending            | $498,104 | $474,422 |

SUPPLEMENTAL DISCLOSURES
Noncash Investing and Financing Transactions:
Gifts of Investments
$4,097,522
$1,593,178

Notes to Financial Statements are an integral part of this statement.
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, 2021 and 2020.

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.
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, 2021 and 2020.

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
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, 2021 there was no deposits exceeding federally insured limits. At December 31, 2020, there was $152,270 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.
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:

<table>
<thead>
<tr>
<th>Expense</th>
<th>Method of Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Benefits</td>
<td>Time and Effort</td>
</tr>
<tr>
<td>Conference/Training</td>
<td>Time and Effort</td>
</tr>
<tr>
<td>Printing/Postage/Advertising</td>
<td>Time and Effort</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>Time and Effort</td>
</tr>
</tbody>
</table>
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, 2021 and 2020, a majority of the Foundation's holdings were in the American Funds from Capital Group.

Investments consist of the following at December 31, 2021 and 2020:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Value</td>
<td>Fair</td>
<td>Value</td>
</tr>
<tr>
<td>Broker cash and money market</td>
<td>$2,943,810</td>
<td>$2,254,186</td>
</tr>
<tr>
<td>Corporate/government bonds/CDs</td>
<td>227,866</td>
<td>156,377</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>618,759</td>
<td>534,099</td>
</tr>
<tr>
<td>Insurance policy -</td>
<td>45,164,683</td>
<td>40,088,375</td>
</tr>
<tr>
<td>Cash surrender value</td>
<td>44,674</td>
<td>37,706</td>
</tr>
<tr>
<td></td>
<td>$48,999,792</td>
<td>$43,070,743</td>
</tr>
</tbody>
</table>

Investment income at December 31, 2021 and 2020 is summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends</td>
<td>$2,071,109</td>
<td>$1,405,161</td>
</tr>
<tr>
<td>Realized and unrealized</td>
<td>3,814,693</td>
<td>2,927,937</td>
</tr>
<tr>
<td>gains and (losses)</td>
<td>5,885,802</td>
<td>4,333,098</td>
</tr>
<tr>
<td>Less amount allocated to</td>
<td>573,023</td>
<td>410,613</td>
</tr>
<tr>
<td>agency endowments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total investment income</td>
<td>$5,312,779</td>
<td>$3,922,485</td>
</tr>
</tbody>
</table>

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, 2021. 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.
Note 3  Leases - (Continued)

The Foundation recognized three months of rent for 2021 totaling $3,000 (2020 - $12,000).

1 Main Place Properties: On May 2, 2019, the Foundation entered into 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 2020, there were no additional improvements to the space and operating expenses amounted to $2,748. During 2021, there were no additional improvements and operating expenses amounted to $2,786.

The December 31, 2021 and 2020 present value of this contributed use of facilities is $320,723 and $359,384 respectively and are included in the Foundation’s donor-restricted net assets. In the year ended December 31, 2021, $48,000 (2020 - $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
Note 4 Promises to Give Receivable - (Continued)

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

As of December 31, 2021 and 2020, contributors to the Foundation have made written unconditional promises to give totaling $4,014,112 and $1,787,974, respectively. The discount on those amounts is computed using an assumed risk-free interest rate of 3%.

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

<table>
<thead>
<tr>
<th></th>
<th>CLAT</th>
<th>In-Kind Lease</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>$120,548</td>
<td>$ 48,000</td>
<td>$ 168,548</td>
</tr>
<tr>
<td>One to five years</td>
<td>421,097</td>
<td>192,000</td>
<td>613,097</td>
</tr>
<tr>
<td>Beyond 5 years</td>
<td>846,329</td>
<td>160,000</td>
<td>1,006,329</td>
</tr>
<tr>
<td></td>
<td>1,387,974</td>
<td>400,000</td>
<td>1,787,974</td>
</tr>
<tr>
<td>Less unamortized discount</td>
<td>(253,735)</td>
<td>(40,616)</td>
<td>(294,351)</td>
</tr>
<tr>
<td>Total promises to give</td>
<td>$1,134,239</td>
<td>$ 359,384</td>
<td>$1,493,623</td>
</tr>
</tbody>
</table>

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.
Note 6  Furniture and Equipment and Leasehold Improvements

Furniture and equipment included the following at December 31, 2021 and 2020:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$37,054</td>
<td>$37,054</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(23,032)</td>
<td>(19,798)</td>
</tr>
<tr>
<td>Net property and equipment</td>
<td>$14,022</td>
<td>$17,256</td>
</tr>
</tbody>
</table>

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 $3,234 and $4,932 for the years ending December 31, 2021 and 2020, respectively.

Leasehold improvements included the following at December 31, 2021 and 2020:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold Improvements</td>
<td>$89,457</td>
<td>$89,457</td>
</tr>
<tr>
<td>Accumulated Amortization</td>
<td>(24,799)</td>
<td>(15,799)</td>
</tr>
<tr>
<td>Net Leasehold Improvements</td>
<td>$64,658</td>
<td>$73,658</td>
</tr>
</tbody>
</table>

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 $9,000 and $9,000 for the years ending December 31, 2021 and 2020, respectively.

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

Total depreciation and amortization expense for 2020 amounted to $13,932, which was allocated to general and administrative.
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:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 461,986</td>
<td>$ 127,035</td>
</tr>
<tr>
<td>Investment income</td>
<td>573,023</td>
<td>410,613</td>
</tr>
<tr>
<td>Deductions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants to designated</td>
<td>(466,080)</td>
<td>(196,373)</td>
</tr>
<tr>
<td>Organizations</td>
<td>(51)</td>
<td>(3,390)</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in agency funds</td>
<td>568,878</td>
<td>337,885</td>
</tr>
<tr>
<td>Balance in agency funds,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of year</td>
<td>4,142,863</td>
<td>3,804,978</td>
</tr>
<tr>
<td>Balance in agency funds,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>End of year</td>
<td>$ 4,711,741</td>
<td>$ 4,142,863</td>
</tr>
</tbody>
</table>

== =======
### Agency Funds - (Continued)

At December 31, 2021 and 2020, individual balances which make up the total agency fund balance are as follows:

<table>
<thead>
<tr>
<th>Fund</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decatur Area Arts Council Endowment</td>
<td>$550,694</td>
<td>$506,357</td>
</tr>
<tr>
<td>Governor Oglesby Mansion Endowment</td>
<td>190,365</td>
<td>169,299</td>
</tr>
<tr>
<td>Rock Springs Endowment</td>
<td>34,316</td>
<td>30,203</td>
</tr>
<tr>
<td>Girl Scouts of Central IL Endowment</td>
<td>38,018</td>
<td>35,093</td>
</tr>
<tr>
<td>United Way Endowment</td>
<td>103,240</td>
<td>95,316</td>
</tr>
<tr>
<td>Victory Pharmacy Endowment</td>
<td>16,335</td>
<td>14,448</td>
</tr>
<tr>
<td>Walter &amp; Inabel Kirby Mem Endowment</td>
<td>58,212</td>
<td>53,359</td>
</tr>
<tr>
<td>Webster-Cantrell Hall Endowment</td>
<td>418,504</td>
<td>387,218</td>
</tr>
<tr>
<td>YMCA Endowment</td>
<td>59,493</td>
<td>52,921</td>
</tr>
<tr>
<td>Big Brothers/Big Sisters</td>
<td>80,285</td>
<td>71,048</td>
</tr>
<tr>
<td>LSA-Pritts</td>
<td>63,484</td>
<td>58,726</td>
</tr>
<tr>
<td>LSA-Horn</td>
<td>90,077</td>
<td>63,043</td>
</tr>
<tr>
<td>LSA-Burdick</td>
<td>55,667</td>
<td>51,469</td>
</tr>
<tr>
<td>LSA-Brink</td>
<td>1,595</td>
<td>1,475</td>
</tr>
<tr>
<td>LSA-Tieman</td>
<td>43,912</td>
<td>40,614</td>
</tr>
<tr>
<td>LSA-Fund I</td>
<td>219,491</td>
<td>202,688</td>
</tr>
<tr>
<td>Northwest Softball</td>
<td>862,733</td>
<td>762,732</td>
</tr>
<tr>
<td>Northeast Community Fund</td>
<td>8,931</td>
<td>308,866</td>
</tr>
<tr>
<td>St. Teresa Foundation-McCoy</td>
<td>562,099</td>
<td>517,648</td>
</tr>
<tr>
<td>Nancy Koopman Memorial Scholarship</td>
<td>151,324</td>
<td>140,084</td>
</tr>
<tr>
<td>Macon County Historical Society</td>
<td>271,531</td>
<td>248,454</td>
</tr>
<tr>
<td>Demirjian Scholarship for WCH</td>
<td>214,916</td>
<td>198,626</td>
</tr>
<tr>
<td>Friends of the Library Fund</td>
<td>122,300</td>
<td>108,124</td>
</tr>
<tr>
<td>Decatur Christian Education Fund</td>
<td>29,467</td>
<td>26,052</td>
</tr>
<tr>
<td>Webster-Cantrell Youth Advocacy Fund</td>
<td>362,364</td>
<td>0</td>
</tr>
<tr>
<td>The Good Samaritan Inn Fund</td>
<td>102,388</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,711,741</strong></td>
<td><strong>$4,142,863</strong></td>
</tr>
</tbody>
</table>


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, 2021 and 2020. All are without donor restrictions, except as noted:

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor-advised funds</td>
<td>$18,501,355</td>
<td>$15,872,447</td>
</tr>
<tr>
<td>Donor-advised funds with time restrictions</td>
<td>3,021,636</td>
<td>1,134,239</td>
</tr>
<tr>
<td>Discretionary funds</td>
<td>205,198</td>
<td>185,208</td>
</tr>
<tr>
<td>Field of service funds</td>
<td>10,453,693</td>
<td>9,500,697</td>
</tr>
<tr>
<td>Designated funds</td>
<td>6,432,111</td>
<td>6,120,350</td>
</tr>
<tr>
<td>Scholarship funds</td>
<td>8,551,442</td>
<td>7,091,050</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$47,165,435</strong></td>
<td><strong>$39,904,791</strong></td>
</tr>
</tbody>
</table>

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, 2021 and 2020, the Foundation assessed $438,292 and $378,646, respectively, against the various donor-advised and other funds.
Note 8  Donor-advised and Other Funds – (Continued)

For the years ended December 31, 2021 and 2020, grants were awarded and payments totaling $4,331,125 and $3,618,791, 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 $22,989 on December 31, 2021 (2020 - $8,235).

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 2021 were $14,102 (2020 - $13,388).

Note 11  Related Party Transactions

During the year ended December 31, 2021, the Foundation received $188,576 (2020 - $308,708) 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.
Note 11  Related Party Transactions - (Continued)

During 2021, the Foundation paid $17,500 to a local agency owned by a board member for assistance with the Foundation's 2022 strategic plan. This relationship is disclosed to the entire board and does not influence the operations or decision-making of the Foundation.

Note 12  Major Contributors

A significant portion of current year contributions received as of December 31, 2021 came from primarily five donors totaling $4,551,066 or 64% of total contribution revenue. 2020 contributions came from primarily five donors totaling $1,379,455 or 47% 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. During 2021 and 2020, 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.
Note 14  Net Assets with Donor Restrictions

Net Assets with Donor Restrictions were as follows for the years ended December 31, 2021 and 2020:

<table>
<thead>
<tr>
<th>Specific Purpose</th>
<th>Beginning Balance December 31, 2020</th>
<th>Increase</th>
<th>Decrease</th>
<th>Ending Balance December 31, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Scarcity</td>
<td>$ 5,000</td>
<td>$ 16,000</td>
<td>$ 21,000</td>
<td>$ 0</td>
</tr>
</tbody>
</table>

**Passage of Time**

<table>
<thead>
<tr>
<th>Specific Purpose</th>
<th>Beginning Balance December 31, 2019</th>
<th>Increase</th>
<th>Decrease</th>
<th>Ending Balance December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAF CLAT</td>
<td>86,409</td>
<td>2,592</td>
<td>30,548</td>
<td>58,453</td>
</tr>
<tr>
<td>DAF CLAT</td>
<td>635,225</td>
<td>17,917</td>
<td>60,000</td>
<td>593,142</td>
</tr>
<tr>
<td>DAF CLAT</td>
<td>412,605</td>
<td>12,378</td>
<td>30,000</td>
<td>394,983</td>
</tr>
<tr>
<td>DAF CLAT</td>
<td>0</td>
<td>1,076,880</td>
<td>2,466</td>
<td>1,074,414</td>
</tr>
<tr>
<td>DAF CLAT</td>
<td>0</td>
<td>909,322</td>
<td>8,678</td>
<td>900,644</td>
</tr>
<tr>
<td>In-Kind Lease</td>
<td>359,384</td>
<td>9,339</td>
<td>48,000</td>
<td>320,723</td>
</tr>
<tr>
<td></td>
<td>$ 1,498,623</td>
<td>$ 2,044,428</td>
<td>$ 200,692</td>
<td>$ 3,342,359</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Specific Purpose</th>
<th>Beginning Balance December 31, 2019</th>
<th>Increase</th>
<th>Decrease</th>
<th>Ending Balance December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Scarcity</td>
<td>$ 1,000</td>
<td>$ 15,050</td>
<td>$ 11,050</td>
<td>$ 5,000</td>
</tr>
</tbody>
</table>

**Passage of Time**

<table>
<thead>
<tr>
<th>Specific Purpose</th>
<th>Beginning Balance December 31, 2019</th>
<th>Increase</th>
<th>Decrease</th>
<th>Ending Balance December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>DAF CLAT</td>
<td>113,551</td>
<td>3,407</td>
<td>30,549</td>
<td>86,409</td>
</tr>
<tr>
<td>DAF CLAT</td>
<td>677,764</td>
<td>17,461</td>
<td>60,000</td>
<td>635,225</td>
</tr>
<tr>
<td>DAF CLAT</td>
<td>24,271</td>
<td>729</td>
<td>25,000</td>
<td>-</td>
</tr>
<tr>
<td>DAF CLAT</td>
<td>429,714</td>
<td>12,891</td>
<td>30,000</td>
<td>412,605</td>
</tr>
<tr>
<td>In-Kind Lease</td>
<td>396,908</td>
<td>10,476</td>
<td>48,000</td>
<td>359,384</td>
</tr>
<tr>
<td></td>
<td>$ 1,643,208</td>
<td>$ 60,014</td>
<td>$ 204,599</td>
<td>$ 1,498,623</td>
</tr>
</tbody>
</table>
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.
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, 2021 and 2020, which were measured at fair value on a recurring basis during the period, segregated by level within the fair value hierarchy:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets at Fair Value:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>$ 45,164,683</td>
<td></td>
<td>$ 45,164,683</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broker Cash Equivalents</td>
<td>2,943,810</td>
<td></td>
<td>2,943,810</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Income</td>
<td></td>
<td>$ 618,759</td>
<td></td>
<td>618,759</td>
<td></td>
</tr>
<tr>
<td>Equities</td>
<td></td>
<td>227,866</td>
<td></td>
<td>227,866</td>
<td></td>
</tr>
<tr>
<td>Insurance Policy</td>
<td></td>
<td>44,674</td>
<td></td>
<td>44,674</td>
<td></td>
</tr>
<tr>
<td>Total assets at Fair Value:</td>
<td>$ 48,336,359</td>
<td>$ 663,433</td>
<td>$ 0</td>
<td>$ 48,999,792</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Level 1</td>
<td>Level 2</td>
<td>Level 3</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>$ 40,088,376</td>
<td></td>
<td>$ 40,088,376</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Broker Cash Equivalents</td>
<td>2,254,185</td>
<td></td>
<td>2,254,185</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Income</td>
<td></td>
<td>$ 534,099</td>
<td></td>
<td>534,099</td>
<td></td>
</tr>
<tr>
<td>Equities</td>
<td></td>
<td>156,377</td>
<td></td>
<td>156,377</td>
<td></td>
</tr>
<tr>
<td>Insurance Policy</td>
<td></td>
<td>37,706</td>
<td></td>
<td>37,706</td>
<td></td>
</tr>
<tr>
<td>Total assets at Fair Value:</td>
<td>$ 42,498,938</td>
<td>$ 571,805</td>
<td>$ 0</td>
<td>$ 43,070,743</td>
<td></td>
</tr>
</tbody>
</table>
The Community Foundation of Macon County

Notes to Financial Statements
December 31, 2021 and 2020
(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, 2021 or 2020.

Note 17  Availability and Liquidity

The following table discloses certain additional information as of December 31, 2021 and 2020 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.

<table>
<thead>
<tr>
<th></th>
<th>2021 Fair Value</th>
<th>2020 Fair Value</th>
<th>Redemption Terms</th>
<th>Redemption Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>$ 45,164,683</td>
<td>$ 40,088,375</td>
<td>3-5 days</td>
<td>N/A</td>
</tr>
<tr>
<td>Broker Cash Equivalents</td>
<td>2,943,810</td>
<td>2,254,185</td>
<td>immediate</td>
<td>N/A</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>618,759</td>
<td>534,099</td>
<td>Various redemption dates</td>
<td></td>
</tr>
<tr>
<td>Equities</td>
<td>227,866</td>
<td>156,377</td>
<td>3-5 days</td>
<td>Written notice</td>
</tr>
<tr>
<td>Insurance Policy</td>
<td>44,674</td>
<td>37,706</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets at Fair Value:</td>
<td>$ 48,999,792</td>
<td>$ 43,070,742</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 2020 on a month-to-month plan. The total paid in 2021 was $18,420 and in 2020 was $18,120.

On November 11, 2021, the Foundation renewed a 1-year agreement for CommunitySuite licenses which includes hosting, maintenance,
Note 18  Commitments - (Continued)

upgrades, and support for accounting and fund management
software service and scholarship application portal services.
The total amount paid was $29,016 for the one-year agreement.
During 2020, 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 2020 was $27,900.

Note 19  Subsequent Events

Subsequent events have been evaluated through March 30, 2022,
the date in which the financial statements were available to be
issued.

Recent market conditions have resulted in an unusually high
degree of volatility and increased the risks and may affect the
short-term liquidity associated with certain investments held by
the Foundation which could impact the value of investments after
the date of these financial statements. Because the values of
individual investments fluctuate with market conditions, the
amount of gains or losses that will be recognized in subsequent
periods, if any, cannot be determined.