COMMUNITY FOUNDATION OF CRAWFORD COUNTY, INC.

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

CPAs / ADVISORS

blue

COMMUNITY FOUNDATION OF CRAWFORD COUNTY, INC.

TABLE OF CONTENTS
JUNE 30, 2023 AND 2022

Page

Report of Independent Auditors 1

Financial Statements

Consolidated Statements of Financial Position 3

Consolidated Statements of Activities 4

Consolidated Statements of Functional Expenses 6

Consolidated Statements of Cash Flows 8

Notes to Consolidated Financial Statements 9

CPAs / ADVISORS

blue

Blue & Co., LLC / 813 West Second Street / Seymour, IN 47274
main 812.522.8416 website blueandco.com

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Community Foundation of Crawford County, Inc.
Marengo, Indiana

Opinion

We have audited the accompanying consolidated financial statements of Community Foundation of Crawford County, Inc., a nonprofit organization, and affiliate (collectively the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization and its affiliate as of June 30, 2023 and 2022, and the changes in their net assets and their 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 Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated 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 consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Blue & Co., LLC

Seymour, Indiana

November 2, 2023

COMMUNITY FOUNDATION OF CRAWFORD COUNTY, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS

	2023	2022
Cash and cash equivalents	$ 197,124	$ 220,178
Investments	8,863,124	8,356,607
Property and equipment, net	406,045	234,254
Other assets	5,518	5,518
	$ 9,471,811	$ 8,816,557

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	$ 650	$ 650
Note payable	37,367	38,819
Custodial funds	270,330	249,674
Total liabilities	308,347	289,143
Net assets		
Without donor restrictions		
Operating	442,870	282,318
Operating reserve	516,244	591,768
	959,114	874,086
With donor restrictions		
Restricted for specified purposes	91,092	163,276
Restricted in perpetuity - endowment	5,192,663	4,934,866
Restricted subject to the Organization's spending policy	2,920,595	2,555,186
	8,204,350	7,653,328
Total net assets	9,163,464	8,527,414
	$ 9,471,811	$ 8,816,557

See accompanying notes to consolidated financial statements.

COMMUNITY FOUNDATION OF CRAWFORD COUNTY, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support, revenues and other				
Contributions and grant revenue	$ 47,892	$ 259,682	$ 307,574	$ 298,421
Investment return, net	48,153	758,600	806,753	(978,895)
Administrative fees	170,102	-0-	170,102	174,554
Miscellaneous income	49,193	-0-	49,193	-0-
Net assets released from restrictions	467,260	(467,260)	-0-	-0-
Total support, revenues and other	782,600	551,022	1,333,622	(505,920)
Expenses				
Program services	579,032	-0-	579,032	577,304
General and administrative	80,934	-0-	80,934	85,480
Fundraising	37,606	-0-	37,606	37,488
Total expenses	697,572	-0-	697,572	700,272
Change in net assets	85,028	551,022	636,050	(1,206,192)
Net assets, beginning of year	874,086	7,653,328	8,527,414	9,733,606
Net assets, end of year	$ 959,114	$ 8,204,350	$ 9,163,464	$ 8,527,414

See accompanying notes to consolidated financial statements.

COMMUNITY FOUNDATION OF CRAWFORD COUNTY, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions and grant revenue	$ 18,317	$ 280,104	$ 298,421
Investment return, net	(68,479)	(910,416)	(978,895)
Administrative fees	174,554	-0-	174,554
Net assets released from restrictions	464,068	(464,068)	-0-
Total support and revenues	588,460	(1,094,380)	(505,920)
Expenses			
Program services	577,304	-0-	577,304
General and administrative	85,480	-0-	85,480
Fundraising	37,488	-0-	37,488
Total expenses	700,272	-0-	700,272
Change in net assets	(111,812)	(1,094,380)	(1,206,192)
Net assets, beginning of year	985,898	8,747,708	9,733,606
Net assets, end of year	$ 874,086	$ 7,653,328	$ 8,527,414

See accompanying notes to consolidated financial statements.

COMMUNITY FOUNDATION OF CRAWFORD COUNTY, INC.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	2023				2022
	Program Services	General and Administrative	Fundraising	Total	Total
Grants and scholarships	$ 294,990	$ -0-	$ -0-	$ 294,990	$ 297,163
Salaries and wages	63,581	46,322	17,251	127,154	117,620
Payroll taxes and employee benefits	7,992	5,823	2,169	15,984	14,927
Administrative fees	165,821	-0-	-0-	165,821	171,728
Advertising	2,569	-0-	7,707	10,276	13,021
Office supplies	1,738	1,738	3,476	6,952	2,642
Postage and printing	372	866	1,239	2,477	3,595
Telephone	741	212	106	1,059	959
Utilities	5,436	1,554	777	7,767	7,758
Repairs and maintenance	7,941	2,269	1,135	11,345	5,332
Rent	672	192	96	960	761
Depreciation	4,378	1,251	625	6,254	4,098
Professional fees	1,629	14,657	-0-	16,286	26,753
IT support	2,869	820	410	4,099	1,719
Membership dues	747	214	107	1,068	1,811
Travel and entertainment	2,172	620	310	3,102	2,316
Insurance	4,294	1,227	614	6,135	7,999
Meetings and conferences	623	178	89	890	869
Contracted services	-0-	-0-	-0-	-0-	3,188
Strategic planning	3,500	1,000	500	5,000	-0-
Miscellaneous	6,967	1,991	995	9,953	16,013
Total expenses	$ 579,032	$ 80,934	$ 37,606	$ 697,572	$ 700,272

See accompanying notes to consolidated financial statements.

COMMUNITY FOUNDATION OF CRAWFORD COUNTY, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services	General and Administrative	Fundraising	Total
Grants and scholarships	$ 297,163	$ -0-	$ -0-	$ 297,163
Salaries and wages	57,069	43,407	17,144	117,620
Payroll taxes and employee benefits	7,242	5,509	2,176	14,927
Administrative fees	171,728	-0-	-0-	171,728
Advertising	3,255	-0-	9,766	13,021
Office supplies	660	661	1,321	2,642
Postage and printing	539	1,258	1,798	3,595
Telephone	671	192	96	959
Utilities	5,429	1,553	776	7,758
Repairs and maintenance	3,733	1,066	533	5,332
Rent	533	152	76	761
Depreciation	2,868	820	410	4,098
Professional fees	2,675	24,078	-0-	26,753
IT support	1,203	344	172	1,719
Membership dues	1,268	362	181	1,811
Travel and entertainment	1,621	463	232	2,316
Insurance	5,599	1,600	800	7,999
Meetings and conferences	608	174	87	869
Contracted services	2,231	638	319	3,188
Miscellaneous	11,209	3,203	1,601	16,013
Total expenses	$ 577,304	$ 85,480	$ 37,488	$ 700,272

See accompanying notes to consolidated financial statements.

COMMUNITY FOUNDATION OF CRAWFORD COUNTY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Operating activities		
Change in net assets	$ 636,050	$ (1,206,192)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	6,254	4,098
Reinvested interest and dividends received on investments	(201,522)	(199,341)
Realized and unrealized losses (gains) on investments	(666,502)	1,147,335
Restricted contributions for endowment	(226,962)	(234,234)
Changes in assets and liabilities:		
Custodial funds	20,656	73,436
Net cash flows from operating activities	(432,026)	(414,898)
Investing activities		
Purchases of property and equipment	(178,045)	(91,675)
Purchases of investments	(1,323,959)	(3,449,611)
Proceeds from sales of investments	1,685,466	3,444,964
Net cash flows from investing activities	183,462	(96,322)
Financing activities		
Payments on note payable	(1,452)	(1,181)
Restricted contributions for endowment	226,962	234,234
Net cash flows from financing activities	225,510	233,053
Net change in cash and cash equivalents	(23,054)	(278,167)
Cash and cash equivalents, beginning of year	220,178	498,345
Cash and cash equivalents, end of year	$ 197,124	$ 220,178
Supplemental disclosure of non-cash financing activity		
Property acquired with note payable	$ -0-	$ 40,000

See accompanying notes to consolidated financial statements.

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Community Foundation of Crawford County, Inc. (the "Foundation") is a not-for-profit entity that began operations in May 2005. The Foundation is located in Marengo, Indiana, and was organized to serve philanthropic and charitable needs in Crawford County, Indiana. The Foundation offers endowment services, grant making, scholarship, donor estate, and planned gift services to individuals and qualified organizations serving Crawford County.

In July 2021, the Foundation purchased the building the Foundation occupies for $130,000. In August 2021, the Board formed CCFC Properties LLC ("LLC") as a single member limited liability company of the Foundation to hold the real estate purchased and any future properties.

Consolidation Policy

The accounts of the LLC are consolidated with the accounts of the Foundation. All inter-entity transactions have been eliminated in the consolidation. The consolidated operations of the Foundation and the LLC are hereinafter collectively referred to as the "Organization."

Management's Estimates

Management uses estimates and assumptions in preparing consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported support, revenues and expenses. Actual results could vary from the estimates that were used.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis, and have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board of directors (Board) or designated by the Board for specific use. The Organization maintains net assets without donor restrictions as follows:

Operating – used to fund current operations of the Organization

Operating reserve – used to fund future operations of the Organization as designated by the Board

Board designated – capital reserve – established by the Board to be used for a building purchase

Net assets with donor restrictions: Net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term to support operations or specific purposes. The Organization maintains net assets with donor restrictions as follows:

Restricted for specified purposes – all contributions to the Organization with the intention of the donor to be held for a specific program or in a donor-restricted non-endowed fund

Restricted in perpetuity - endowment – all contributions to the Organization with the intention of the donor that the assets be held in perpetuity and managed in accordance with the Organization's spending policy

Restricted subject to the Organization's spending policy – investment earnings on assets restricted in perpetuity – endowment and managed in accordance with the Organization's spending policy

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of money market investments and exclude amounts held by the Organization's fund manager and included in investments.

Investments and Investment Return

The Organization carries its investments at fair value for financial reporting purposes. Changes in unrealized appreciation or depreciation of investments are reflected in the Statements of Activities in the periods in which such changes occur.

Interest and dividend income and net unrealized and realized gains and losses on investments are recognized as net assets with or without donor restrictions based upon the existence or absence of donor-imposed restrictions or the related fund classification in accordance with the Organization's spending policy.

Property and Equipment

Property and equipment, including expenditures that substantially increase the useful lives of existing assets, are recorded at cost except for donations, which are recorded at fair value at the date of the donation. Costs of ordinary maintenance and repairs are expensed as incurred.

The property and equipment of the Organization are being depreciated over their estimated useful lives ranging from five to thirty nine years using the straight-line method.

Support, Revenues and Expense Recognition

Contributions are recognized as revenues in the period the contribution is received or the promise is made.

Support and revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions or directed to a donor-restricted fund. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in either net assets with or without donor restrictions in accordance with the classification of the fund.

All other revenues are recorded when earned.

Administrative Fees

Administrative fees are expensed from the funds to support the operations of the Organization and are considered program expenses. Administrative fees from all funds are reflected as revenue on the Consolidated Statements of Activities. The administrative fees from custodial funds (agency endowments) are not included as expenses on the Consolidated Statements of Activities because they are included in the change in custodial funds.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Consolidated Statements of Activities and Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Those expenses include salaries and wages, payroll taxes and employee benefits, and various office and occupancy expenses. These expenses are allocated on the basis of estimates of time, effort, and usage. While the methods of allocation are considered appropriate, other methods could produce different results.

Income Taxes

The Foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal taxes on related income pursuant to Section 501(a) of the Code. The LLC is disregarded for income tax purposes and all of its activities attribute to the Foundation.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization

has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

As such, the Organization is generally exempt from income taxes. However, the Organization is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

Subsequent Events

The Organization has evaluated events or transactions occurring subsequent to the Consolidated Statement of Financial Position date for recognition and disclosure in the accompanying consolidated financial statements through the date the consolidated financial statements are available to be issued, which is November 2, 2023.

2. INVESTMENTS

Investments consist of the following:

	2023	2022
Cash and cash equivalents	$ 378,302	$ 526,224
U.S. government securities	141,395	604,922
Corporate bonds		
Long	54,952	27,445
Intermediate	1,861,691	1,459,253
Common stocks		
Large	4,263,125	3,678,156
Equity mutual funds		
Large	218,876	437,264
Mid/small	204,371	176,330
Fixed income mutual funds		
Intermediate	378,144	445,513
Non-traditional	58,952	80,567
Equity exchange traded funds		
Large	764,546	392,066
Mid/small	238,123	206,976
Fixed income exchange traded funds		
Intermediate	90,346	92,673
Real assets exchange traded funds		
Real assets	210,301	229,218
	$ 8,863,124	$ 8,356,607

3. RISKS AND UNCERTAINTIES

The Organization holds investments (Note 2). Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying consolidated financial statements.

4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Organization has the ability to access.

- Level 2: Inputs to the valuation methodology include quoted prices for similar assets in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset.

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

- *U.S. government securities, and corporate bonds*: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

- *Common stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.

- *Mutual funds and exchange traded funds*: Valued at the daily closing price as reported by the fund. Mutual and exchange traded funds are held by the Organization and are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The funds held by the Organization are deemed to be actively traded.

The following table sets forth by level, within the hierarchy, the Organization's assets measured at fair value on a recurring basis as of June 30, 2023 and 2022:

	2023		
	Fair Value	Level 1	Level 2
Assets:			
Investments			
Government securities	$ 141,395	$ -0-	$ 141,395
Corporate bonds	1,916,643	-0-	1,916,643
Common stocks	4,263,125	4,263,125	-0-
Mutual funds	860,343	860,343	-0-
Exchange traded funds	1,303,316	1,303,316	-0-
Total assets at fair value	$ 8,484,822	$ 6,426,784	$ 2,058,038

	2022		
	Fair Value	Level 1	Level 2
Assets:			
Investments			
Government securities	$ 604,922	$ -0-	$ 604,922
Corporate bonds	1,486,698	-0-	1,486,698
Common stocks	3,678,156	3,678,156	-0-
Mutual funds	1,139,674	1,139,674	-0-
Exchange traded funds	920,933	920,933	-0-
Total assets at fair value	$ 7,830,383	$ 5,738,763	$ 2,091,620

5. PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	2023	2022
Furniture and fixtures	$ 47,900	$ 25,673
Software	26,362	26,362
Building and improvements	287,493	131,675
Land	105,233	105,233
	466,988	288,943
Less accumulated depreciation	(60,943)	(54,689)
	$ 406,045	$ 234,254

6. NOTE PAYABLE

The Organization has a note payable to a financial institution that is secured by real estate with a net book value of $124,922 at June 30, 2023. The note has a variable interest rate of 2.5% over the weekly average yield on United States Treasury Securities adjusted to a constant maturity of five years (the "Index"); however, the interest rate change will not occur more often than each 5 years. The Index used at June 30, 2023 and 2022 was 0.9%, therefore, the interest rate on the note as of June 30, 2023 and 2022 was 3.4%. Interest and principal payments are due in monthly installments of $231 with a final payment due in July 2041. Maturities of payments on the note payable subsequent to June 30, 2023 are as follows:

Year Ending June 30,	
2024	$ 1,506
2025	1,566
2026	1,617
2027	1,675
2028	1,731
Thereafter	29,272
	$ 37,367

7. CUSTODIAL FUNDS

Custodial funds represent funds placed on deposit with the Organization by other organizations based on their individual board resolutions. The Organization accounts for these transfers as a liability in accordance with applicable accounting standards. Income is added to these funds periodically in accordance with the Organization's investment allocation policies. Contributions by, investment interest credits for, and distributions to those organizations are reflected as adjustments to the liability account and are not reflected in the Consolidated Statements of Activities.

Following is a progression of custodial funds during 2023 and 2022:

	2023	2022
Beginning balance	$ 249,674	$ 176,238
Contributions	27,836	101,100
Investment return, net	20,534	(18,891)
Administrative fees	(4,281)	(2,890)
Grant payments	(23,433)	(5,883)
Ending balance	$ 270,330	$ 249,674

8. ENDOWMENT

The majority of the Organization's funds consist of donor-restricted endowed funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted endowment funds are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund

(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for granting purposes while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce long-term growth of capital without undue exposure to risk. The Organization expects its endowment funds to meet or exceed the return of a balanced market index using the S&P 500 Index, the Barclays Intermediate Government Credit Index, the Treasury Bill Index and the US REIT Index. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment decisions shall be made with the intent of maximizing the long-term total return of the portfolio through market value changes (realized and unrealized) and through earned income (dividends and interest).

The Organization has a policy of appropriating for distribution each year 4 percent of its endowment funds' fair value based on the previous thirty-six month rolling average, or a lesser percentage as voted upon annually by the Board of Directors. In establishing this policy, the Organization considered the long-term expected return on its endowment.

Endowed funds are considered donor-restricted endowments and the changes in endowed funds are for the years ending June 30, 2023 and 2022 were as follows:

	2023	2022
Endowment net assets, beginning of year	$ 7,490,052	$ 8,561,171
Contributions and other revenue	226,962	234,234
Investment return, net	750,384	(900,466)
Appropriation of endowment assets for expenditure	(354,140)	(404,887)
Endowment net assets, end of year	$ 8,113,258	$ 7,490,052

9. LIQUIDITY AND AVAILABILITY

As part of the Organization's liquidity management, it structures its financial assets to be available as its awarded grants, general expenditures, and other obligations become due. The Organization invests cash in excess of daily requirements in cash equivalents and other short-term investments. Financial assets available for general expenditures within one year of the Consolidated Statements of Financial Position date comprised of the following as of June 30, 2023 and 2022:

	2023	2022
Operating cash and cash equivalents	$ 69,324	$ 66,292
Operating investments	516,244	607,491
	$ 585,568	$ 673,783

The Organization's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specified purposes with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. The Organization has an annual grant approval process. This process includes evaluating a number of factors relative to the spending rate to be applied to the Organization's fund balances in accordance with its spending policy. Once the Organization's Board approves the spending rate, the related dollar amount of the funds becomes available for general expenditures.

While not subject to the Organization's spending policy, expenditures from donor-restricted non-endowed funds must be approved by the Board and, therefore, are not available for general expenditure until that time. Non-endowed funds are held in cash, cash equivalents, or liquid investments and are made available upon appropriation.

The Organization relies on the administrative fees it charges its funds annually which is 2% of fund balance to fund operational expenditures. The Organization also has an operating reserve with the intention that it not be depleted and only used for reserve funding of the operations when needed.

10. COMMITMENTS

The Organization had awarded conditional scholarships of $176,500 and $191,661 at June 30, 2023 and 2022, respectively. These amounts will not be paid until the related conditions have been met; therefore, a liability related to these scholarships has not been recognized.

11. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts insured by the Federal Deposit Insurance Corporation at its current coverage levels. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to these accounts.

Investments are maintained with one investment firm. Such balances exceed the Securities Investor Protection Corporation insured limits of up to $500,000.