



The Richland County Foundation

Financial Statements

December 31, 2020 and 2019



The Richland County Foundation

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Independent Auditor's Report

To the Audit Committee of
The Richland County Foundation
181 South Main Street
Mansfield, Ohio 44902

Report on the Financial Statements

We have audited the accompanying financial statements of The Richland County Foundation (a non-profit corporation) (the Foundation), which comprise the statement of statements of assets, liabilities, and net assets - modified cash basis as of December 31, 2020 and 2019, the related statements of revenue collected, expenditures paid and other changes - modified cash basis and the statement of functional expenses - modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note B; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of The Richland County Foundation of as of December 31, 2020 and 2019, and its support, revenue and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note B.

Report on Summarized Comparative Information

We have previously audited The Richland County Foundation's December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Wilging, Roush & Parsons CPAs

Wilging, Roush & Parsons CPAs

Mansfield, Ohio

May 17, 2021

The Richland County Foundation
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis
December 31, 2020 and 2019

Assets

	2020	2019
<u>Cash and Investments</u>		
Cash and cash equivalents	\$ 837,554	\$ 942,557
Investments	198,472,822	175,473,875
Total cash and investments	199,310,376	176,416,432
 <u>Property and Equipment</u>		
Land and land improvements	348,357	348,357
Building	1,052,406	1,052,406
Furniture and fixtures	129,334	128,601
Office equipment	50,690	50,690
Computer equipment	58,664	56,285
Property and equipment, at cost	1,639,451	1,636,339
Less: accumulated depreciation	(375,365)	(326,172)
Property and equipment, net of accumulated depreciation	1,264,086	1,310,167
Total assets	\$ 200,574,462	\$ 177,726,599

Liabilities and Net Assets

	2020	2019
<u>Liabilities</u>		
Payroll taxes withheld	\$ 1,996	\$ 4,769
Annuity contracts payable	44,585	47,157
Funds held as agency endowments	8,448,931	7,607,587
Total liabilities	8,495,512	7,659,513
 <u>Net Assets</u>		
Without donor restrictions	107,571,381	93,106,420
With donor restrictions	84,507,569	76,960,666
Total net assets	192,078,950	170,067,086
 Total liabilities and net assets	\$ 200,574,462	\$ 177,726,599

The accompanying notes are an integral part of these financial statements

The Richland County Foundation
Statement of Revenue Collected, Expenditures Paid and Other Changes in Net Assets - Modified Cash Basis
For the Year Ended December 31, 2020
(With Comparative Totals For The Year Ended December 31, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Public Support and Revenue:</u>				
Contributions	\$ 8,643,535	\$ 1,001,656	\$ 9,645,191	\$ 2,825,338
<u>Investment Income</u>				
Interest and dividends	1,748,089	1,314,850	3,062,939	3,354,729
Realized gains and (losses) on investments, net	546,075	658,837	1,204,912	1,674,373
Unrealized gains and (losses) on investments, net	7,497,670	7,730,561	15,228,231	22,313,675
Other investment income	113,743	118,506	232,249	0
Less: Investment and custody fees	(252,920)	0	(252,920)	(204,219)
Net investment (loss) income	9,652,657	9,822,754	19,475,411	27,138,558
Change in gift annuity value	0	(6,803)	(6,803)	(3,512)
Administrative fee charged to agency funds	25,360	0	25,360	24,470
Net assets released from restrictions	3,320,122	(3,320,122)	0	0
Reclassification of net assets	(49,418)	49,418	0	0
Total public support and revenue	21,592,256	7,546,903	29,139,159	29,984,854
<u>Functional Expenses:</u>				
Program services	6,539,747	0	6,539,747	6,431,653
Management and general	281,447	0	281,447	269,004
Fundraising	306,101	0	306,101	215,389
Total functional expenses	7,127,295	0	7,127,295	6,916,046
Increase (decrease) in net assets	14,464,961	7,546,903	22,011,864	23,068,808
Net assets, beginning of year	93,106,420	76,960,666	170,067,086	146,998,278
Net assets, end of year	\$ 107,571,381	\$ 84,507,569	\$ 192,078,950	\$ 170,067,086

The accompanying notes are an integral part of these financial statements

The Richland County Foundation
Statement of Functional Expenses - Modified Cash Basis
For the Year Ended December 31, 2020

<u>Expenses</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
<u>Net grants paid</u>	\$ 6,175,522	\$ 0	\$ 0	\$ 6,175,522
<u>Personnel</u>				
Salaries	217,097	154,285	102,730	474,112
Employee insurance	31,281	16,681	11,501	59,463
Payroll taxes	17,260	12,266	8,168	37,694
Employee 403(b) plan	10,855	7,714	5,137	23,706
Retirement compensation	0	0	0	0
Total personnel	<u>276,493</u>	<u>190,946</u>	<u>127,536</u>	<u>594,975</u>
<u>Occupancy</u>				
Utilities and telephone	4,450	3,162	2,106	9,718
Building maintenance and cleaning	7,689	5,464	3,638	16,791
Security	352	250	166	768
Total occupancy	<u>12,491</u>	<u>8,876</u>	<u>5,910</u>	<u>27,277</u>
<u>Operating Expenses</u>				
Professional fees	7,783	21,245	0	29,028
Annual report	0	11,489	0	11,489
Asset development, marketing and technology	1,248	887	7,202	9,337
Capacity building	2,134	0	0	2,134
Community relations	0	1,163	135,975	137,138
Computers support and license fees	16,311	11,592	7,718	35,621
Depreciation and amortization	22,526	16,008	10,659	49,193
Donor and volunteer recognition	0	0	0	0
Equipment maintenance and repair	828	589	392	1,809
Office supplies and expense	4,734	5,335	2,240	12,309
Travel	261	185	123	569
Professional dues	9,020	6,410	4,269	19,699
Publications and subscriptions	87	62	41	190
Staff and board development and training	1,360	1,339	643	3,342
Printing	1,472	1,046	696	3,214
Insurance	4,570	3,248	2,163	9,981
Miscellaneous	2,907	1,027	534	4,468
Total operating expenses	<u>75,241</u>	<u>81,625</u>	<u>172,655</u>	<u>329,521</u>
Total personnel, occupancy and operating expenses	<u>364,225</u>	<u>281,447</u>	<u>306,101</u>	<u>951,773</u>
Total expenses	<u>\$ 6,539,747</u>	<u>\$ 281,447</u>	<u>\$ 306,101</u>	<u>\$ 7,127,295</u>

The accompanying notes are an integral part of these financial statements

The Richland County Foundation
Statement of Functional Expenses - Modified Cash Basis
For the Year Ended December 31, 2019

<u>Expenses</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
<u>Net grants paid</u>	\$ 6,072,890	\$ 0	\$ 0	\$ 6,072,890
<u>Personnel</u>				
Salaries	208,337	148,795	98,813	455,945
Employee insurance	27,037	4,971	9,848	41,856
Payroll taxes	15,505	11,074	7,354	33,933
Employee 403(b) plan	8,085	7,368	4,940	20,393
Retirement compensation	0	4,466	0	4,466
Total personnel	<u>258,964</u>	<u>176,674</u>	<u>120,955</u>	<u>556,593</u>
<u>Occupancy</u>				
Utilities and telephone	4,533	3,239	2,151	9,923
Building maintenance and cleaning	13,591	9,707	6,445	29,743
Security	351	251	166	768
Total occupancy	<u>18,475</u>	<u>13,197</u>	<u>8,762</u>	<u>40,434</u>
<u>Operating Expenses</u>				
Professional fees	7,008	18,125	0	25,133
Annual report	0	11,369	0	11,369
Asset development, marketing and technology	436	311	8,065	8,812
Capacity building	7,369	0	0	7,369
Community relations	0	0	45,048	45,048
Computers support and license fees	14,074	10,051	6,675	30,800
Depreciation and amortization	25,350	18,105	12,023	55,478
Donor and volunteer recognition	38	27	1,752	1,817
Equipment maintenance and repair	1,366	976	648	2,990
Office supplies and expense	4,840	5,335	2,295	12,470
Travel	895	639	425	1,959
Professional dues	8,329	5,949	3,950	18,228
Publications and subscriptions	106	76	51	233
Staff and board development and training	3,520	2,514	1,670	7,704
Printing	1,072	766	509	2,347
Insurance	4,369	3,120	2,072	9,561
Miscellaneous	2,552	1,770	489	4,811
Total operating expenses	<u>81,324</u>	<u>79,133</u>	<u>85,672</u>	<u>246,129</u>
Total personnel, occupancy and operating expenses	<u>358,763</u>	<u>269,004</u>	<u>215,389</u>	<u>843,156</u>
Total expenses	<u>\$ 6,431,653</u>	<u>\$ 269,004</u>	<u>\$ 215,389</u>	<u>\$ 6,916,046</u>

The accompanying notes are an integral part of these financial statements

The Richland County Foundation
Notes to Financial Statements
December 31, 2020 and 2019

Note A - Summary of Foundation and Nature of Activities

Foundation

The Richland County Foundation (the Foundation) is a nonprofit Ohio corporation governed by a volunteer Board of Directors.

Nature of Activities

The Richland County Foundation is a Community Foundation (the "Foundation") with a mission to improve the quality of life in Richland County through organized philanthropy. The Foundation's primary source of revenue is contributions and bequests from individuals and organizations in the Richland County area.

Note B - Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The financial statements of the Foundation have been prepared on a modified basis of cash collected and paid. Accordingly, the financial statements do not reflect unrealized pledges receivable, undistributed grants and commitments, and other revenue earned but not yet collected and expenditures incurred but not yet paid.

Use of Estimates

The Foundation uses estimates and assumptions in the preparation of the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Cash and Cash Equivalents

For purposes of the statements of financial position - modified cash basis, the Foundation considers cash on hand along with checking and savings held at financial institutions as cash. The Foundation maintains its cash accounts with local financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended December 31, 2020 and 2019. At various times during the year, the Foundation's balances in the accounts may exceed the insured amount. Total exceeding FDIC insured amounts at December 31, 2020 and 2019 were \$511,491 and \$856,638, respectively.

Investments

Investment purchases are initially recorded at cost, or, when contributed to the Foundation, at the fair market values of the investment assets received at the date of contribution.

The Foundation records investments of debt and equity securities at their fair values in the statement of assets, liabilities and net assets - modified cash basis. The market values for alternative investments represent the Foundation's pro-rata interest in the net assets of each investment and are based on financial information determined and reported by the investment managers. Unrealized gains and losses are included in the change in net assets in the statement of revenue collected, expenditures paid and other changes in net assets - modified cash basis.

The Richland County Foundation
Notes to Financial Statements
December 31, 2020 and 2019

Note B - Summary of Significant Accounting Policies (continued)

Investments (continued)

Alternative investments not publicly traded on national security exchanges are generally illiquid, and their fair values have been estimated by investment managers in the absence of readily ascertainable market values. Because of inherent uncertainties in the valuation of alternative investments, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the value of investments in the near term would materially affect the amounts reported in the financial statements.

Contributions and Bequests

Contributions received, including contributed services and non-cash items, are recognized as revenues in the period received at their fair value. The Foundation reports gifts of cash, investments and other assets as restricted support if they are received with donor stipulations that limit the use or time of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets. Subsequent gains or losses on the sale and reinvestment of assets received are recognized as they occur.

Funds Held as Agency Endowments

If a not-for-profit organization has established a fund with its own funds and specifies itself as the beneficiary of that fund, the Foundation accounts for the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments.

The Foundation maintains variance power and legal ownership of agency endowment funds and as such continues to report the funds as assets of the Foundation. However, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the Not-For-Profit organizations.

At December 31, 2020, the Foundation was the owner of thirty agency endowment funds with a combined value of \$8,448,931. At December 31, 2019, the Foundation was the owner of thirty agency endowment funds with a combined value of \$7,607,587.

The Richland County Foundation
Notes to Financial Statements
December 31, 2020 and 2019

Note B - Summary of Significant Accounting Policies (continued)

Net Asset Classifications:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor imposed restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met with the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

In-Kind Donations

The Foundation records the value of in-kind donations when received and when there is an objective basis available to measure their value. During 2020 and 2019, the Foundation was the recipient of donations with a total fair market value, at the date of donation, of \$69,017 and \$17,851, respectively.

Donated property and equipment are recorded as support at their estimated fair market value at the date the donation is received. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions ratably over the life of the donated or acquired assets.

Donated Services

The Foundation recognizes donated services contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation, Inc. had a large number of volunteers who donated substantial amounts of time for the campaigns and various programs and administrative activities. Because these services do not meet the above requirements, they are not recorded in the financial statements.

Property and Equipment

Property and equipment are recorded at either cost, if purchased, or at fair market value, if donated. The Foundation's policy is to capitalize property and equipment additions that cost more than \$250 and have useful lives of more than one year. Generally, major renewals and improvements over \$250 are charged to the property and equipment accounts while maintenance and repairs which do not improve or extend the life of the respective assets are expensed. At the time properties are retired or otherwise disposed of, the property and related accumulated depreciation accounts are relieved of the applicable amounts. Gain or loss from normal retirements or sales is credited or charged to income. Depreciation is provided over the estimated useful life of the related asset using the straight-line method.

The Richland County Foundation
Notes to Financial Statements
December 31, 2020 and 2019

Note B - Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

The following useful lives were used in determining depreciation:

	<u>Estimated Useful Life in Years</u>
Land and land improvements	3 - 25
Building	10 - 40
Furniture and fixtures	5 - 10
Office equipment	5 - 10
Computer equipment	3 - 5

Depreciation expense was \$49,193 and \$53,297 for the years ended December 31, 2020 and 2019,

Intangible Asset

The cost of website development is amortized straight line over five years. The website became operational in 2015.

Amortization expense was \$0 and \$2,181 for the years ended December 31, 2020 and 2019, respectively.

Income Tax Status

The Foundation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The Foundation had no unrelated business income for the years ended December 31, 2020 and 2019, respectively. Accordingly, the accompanying financial statements include no provision for income taxes.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Foundation and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for December 31, 2020 and 2019.

The Foundation files its forms 990 in the U.S. federal jurisdiction and the office of the state's Attorney General for the State of Ohio. The Foundation is generally no longer subject to examination by the Internal Revenue Service after three years.

The Richland County Foundation
Notes to Financial Statements
December 31, 2020 and 2019

Note B - Summary of Significant Accounting Policies (continued)

Income Tax Status (continued)

The Foundation's evaluation on December 31, 2020 and 2019, respectively revealed no tax positions that would have a material impact on the financial statements. The Foundation does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Advertising Costs

The Foundation participates in various promotions and publications. All costs related to advertising are expensed in the period incurred. Total advertising costs for the years ended December 31, 2020 and 2019 were \$36,178 for \$31,246, respectively.

Functional Allocation of Expenses

Expenses by function have been allocated among program and supporting services classification on the basis of actual expenses incurred by the program or supporting services, time records, and estimates made by the Foundation's management.

Reclassification

Certain amounts from the prior year have been reclassified to conform to the current year presentation.

Note C - Cash and Cash Equivalents

The cash balance was \$837,544 and \$942,557 at December 31, 2020 and 2019, respectively:

Note D - Investments

The investment balance was comprised of the following at December 31, 2020 and 2019, respectively:

	2020	2019	2020	2019
	Cost	Cost	Fair Market Value	Fair Market Value
<u>At published quoted values:</u>				
Cash and cash equivalents	\$ 1,694,227	\$ 7,330,895	\$ 1,694,227	\$ 7,330,895
Equities	68,623,340	62,465,369	125,444,490	106,563,925
Fixed income	36,676,317	35,360,902	38,797,156	36,152,133
Alternative investments	6,883,027	8,234,611	6,978,141	7,985,247
<u>At net asset or other value:</u>				
Alternative investments	20,942,503	14,455,903	25,558,808	17,441,675
Total investments	<u>\$ 134,819,414</u>	<u>\$ 127,847,680</u>	<u>\$ 198,472,822</u>	<u>\$ 175,473,875</u>

The Richland County Foundation
Notes to Financial Statements
December 31, 2020 and 2019

Note D - Investments (continued)

The majority of the funds included in the cash and cash equivalents is invested in money market funds which are not federally insured.

Note E - Pooled Income Fund

The Richland County Foundation is the income and principal beneficiary of various remainder interest gifts, which have been combined into a pooled income fund held by Richland Bank. No income or principal will be received by the Foundation until the deaths of the donors or their beneficiaries. The carrying value of the pooled income fund at December 31, 2020 and 2019 is \$374,829 and \$375,395, respectively and the fair value is \$390,208 and \$380,368, respectively.

Note F - Split-Interest Agreements

At December 31, 2020 and 2019, the Foundation has recorded approximately \$88,966 and \$89,762, respectively, in fair value of split-interest agreements as an asset in its statement of assets, liabilities and net assets - modified cash basis. Assets received under these agreements are recorded at fair value and in the appropriate net asset category based on donor stipulation. Related contributions per the agreements are recognized as contributions revenue and are equal to the present value of future benefits to be received by the Foundation over the term of the agreements. No contributions were received in 2020 and 2019, respectively. A liability has been established for the split-interest agreements as the Foundation is obligated to the annuitants under charitable gift annuities. The liability totaled approximately \$44,585 at December 31, 2020 and \$47,157 at December 31, 2019. During the term of these agreements, changes in the value of the split-interest agreements are recognized in the statements of revenue collected, expenditures paid and other changes in net assets - modified cash basis based on accretion of the discounted amount of the contribution, and reevaluations of the expected future payments to be paid by the Foundation based on changes in life expectancy and other assumptions. Annuity rates of 5.7% to 7.3% were used in the calculations at the dates of the contributions.

Note G - Endowment Funds

The Foundation's endowment consists of approximately 169 individual funds established for a variety of purposes. Its endowment includes both donor restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Richland County Foundation
Notes to Financial Statements
December 31, 2020 and 2019

Note G - Endowment Funds (continued)

Interpretation of Relevant Law

The Foundation is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Trustees of the Foundation has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

Interpretation of Relevant Law

- (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 Foundation

Endowment Net Asset Composition

The endowment net asset composition by type of fund as of December 31, 2020 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Donor designated endowment funds:</u>			
Designated	\$ 0	\$ 12,935,685	\$ 12,935,685
Agency	0	3,854,708	3,854,708
Field of interest	0	5,456,845	5,456,845
Individual assistance	0	1,494,508	1,494,508
Scholarship	0	13,708,167	13,708,167
Donor advised	94,166	53,395	147,561
Undesignated	2,218,644	1,857,814	4,076,458
<u>Other endowment funds:</u>			
Field of interest	0	727,169	727,169
Undesignated	272,498	444,784	717,282
Total Endowment Funds	\$ 2,585,308	\$ 40,533,075	\$ 43,118,383

The Richland County Foundation
Notes to Financial Statements
December 31, 2020 and 2019

Note G - Endowment Funds (continued)

The endowment net asset composition by type of fund as of December 31, 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Donor designated endowment funds:</u>			
Designated	\$ 0	\$ 11,720,291	\$ 11,720,291
Agency	0	3,493,930	3,493,930
Field of interest	0	4,700,087	4,700,087
Individual assistance	0	1,360,848	1,360,848
Scholarship	0	12,444,648	12,444,648
Donor advised	71,481	38,389	109,870
Undesignated	1,890,164	1,856,015	3,746,179
<u>Other endowment funds:</u>			
Field of interest	0	642,239	642,239
Undesignated	213,204	426,847	640,051
Total Endowment Funds	<u>\$ 2,174,849</u>	<u>\$ 36,683,294</u>	<u>\$ 38,858,143</u>

Reconciliation of Changes in Endowment Net Assets

The Foundation's reconciliation of the beginning and ending balances of the endowment, in total and by net asset classes for the year ended December 31, 2020 follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 2,174,849	\$ 36,683,294	\$ 38,858,143
Investment return, net	787,764	4,325,413	5,113,177
Contributions	9,100	321,951	331,051
Amounts appropriated for expenditure	(499,024)	(840,602)	(1,339,626)
Interfund transfers	112,619	43,019	155,638
Endowment net assets, end of year	<u>\$ 2,585,308</u>	<u>\$ 40,533,075</u>	<u>\$ 43,118,383</u>

The Foundation's reconciliation of the beginning and ending balances of the endowment, in total and by net asset classes for the year ended December 31, 2019 follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 1,562,571	\$ 31,557,178	\$ 33,119,749
Investment return, net	577,039	5,780,677	6,357,716
Contributions	0	612,098	612,098
Amounts appropriated for expenditure	(73,686)	(1,161,231)	(1,234,917)
Interfund transfers	108,925	(105,428)	3,497
Endowment net assets, end of year	<u>\$ 2,174,849</u>	<u>\$ 36,683,294</u>	<u>\$ 38,858,143</u>

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Note G - Endowment Funds (continued)

Description of Amounts Classified as Net Assets with Donor Restrictions

Following is a description of the amounts classified as Net Assets with Donor Restrictions of the Foundation (Endowment only) for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Original donor restricted endowment gift amount and amounts required to be restricted by donor	\$ 25,183,106	\$ 24,715,943
Accumulated investment gains or endowment funds with purpose restrictions	15,349,969	11,967,351
Total endowment funds classified as net asset with donor restrictions	<u>\$ 40,533,075</u>	<u>\$ 36,683,294</u>

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist in one donor-restricted endowment fund, which had an original gift value of \$2,699, a current fair value of \$373, and a deficiency of \$2,326 as of December 31, 2020. Deficiencies of this nature exist in seven donor-restricted endowment funds, which together have an original gift value of \$2,699, a current fair value of \$329, and a deficiency of \$2,370 as of December 31, 2019. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to charitable organizations in the community that are supported by its endowment funds, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the organization must hold in perpetuity or for a donor specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that allow the portfolio to grow at the spending rate plus the rate of inflation over a market cycle, generally 7-10 years. Inflation is measured by the consumer price index (CPI). The investment objective should be achieved with the least required level of portfolio volatility. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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

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Notes to Financial Statements
December 31, 2020 and 2019

Note G - Endowment Funds (continued)

Spending Policy and How Investment Objectives Relate

The spending policy is used to annually calculate the amount of money available to be distributed from the Foundation's various endowment funds for grant making and operations. The Foundation has a policy of appropriating for distribution each year a rate of 4% in 2020 and 2019 of its endowment fund's average fair value over the prior 12 quarters through September 30th preceding the year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3 percent annually. The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. The governing board appropriated for expenditure \$0 from underwater endowment funds during the year.

Note H - Funds Held as Agency Endowments

The following summarizes the activity funds held as agency endowments for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Agency endowment fund balances, beginning of year	\$ 7,607,587	\$ 6,513,674
Contributions and bequests	31,756	61,336
Interest and dividends	134,241	154,814
Net realized investment gains	68,121	87,539
Net unrealized gains (losses) on investments	798,981	1,023,059
Other investment income	12,122	0
Grants paid	(167,624)	(199,620)
Investment and custodial fees	(10,893)	(8,745)
Administrative expenses allocate to agency endowment funds	(25,360)	(24,470)
Agency endowment fund balances, end of year	<u>\$ 8,448,931</u>	<u>\$ 7,607,587</u>

Note I - Grants and Commitments

Grants and commitments approved by the Foundation but not yet paid at December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
2020	\$ 48,525	\$ 256,935
2021	817,083	28,333
2022	155,833	28,333
2023	121,667	0
2024	16,667	0
Total Grants and Commitment	<u>\$ 1,159,775</u>	<u>\$ 313,601</u>

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Notes to Financial Statements
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Note J - Employee Pension and 403(b) Plan

The Foundation adopted a 403(b) plan on January 1, 2017, the plan covers all full-time employees who meet certain requirements. The plan includes elective salary deferrals, a mandatory employer nonelective contribution of 4% and an optional employer discretionary contribution. The Foundation's discretionary contribution for years ended December 31, 2020 and 2019 was one percent, respectively. The Foundation contributed \$23,706 and \$20,393 to the plan for years ended December 31, 2020 and 2019, respectively.

Note K - Concentrations

During the year ended December 31, 2020, the Foundation received two gifts which totaled more than 81% of the total contributions for the year.

During the year ended December 31, 2019, the Foundation received four gifts which totaled more than 30% of the total contributions for the year.

The Richland County Foundation
Notes to Financial Statements
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Note L - Summary of Fair Value Exposure

Fair value is defined as the price that would be received between market participants at the measurement date. To increase consistency and comparability in fair value measurements and related disclosures the fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted prices in active markets for identical assets that the Foundation has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 and include assets that have a specified (contractual) term. Level 3 inputs are unobservable inputs where there is little, if any, market activity for the asset at the measurement date.

Fair Value Measurement defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e., an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical assets.

Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-

Carrying amounts of cash and cash equivalents, and liabilities approximate fair value under Level 1.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.).

Financial assets and liabilities are valued using inputs quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, and corporate debt securities.

Level 3: Significant unobservable inputs (including Foundation's own assumptions in determining the fair value of the assets).

Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. Level 3 includes private equity, venture capital, hedge funds and real estate.

The inputs and methodology used for valuing the Foundation's financial assets and liabilities are not indicators of the risks associated with those securities.

The Foundation believes that the carrying amount of its investments is a reasonable fair value as of December 31, 2020 and 2019, respectively.

The Richland County Foundation
Notes to Financial Statements
December 31, 2020 and 2019

Note L - Summary of Fair Value Exposure (continued)

The following tables provide fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2020 and 2019:

	2020			
	Level 1	Level 2	Level 3	Total
<u>Assets:</u>				
Cash and cash equivalents	\$ 1,694,227	\$ 0	\$ 0	\$ 1,694,227
Equities	125,444,490	0	0	125,444,490
Fixed income	38,797,156	0	0	38,797,156
Alternative investments	6,978,141	0	0	6,978,141
Total	<u>\$ 172,914,014</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 172,914,014</u>

	2019			
	Level 1	Level 2	Level 3	Total
<u>Assets:</u>				
Cash and cash equivalents	\$ 7,330,895	\$ 0	\$ 0	\$ 7,330,895
Equities	106,563,925	0	0	106,563,925
Fixed income	36,152,133	0	0	36,152,133
Alternative investments	7,985,247	0	0	7,985,247
Total	<u>\$ 158,032,200</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 158,032,200</u>

The Foundation presents Disclosures for Investments in Certain Entities that Calculate Net Asset Value per share. Certain investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of assets, liabilities and net assets - modified cash basis.

Additional information regarding the alternative investments valued at their net asset or other value is as follows as of December 31, 2020 and 2019:

	Fair Value 2020	Fair Value 2019	Redemption Frequency if Currently Eligible	Redemption Notice Period
<u>Multi-Strategy Hedge Funds:</u>				
Weatherlow Offshore Fund I Ltd	\$ 9,381,375	\$ 6,636,214	Quarterly	65 days
Black Diamond Arbitrage, LTD	6,242,416	6,083,374	Last day of month	45 business days
<u>Partnership Investment:</u>				
White Oak Limited Liability Partnership	4,734,180	4,722,087	Semi-annually	180 days
Harrison Street Core Property Fund, L.P.	5,200,837	0	Quarterly	45 days
Total	<u>\$ 25,558,808</u>	<u>\$ 17,441,675</u>		

The Richland County Foundation
Notes to Financial Statements
December 31, 2020 and 2019

Note L - Summary of Fair Value Exposure (continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value or certain financial instruments could result in a different fair value measurement as of the reporting date.

The Foundation recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer.

Note M - Net Assets With Donor Restrictions

The net assets with donor restrictions was comprised of the following at December 31, 2020 and 2019, respectively:

	2020	2019
Donor restricted to maintain as an endowment	\$ 40,533,075	\$ 36,683,294
Donor restricted designated for non-endowment	43,974,494	40,277,372
Total net assets with donor restrictions	\$ 84,507,569	\$ 76,960,666

The composition of with donor restrictions net assets are comprised of the following for the years ended December 31, 2020 and 2019, respectively.

	2020	2019
<u>Donor designated endowment funds:</u>		
Designated	\$ 12,935,685	\$ 11,720,291
Agency	3,854,708	3,493,930
Field of interest	5,456,845	4,700,087
Individual assistance	1,494,508	1,360,848
Scholarship	13,708,167	12,444,648
Donor advised	53,395	38,389
Undesignated	1,857,814	1,856,015
<u>Other endowment funds:</u>		
Field of interest	727,169	642,239
Undesignated	444,784	426,847
Total Endowment Funds	40,533,075	36,683,294
<u>Donor designated non-endowment</u>		
Designated	\$ 13,120,902	\$ 12,076,328
Agency	4,102,719	3,747,266
Field of interest	12,636,429	11,404,458
Charitable gift annuity	44,381	42,606
Individual assistance	4,068,801	3,649,443
Project	394,444	603,310
Scholarship	9,476,404	8,634,657
Undesignated	130,414	119,304
Total Non-Endowment Funds	43,974,494	40,277,372
Total Net Assets With Donor Restrictions	\$ 84,507,569	\$ 76,960,666

The Richland County Foundation
Notes to Financial Statements
December 31, 2020 and 2019

Note N - Liquidity and Availability of Financial Assets

The Foundation monitors its liquidity so that it is able to meet its operating needs. The following table reflects the Foundation's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general operating expenditure within one year. Financial assets are considered unavailable when not liquid or not convertible into cash within one year, assets held for others, or board designated funds.

	<u>2020</u>	<u>2019</u>
<u>Financial Assets:</u>		
Cash and cash equivalents	\$ 837,554	\$ 942,557
Investments	198,472,822	175,473,875
Total financial assets	<u>\$ 199,310,376</u>	<u>\$ 176,416,432</u>
<u>Less those unavailable for general expenditures within one year, due to:</u>		
Donor restricted to maintain as an endowment	40,533,075	36,683,294
Donor restricted designated for non-endowment	43,974,494	40,277,372
Funds held as agency endowments	8,448,931	7,607,587
Total amounts not available for general expenditure within on year	<u>92,956,500</u>	<u>84,568,253</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 106,353,876</u></u>	<u><u>\$ 91,848,179</u></u>

The Organization manages its cash available to meet general expenditures following three guiding principles: (1) operating with prudent range of financial soundness and stability, (2) maintaining adequate liquid assets, and (3) maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments and obligations will continue to be met, ensuring the sustainability of the Organization.

The Richland County Foundation
Notes to Financial Statements
December 31, 2020 and 2019

Note P - Subsequent Events

Management has evaluated subsequent events through May 17, 2021, the date the financial statements were available to be issued. No material subsequent events were noted.