

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

CONSOLIDATED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024 AND 2023

CPAs / ADVISORS



HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

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

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Heritage Fund - The Community Foundation of Bartholomew County
Columbus, Indiana

Opinion

We have audited the accompanying consolidated financial statements of Heritage Fund - The Community Foundation of Bartholomew County and Affiliates (the "Organization"), a nonprofit organization, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, 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 as of December 31, 2024 and 2023, and 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 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 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 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 judgment 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.

Report on Supplementary Information

Our 2024 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 23 to 25 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the

consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Blue & Co., LLC

Seymour, Indiana

April 30, 2025

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
Investments		
Cash and cash equivalents	\$ 2,176,236	\$ 3,091,467
Certificates of deposit	1,192,000	1,140,000
Investments	106,773,628	94,461,147
Charitable trusts	124,024	124,743
Life insurance	105,185	103,087
Interest in perpetual trust	98,437	96,066
Receivables		
Contributions, net	119,804	119,804
Notes, net	-0-	525,136
Other		
Property and equipment, net	612,679	641,818
Other assets	19,802	11,271
	<u>\$ 111,221,795</u>	<u>\$ 100,314,539</u>

See accompanying notes to consolidated financial statements.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2024 AND 2023

LIABILITIES AND NET ASSETS

	2024	2023
Custodial funds		
Reciprocal agency	\$ 3,235,060	\$ 3,115,979
Designated bequests	10,241,345	9,333,006
Payables		
Accounts	15,032	20,336
Grants	433,250	-0-
Charitable trusts	124,024	124,743
Total liabilities	14,048,711	12,594,064
Net assets		
Without donor restrictions		
Operating	1,807,546	1,607,907
Board designated administrative endowment	1,765,733	1,704,280
Board designated reserves	1,524,511	1,031,431
	5,097,790	4,343,618
With donor restrictions		
Restricted for specified purposes	21,749,822	19,951,908
Restricted due to time restrictions	323,426	318,957
Endowment funds	70,002,046	63,105,992
	92,075,294	83,376,857
Total net assets	97,173,084	87,720,475
	\$ 111,221,795	\$ 100,314,539

See accompanying notes to consolidated financial statements.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenues				
Contributions	\$ 38,126	\$ 6,144,665	\$ 6,182,791	\$ 6,142,507
Investment return, net	473,022	10,466,208	10,939,230	11,330,569
Change in value of split-interest agreement	-0-	2,371	2,371	4,481
Administrative fees	1,324,716	-0-	1,324,716	1,245,280
Other revenue	86,340	-0-	86,340	89,843
Net assets released from restrictions	<u>7,914,807</u>	<u>(7,914,807)</u>	<u>-0-</u>	<u>-0-</u>
Total support and revenues	9,837,011	8,698,437	18,535,448	18,812,680
Expenses				
Program services	8,288,717	-0-	8,288,717	8,708,359
Management and general	440,164	-0-	440,164	335,965
Fundraising and development	<u>353,958</u>	<u>-0-</u>	<u>353,958</u>	<u>353,096</u>
Total expenses	<u>9,082,839</u>	<u>-0-</u>	<u>9,082,839</u>	<u>9,397,420</u>
Change in net assets	754,172	8,698,437	9,452,609	9,415,260
Net assets, beginning of year	<u>4,343,618</u>	<u>83,376,857</u>	<u>87,720,475</u>	<u>78,305,215</u>
Net assets, end of year	<u>\$ 5,097,790</u>	<u>\$ 92,075,294</u>	<u>\$ 97,173,084</u>	<u>\$ 87,720,475</u>

See accompanying notes to consolidated financial statements.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions	\$ 17,767	\$ 6,124,740	\$ 6,142,507
Investment return, net	318,348	11,012,221	11,330,569
Change in value of split-interest agreement	-0-	4,481	4,481
Administrative fees	1,245,280	-0-	1,245,280
Other revenue	73,862	15,981	89,843
Net assets released from restrictions	8,378,029	(8,378,029)	-0-
Total support and revenues	10,033,286	8,779,394	18,812,680
Expenses			
Program services	8,708,359	-0-	8,708,359
Management and general	335,965	-0-	335,965
Fundraising and development	353,096	-0-	353,096
Total expenses	9,397,420	-0-	9,397,420
Change in net assets	635,866	8,779,394	9,415,260
Net assets, beginning of year	3,707,752	74,597,463	78,305,215
Net assets, end of year	\$ 4,343,618	\$ 83,376,857	\$ 87,720,475

See accompanying notes to consolidated financial statements.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024				2023			
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Grants	\$ 5,758,732	\$ -0-	\$ -0-	\$ 5,758,732	\$ 6,457,807	\$ -0-	\$ -0-	\$ 6,457,807
Special projects	966,490	-0-	-0-	966,490	835,280	-0-	-0-	835,280
Salaries and wages	288,606	174,383	197,322	660,311	228,443	150,275	226,736	605,454
Payroll taxes and employee benefits	45,742	27,639	31,274	104,655	39,873	26,230	39,575	105,678
Annual meeting and report	1,685	1,685	13,482	16,852	1,605	1,605	12,842	16,052
Professional fees	3,721	29,771	3,721	37,213	3,856	30,844	3,855	38,555
Dues and subscriptions	-0-	6,210	690	6,900	-0-	5,674	630	6,304
Endowment development	-0-	-0-	22,595	22,595	-0-	-0-	8,156	8,156
Equipment rental, repairs and maintenance	8,724	17,447	8,725	34,896	5,880	11,760	5,879	23,519
Computer support	-0-	102,794	-0-	102,794	-0-	42,300	-0-	42,300
Insurance	-0-	15,739	-0-	15,739	-0-	8,412	-0-	8,412
Utilities	4,732	9,465	4,732	18,929	4,243	8,486	4,242	16,971
Newsletter	1,584	-0-	1,583	3,167	1,191	-0-	1,190	2,381
Postage	357	1,430	5,362	7,149	250	1,003	3,756	5,009
Property taxes	-0-	8,357	-0-	8,357	-0-	8,235	-0-	8,235
Travel	236	118	827	1,181	93	47	326	466
Education	141	70	494	705	25	12	86	123
Office supplies	1,312	3,498	3,936	8,746	1,014	2,703	3,044	6,761
Depreciation	14,484	28,966	14,484	57,934	14,466	28,932	14,466	57,864
Purchased services	-0-	6,997	-0-	6,997	-0-	5,907	-0-	5,907
Administrative fees	1,186,577	-0-	-0-	1,186,577	1,110,795	-0-	-0-	1,110,795
Miscellaneous	5,594	5,595	44,731	55,920	3,538	3,540	28,313	35,391
Total expenses	<u>\$ 8,288,717</u>	<u>\$ 440,164</u>	<u>\$ 353,958</u>	<u>\$ 9,082,839</u>	<u>\$ 8,708,359</u>	<u>\$ 335,965</u>	<u>\$ 353,096</u>	<u>\$ 9,397,420</u>

See accompanying notes to consolidated financial statements.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Operating activities		
Change in net assets	\$ 9,452,609	\$ 9,415,260
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	57,934	57,864
Interest earned on certificates of deposit	(28,607)	(7,575)
Reinvested interest and dividends received on investments	(4,189,262)	(3,173,757)
Realized and unrealized gains on investments	(8,750,670)	(10,085,252)
Restricted contributions for endowment	(3,300,680)	(2,224,130)
Change in value of split-interest agreement	(2,371)	(4,481)
Change in value of life insurance	(2,098)	(2,098)
Change in discount on notes receivable	(49,864)	(15,981)
Change in operating assets and liabilities:		
Other assets	(8,531)	(7,529)
Custodial funds	1,027,420	1,331,632
Accounts payable	(5,304)	(4,439)
Grants payable	433,250	-0-
Net cash flows from operating activities	(5,366,174)	(4,720,486)
Investing activities		
Repayment of notes receivable	575,000	25,000
Purchase of certificates of deposit	(1,192,000)	(892,000)
Maturities of certificates of deposit	1,168,607	1,147,575
Purchase of investments	(14,921,963)	(5,247,857)
Proceeds on sale of investments	15,549,414	6,042,519
Purchases of property and equipment	(28,795)	-0-
Net cash flows from investing activities	1,150,263	1,075,237
Financing activities		
Restricted contributions for endowment	3,300,680	2,224,130
Net change in cash and cash equivalents	(915,231)	(1,421,119)
Cash and cash equivalents, beginning of year	3,091,467	4,512,586
Cash and cash equivalents, end of year	\$ 2,176,236	\$ 3,091,467

See accompanying notes to consolidated financial statements.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

The Heritage Fund - The Community Foundation of Bartholomew County (the "Heritage Fund") is a not-for-profit entity. The Heritage Fund conducts business under the assumed name "Heritage Fund - The Community Foundation of Bartholomew County," however, the entity's legal name is "Heritage Fund of Bartholomew County, Inc." The Heritage Fund is located in Columbus, Indiana, and is organized to provide stewardship of gifts donated for charitable purposes, address community issues, promote positive change in partnership with others, and promote philanthropy within the Bartholomew County area.

The Heritage Fund Supporting Foundation, Inc. (the "Foundation") is a not-for-profit entity organized to manage gifts of property. The Foundation leases office space to the Heritage Fund and other tenants.

Consolidation Policy

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

Management's Estimates

Management uses estimates and assumptions in preparing the 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 or designated by the board for specific use.

Operating – used to fund current operations of the Organization

Board designated administrative endowment – established with the expectation that the principal be maintained in perpetuity to generate grants, subject to the spending policy, used to support the general operations of the Organization as designated by the Board

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

Board designated reserves – used to fund future operations, capital improvements, and initiatives of the Organization as designated by the Board

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 due to time restrictions – all contributions to the Organization with donor restrictions that will be met by the passage of time

Endowment funds – all contributions to the Organization with the intention of the donor that the assets be held in perpetuity and related investment earnings managed in accordance with the Organization's spending policy

Cash and Cash Equivalents

The Organization considers highly liquid instruments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents consists primarily of money market, savings and checking accounts and excludes amounts held by the Organization's fund manager and included in investments.

Investments

The Organization carries its investments at fair value for financial reporting purposes. Changes in unrealized appreciation or depreciation of investments are reflected in the Consolidated Statements of Activities in the period 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.

Contributions Receivable

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Qualifying contributions receivable are discounted at 5%. Management estimates an allowance for doubtful contributions receivable based on an evaluation of historical losses, current economic conditions, and other factors unique to the

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

Organization's donors. No allowance for doubtful contributions receivable was determined necessary as of December 31, 2024 and 2023

Notes Receivable

Notes receivable are stated at unpaid principal balances, less an allowance for credit losses, if applicable, net of any discounts for below market interest-bearing notes. The allowance is based on management's assessment of the current status of the individual notes, current economic conditions, and reasonable and supportable forecasts of future economic conditions for the county. There was no allowance for credit losses at December 31, 2023. Notes receivable are considered delinquent based on specific circumstances of the borrower and are written off when the balance is considered uncollectible. No notes were considered delinquent at December 31, 2023. There were no outstanding notes at December 31, 2024.

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 its estimated useful lives ranging from five to forty years using the straight-line method.

Support, Revenue and Expense Recognition

Contributions, which include unconditional promises to give (contributions receivable), are recognized as support in the period the contribution is received or the promise is made. Contributions received with donor imposed restrictions are reported as restricted support and increase net assets with donor restrictions.

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. 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 support and revenue is 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

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

funds are not included as expenses on the Consolidated Statements of Activities because they are included in the change in custodial funds.

Income Taxes

The Organization is organized as a not-for-profit corporation under Section 501(c)(3) of the United States Internal Revenue Code.

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 December 31, 2024 and 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying consolidated 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.

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 consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function and require allocation on a reasonable basis that is consistently applied. These expenses include salaries and wages, payroll taxes, employee benefits, various occupancy expenses and office supplies. 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.

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 were available to be issued, which is April 30, 2025.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

2. CERTIFICATES OF DEPOSIT

The Organization held certificates of deposit totaling \$1,192,000 and \$1,140,000 at December 31, 2024 and 2023, respectively, with interest rates ranging from 4.05 to 5.00 percent. Maturity dates of these certificates of deposit vary through December 2025. Certificates of deposits are recorded at cost.

3. INVESTMENTS

Investments consist of the following at December 31, 2024 and 2023:

	2024	2023
Cash and cash equivalents	\$ 2,025,859	\$ 2,774,911
Common stocks		
Consumer	1,078,079	955,918
Financial	1,490,708	1,060,422
Industrial	1,549,185	1,766,805
Materials	1,005,052	639,181
Other	2,684,780	2,387,993
Mutual funds		
Equity funds		
Large cap	54,238,356	44,192,640
Small/mid cap	6,830,668	6,132,793
International	12,588,775	12,057,246
Fixed income funds		
Intermediate	23,282,166	22,493,238
	<u>\$ 106,773,628</u>	<u>\$ 94,461,147</u>

4. RISKS AND UNCERTAINTIES

The Organization holds investments in various types of securities (Note 3). 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.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

5. 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 or liabilities (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 or liabilities in active markets that the Organization has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability'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 and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

- *Common stocks*: Valued at the closing price reported on the active market on which the individual securities are traded.
- *Mutual funds*: Valued at the daily closing price as reported by the funds. Mutual funds held by the Organization are open-ended 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.
- *Charitable trusts*: Consists of actively traded mutual funds that are valued at the daily closing price as reported by the funds.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

- *Interest in perpetual trust:* Fair value is determined by calculating Heritage Fund's beneficial share of the underlying investments in the trust.
- *Charitable trusts payable:* Fair value is equal to the charitable trust assets held.

The following tables set forth financial assets and liabilities measured at fair value in the Consolidated Statements of Financial Position and the respective levels to which the fair value measurements are classified within the fair value hierarchy as of December 31, 2024 and 2023:

		2024			
		Fair Value	Level 1	Level 2	Level 3
Assets:					
Common stocks	\$	7,807,804	\$ 7,807,804	\$ -0-	\$ -0-
Mutual funds		96,939,965	96,939,965	-0-	-0-
Charitable trusts		124,024	124,024	-0-	-0-
Interest in perpetual trust		98,437	-0-	-0-	98,437
Liabilities:					
Charitable trusts payable		124,024	-0-	124,024	-0-

		2023			
		Fair Value	Level 1	Level 2	Level 3
Assets:					
Common stocks	\$	6,810,319	\$ 6,810,319	\$ -0-	\$ -0-
Mutual funds		84,875,917	84,875,917	-0-	-0-
Charitable trusts		124,743	124,743	-0-	-0-
Interest in perpetual trust		96,066	-0-	-0-	96,066
Liabilities:					
Charitable trusts payable		124,743	-0-	124,743	-0-

The progression of the interest in perpetual trust during the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Beginning balance	\$ 96,066	\$ 91,585
Change in split-interest agreement	2,371	4,481
	<u>\$ 98,437</u>	<u>\$ 96,066</u>

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

6. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2024 and 2023 is as follows:

	2024	2023
Land	\$ 110,000	\$ 110,000
Buildings and improvements	1,259,445	1,259,445
Office and computer equipment	182,154	229,931
	1,551,599	1,599,376
Less accumulated depreciation	938,920	957,558
	<u>\$ 612,679</u>	<u>\$ 641,818</u>

7. CHARITABLE TRUSTS

The Organization is the trustee and has been named the beneficiary of several Charitable Remainder Unitrusts. Upon termination of the trusts on the beneficiaries' deaths, the trust assets will be held by the Organization for the benefit of other named organizations. The Organization has recorded a liability equal to the fair value of the trust assets as variance power was not granted to the Organization in the trust agreements. The charitable trust liability was \$124,024 and \$124,743 at December 31, 2024 and 2023, respectively.

The assets held under charitable trusts consist of the following at December 31, 2024 and 2023:

	2024	2023
Cash	\$ 4,772	\$ 3,473
Mutual funds		
Equity funds		
Large cap	58,143	57,183
Small/mid cap	27,151	19,918
International	302	8,956
Emerging markets	7,554	7,561
Other	-0-	799
Fixed income funds		
Intermediate	21,775	24,275
Other	4,327	2,578
	<u>\$ 124,024</u>	<u>\$ 124,743</u>

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

8. INTEREST IN PERPETUAL TRUST

The Organization is a one-fifth beneficiary of an irrevocable perpetual trust under which distributions of income only are made to the Organization. The Organization is not the trustee of the trust, but has recorded one-fifth of the fair value of the trust assets in the Consolidated Statements of Financial Position which represents the present value of annual amounts to be received in the future. The Organization has recognized its interest in this perpetual trust as part of net assets with donor restrictions. The Organization's interest under this trust was \$98,437 and \$96,066 at December 31, 2024 and 2023, respectively.

9. CUSTODIAL FUNDS

Custodial funds represent funds placed on deposit with the Organization by other organizations based on their individual board resolutions or funds received through designated bequests which provided no variance power over the use of the funds. 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 2024 and 2023:

	2024	2023
Custodial funds, beginning balance	\$ 12,448,985	\$ 11,117,353
Contributions and grants	70,206	176,265
Investment return, net	1,623,365	1,764,304
Administrative fees	(138,154)	(134,485)
Grant payments	(527,997)	(474,452)
Custodial funds, ending balance	<u>\$ 13,476,405</u>	<u>\$ 12,448,985</u>

10. NOTES RECEIVABLE

The Organization issued a note receivable during 2022 for \$600,000 that had no interest rate applied unless minimum payments were not made, then an interest rate of 3% would accrue through maturity. Annual escalating payments were to be made starting November 2023 and a final balloon payment in November 2027. Given the below market interest rate being utilized, the loan was discounted using an imputed interest rate of 3% for the duration of the note. This resulted in a discount of \$49,864 for a net realizable value of \$525,136 as of December 31, 2023. Payments of \$25,000 were received on this note during 2023, and this note was fully paid during 2024.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2024 and 2023:

	2024	2023
Restricted for specified purposes		
Various based on fund agreements	\$ 21,749,822	\$ 19,951,908
Restricted due to time restrictions		
Contributions receivable	119,804	119,804
Life insurance	105,185	103,087
Interest in perpetual trust	98,437	96,066
	<u>323,426</u>	<u>318,957</u>
Endowment funds		
Restricted in perpetuity	50,881,493	47,580,813
Restricted subject to the Heritage		
Fund's spending policy	19,120,553	15,525,179
	<u>70,002,046</u>	<u>63,105,992</u>
Total net assets with donor restrictions	<u>\$ 92,075,294</u>	<u>\$ 83,376,857</u>

12. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions in the amount of \$7,914,807 and \$8,378,029 based on funds appropriated for expenditure for the years ended December 31, 2024 and 2023, respectively. There were no net assets released from donor restrictions due to time expirations in either year.

13. ENDOWMENT

The majority of the Heritage Fund's funds consist of endowed funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, 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.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

As a result of this interpretation, Heritage Fund 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 Heritage Fund in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Heritage Fund 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 Heritage Fund 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 Heritage Fund
- (7) The investment policies of Heritage Fund

From time to time, due to unfavorable market fluctuations, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level of the donor or UPMIFA requires Heritage Fund to retain as a fund of perpetual duration. Heritage Fund has a policy that does allow spending from underwater endowment funds, unless otherwise precluded by donor intent or relevant laws and regulations.

Heritage Fund 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. Endowment assets include those assets of donor-restricted funds that Heritage Fund must use for a donor-specified purpose as well as board-designated funds. 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. Heritage Fund expects its endowment funds, over time, to provide a sufficient rate of return to support the spending policy. Actual returns in any given year may vary.

To satisfy its long-term rate of return objectives, Heritage Fund 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 maximum allowable spending from an endowment fund each year is based on a percentage of the previous three-year rolling quarterly average of the fund's fair value. The percentage is determined annually by the Board of Directors. The approved spending percentage in effect during 2024 and 2023 was 5%. In establishing this policy, Heritage Fund considered the long-term expected return on its endowment.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

Endowed funds by net asset type at December 31, 2024 and 2023 were as follows:

	2024		2023	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Board Designated Funds	\$ 1,765,733	\$ -0-	\$ 1,704,280	\$ -0-
Donor Restricted Funds	-0-	70,002,046	-0-	63,105,992
	<u>\$ 1,765,733</u>	<u>\$ 70,002,046</u>	<u>\$ 1,704,280</u>	<u>\$ 63,105,992</u>

Changes in endowed funds for the years ended December 31, 2024 and 2023 were as follows:

	2024		2023	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ 1,704,280	\$ 63,105,992	\$ 1,494,083	\$ 55,296,178
Contributions and other revenue	-0-	3,774,903	-0-	2,338,315
Investment return, net	261,453	8,436,367	230,982	9,197,924
Appropriation of endowment assets for expenditure	(200,000)	(5,315,216)	(20,785)	(3,726,425)
Endowment net assets, end of year	<u>\$ 1,765,733</u>	<u>\$ 70,002,046</u>	<u>\$ 1,704,280</u>	<u>\$ 63,105,992</u>

14. LIQUIDITY AND AVAILABILITY

As part of the Organization's liquidity management, it has a policy to structure 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 money market accounts, certificates of deposit, and other short-term investments.

Financial assets available for general expenditures (operating and board designated reserves) within one year of the Consolidated Statement of Financial Position date are comprised of the following as of December 31, 2024 and 2023:

	2024	2023
Cash	\$ 352,708	\$ 637,690
Certificates of deposit	448,005	4,085
Investments	1,873,577	1,342,181
Accounts receivable	-0-	10,973
	<u>\$ 2,674,290</u>	<u>\$ 1,994,929</u>

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific 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, certificates of deposits or liquid investments and are made available upon appropriation.

The administrative endowment is subject to an annual spending rate of 5 percent as described in Note 13. Although the Organization does not intend to spend from this administrative endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available, if necessary.

The Organization also relies on the administrative fees it charges its funds annually ranging from 1% to 2% of the fund balance to fund operational expenditures.

15. 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. The Organization believes it is not exposed to any significant credit risk on cash.

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

16. RELATED PARTY TRANSACTIONS

During 2024 and 2023, the Organization paid grants of \$1,171,949 and \$1,740,677, respectively, to two non-profit entities in which the Organization has common control, either by having a majority of common board members or the ability to appoint the majority of the entity's board members.

SUPPLEMENTARY INFORMATION

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2024

ASSETS

	Heritage Fund - The Community Foundation of Bartholomew County	Heritage Fund Supporting Foundation, Inc.	Eliminations	Total
Investments				
Cash	\$ 2,048,832	\$ 127,404	\$ -0-	\$ 2,176,236
Certificates of deposit	992,000	200,000	-0-	1,192,000
Investments	106,773,628	-0-	-0-	106,773,628
Charitable trusts	124,024	-0-	-0-	124,024
Life insurance	105,185	-0-	-0-	105,185
Interest in perpetual trust	98,437	-0-	-0-	98,437
Receivables				
Contributions, net	119,804	-0-	-0-	119,804
Other				
Property and equipment, net	35,545	577,134	-0-	612,679
Other assets	15,431	4,371	-0-	19,802
	<u>\$ 110,312,886</u>	<u>\$ 908,909</u>	<u>\$ -0-</u>	<u>\$ 111,221,795</u>

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2024

LIABILITIES AND NET ASSETS

	Heritage Fund - The Community Foundation of Bartholomew County	Heritage Fund Supporting Foundation, Inc.	Eliminations	Total
Custodial funds				
Reciprocal agency	\$ 3,235,060	\$ -0-	\$ -0-	\$ 3,235,060
Designated bequests	10,241,345	-0-	-0-	10,241,345
Payables				
Accounts	10,802	4,230	-0-	15,032
Grants	433,250	-0-	-0-	433,250
Charitable trusts	124,024	-0-	-0-	124,024
Total liabilities	14,044,481	4,230	-0-	14,048,711
Net assets				
Without donor restrictions				
Operating	902,867	904,679	-0-	1,807,546
Board designated administrative endowment	1,765,733	-0-	-0-	1,765,733
Board designated reserves	1,524,511	-0-	-0-	1,524,511
	4,193,111	904,679	-0-	5,097,790
With donor restrictions				
Restricted for specified purposes	21,749,822	-0-	-0-	21,749,822
Restricted due to time restrictions	323,426	-0-	-0-	323,426
Endowment funds	70,002,046	-0-	-0-	70,002,046
	92,075,294	-0-	-0-	92,075,294
Total net assets	96,268,405	904,679	-0-	97,173,084
	<u>\$ 110,312,886</u>	<u>\$ 908,909</u>	<u>\$ -0-</u>	<u>\$ 111,221,795</u>

See Report of Independent Auditors.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

CONSOLIDATING STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions				With Donor Restrictions
	Heritage Fund - The Community Foundation of Bartholomew County	Heritage Fund Supporting Foundation, Inc.	Eliminations	Total	Heritage Fund - The Community Foundation of Bartholomew County
Support and revenues					
Contributions	\$ 35,126	\$ 3,000	\$ -0-	\$ 38,126	\$ 6,144,665
Investment return, net	473,022	-0-	-0-	473,022	10,466,208
Change in value of split-interest agreement	-0-	-0-	-0-	-0-	2,371
Administrative fees	1,337,216	-0-	(12,500)	1,324,716	-0-
Other revenue	-0-	113,340	(27,000)	86,340	-0-
Net assets released from restrictions	7,914,807	-0-	-0-	7,914,807	(7,914,807)
Total support and revenues	9,760,171	116,340	(39,500)	9,837,011	8,698,437
Expenses					
Program services	8,273,564	34,403	(19,250)	8,288,717	-0-
Management and general	386,699	66,965	(13,500)	440,164	-0-
Fundraising and development	338,760	21,948	(6,750)	353,958	-0-
Total expenses	8,999,023	123,316	(39,500)	9,082,839	-0-
Change in net assets	761,148	(6,976)	-0-	754,172	8,698,437
Net assets, beginning of year	3,431,963	911,655	-0-	4,343,618	83,376,857
Net assets, end of year	\$ 4,193,111	\$ 904,679	\$ -0-	\$ 5,097,790	\$ 92,075,294

See Report of Independent Auditors.