

**FAIRFIELD COUNTY FOUNDATION  
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

\*\*\*\*\*

December 31, 2020 and 2019

**CONTENTS**

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**INDEPENDENT AUDITOR'S REPORT** ..... 1

**FINANCIAL STATEMENTS:**

Consolidated Statements of Financial Position..... 2

Consolidated Statements of Activities and Change in Net Assets ..... 3

Consolidated Statements of Functional Expenses ..... 4

Consolidated Statements of Cash Flows ..... 6

Notes to the Financial Statements ..... 7



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Fairfield County Foundation and Subsidiaries  
Lancaster, Ohio

We have audited the accompanying consolidated financial statements of Fairfield County Foundation (a corporation, not-for-profit) and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, the related consolidated statements of activities and change in net assets, functional expenses, and cash flows, for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fairfield County Foundation and Subsidiaries as of December 31, 2020 and 2019, and the results of its activities and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Circleville, Ohio  
May 14, 2021

*BHM CPA Group, Inc.*

# FAIRFIELD COUNTY FOUNDATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,822,436	\$ 2,164,336
Accounts receivable	3,845	-
Investments	55,260,614	49,409,514
Other investments	704,400	634,400
<b>TOTAL CURRENT ASSETS</b>	<b>58,791,295</b>	<b>52,208,250</b>
<b>FIXED ASSETS AND COLLECTIBLES, NET</b>	<b>911,800</b>	<b>837,856</b>
 <b>TOTAL ASSETS</b>	 <b>\$ 59,703,095</b>	 <b>\$ 53,046,106</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accrued expenses	\$ 6,281	\$ 1,734
Managed assets under agency contracts	4,328,262	4,562,208
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,334,543</b>	<b>4,563,942</b>
<b>NET ASSETS</b>		
Net assets without donor restrictions	54,471,399	47,663,034
Net assets with donor restrictions	897,153	819,130
<b>TOTAL NET ASSETS</b>	<b>55,368,552</b>	<b>48,482,164</b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b>\$ 59,703,095</b>	 <b>\$ 53,046,106</b>

The accompanying notes are an integral part of these financial statements.

# FAIRFIELD COUNTY FOUNDATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

For the Years Ended December 31, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<i>Support:</i>		
Contributions	\$ 2,374,712	\$ 3,541,414
<i>Revenue:</i>		
Investment return	6,869,715	7,616,678
Administrative fees	551,866	533,716
Rental and other income, net	130,523	49,424
Change in net assets with donor restrictions	(78,023)	(54,904)
<b>Total support and revenue without donor restrictions</b>	<b>9,848,793</b>	<b>11,686,328</b>
<i>Expenses:</i>		
<i>Program expenses:</i>		
Grants	1,542,222	2,392,778
Scholarships	1,108,599	970,617
<i>Supporting service expenses</i>		
Management and general	262,024	237,454
Fundraising	127,583	129,348
<b>Total expenses without donor restrictions</b>	<b>3,040,428</b>	<b>3,730,197</b>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>6,808,365</b>	<b>7,956,131</b>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Additions to net assets with donor restrictions	99,990	75,261
Net assets released from restrictions	(21,967)	(20,357)
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>78,023</b>	<b>54,904</b>
<b>CHANGE IN TOTAL NET ASSETS</b>	<b>6,886,388</b>	<b>8,011,035</b>
<b>NET ASSETS - Beginning of year</b>	<b>48,482,164</b>	<b>40,471,129</b>
<b>NET ASSETS - End of year</b>	<b>\$ 55,368,552</b>	<b>\$ 48,482,164</b>

The accompanying notes are an integral part of these financial statements.

## FAIRFIELD COUNTY FOUNDATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020

	<u>Program Services</u>		<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
	<u>Grants</u>	<u>Scholarships</u>			
Grants and scholarships	\$ 1,129,083	\$ 695,032	\$ -	\$ -	\$ 1,824,115
Foundation administrative fees	277,095	245,725	-	-	522,820
Fundraising expenses	-	-	-	26,838	26,838
Salaries, taxes and benefits	73,115	94,006	83,560	97,487	348,168
Depreciation	-	-	26,546	-	26,546
Travel and mileage	1,078	736	184	631	2,629
Professional and consultant fees	-	-	75,600	-	75,600
Repairs and maintenance	-	-	6,229	-	6,229
Supplies	6,259	23,843	24,631	2,164	56,897
Postage and delivery	-	-	2,134	-	2,134
Utilities	-	-	7,992	-	7,992
Taxes	-	-	7,112	-	7,112
Conference, convention and meeting expense	46	-	416	463	925
Dues and subscriptions	-	-	9,695	-	9,695
Insurance	-	-	8,053	-	8,053
Bank charges	55,546	49,257	1,031	-	105,834
Other	-	-	8,841	-	8,841
<b>TOTAL EXPENSES ON THE STATEMENT OF ACTIVITIES</b>	<b><u>\$ 1,542,222</u></b>	<b><u>\$ 1,108,599</u></b>	<b><u>\$ 262,024</u></b>	<b><u>\$ 127,583</u></b>	<b><u>\$ 3,040,428</u></b>

The accompanying notes are an integral part of these financial statements.

## FAIRFIELD COUNTY FOUNDATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	<u>Program Services</u>		<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
	<u>Grants</u>	<u>Scholarships</u>			
Grants and scholarships	\$ 2,006,533	\$ 599,354	\$ -	\$ -	\$ 2,605,887
Foundation administrative fees	261,853	232,210	-	-	494,063
Fundraising expenses	-	-	-	41,082	41,082
Salaries, taxes and benefits	63,748	81,963	72,855	84,998	303,564
Depreciation	-	-	24,055	-	24,055
Travel and mileage	1,039	709	177	608	2,533
Professional and consultant fees	-	-	61,851	-	61,851
Repairs and maintenance	-	-	11,591	-	11,591
Supplies	4,215	7,306	24,631	2,164	38,316
Postage and delivery	-	-	2,002	-	2,002
Utilities	-	-	8,959	-	8,959
Taxes	-	-	1,873	-	1,873
Conference, convention and meeting expense	50	-	446	496	992
Dues and subscriptions	-	-	6,897	-	6,897
Insurance	-	-	6,464	-	6,464
Bank charges	55,340	49,075	1,031	-	105,446
Rental expense	-	-	12,062	-	12,062
Other	-	-	14,622	-	14,622
Less expenses netted with revenues on the consolidated statements of activities					
Rental expense	-	-	(12,062)	-	(12,062)
<b>TOTAL EXPENSES ON THE STATEMENT OF ACTIVITIES</b>	<b><u>\$ 2,392,778</u></b>	<b><u>\$ 970,617</u></b>	<b><u>\$ 237,454</u></b>	<b><u>\$ 129,348</u></b>	<b><u>\$ 3,730,197</u></b>

The accompanying notes are an integral part of these financial statements.

# FAIRFIELD COUNTY FOUNDATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

	2020	2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Change in total net assets	\$ 6,886,388	\$ 8,011,035
Adjustments to reconcile change in total net assets to net cash provided (used) by operating activities:		
Depreciation	26,546	24,055
Unrealized gain on investments	(4,863,850)	(4,033,359)
Realized gain on sale of investments	(1,171,473)	(2,498,284)
Unrealized gain on appraisal	(88,675)	-
Noncash contributions received	(70,000)	(243,095)
Changes in assets and liabilities:		
Accounts receivable	(3,845)	-
Accrued expenses	4,547	(2,398)
Managed assets under agency contracts	(233,946)	133,531
<b>Net cash provided by operating activities</b>	<b>485,692</b>	<b>1,391,485</b>
 <b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(11,815)	(85,799)
Proceeds from sale of investments	2,862,739	10,731,188
Purchase of investments, including amounts reinvested, agency fund activity, net of fees	(2,678,516)	(11,874,777)
<b>Net cash used by investing activities</b>	<b>172,408</b>	<b>(1,229,388)</b>
 <b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	-	-
Net increase in cash and cash equivalents	658,100	162,097
Cash and cash equivalents at beginning of year	2,164,336	2,002,239
<b>Cash and cash equivalents at end of year</b>	<b>\$ 2,822,436</b>	<b>\$ 2,164,336</b>

The accompanying notes are an integral part of these financial statements.



# FAIRFIELD COUNTY FOUNDATION AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

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### **NOTE A - NATURE OF ACTIVITIES AND BASIS OF CONSOLIDATION**

The Fairfield County Foundation (the "Foundation") was founded as a non-profit community foundation on April 20, 1989, for the purpose of the encouragement and promotion of charitable giving within Fairfield County, Ohio; to provide a means for prudent investment and the administration of gifts, bequests and devises made for charitable, educational and public purposes; and to provide for distribution of funds in such a manner as to permit the benefits of the trust to continue to meet the needs of Fairfield County, Ohio, as such needs may change with time and circumstances.

The Foundation is the sole member of the Fairfield Foundation Real Estate LTD and Fairfield Foundation Real Estate II LTD (Ohio Limited Liability Companies) (The Subsidiaries). The accompanying consolidated financial statements include the accounts of the Fairfield County Foundation and its Subsidiaries. The Subsidiaries were organized to solely engage in the business activities upon which the sole member agrees. All material intercompany balances and transactions have been eliminated.

### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### *Basis of Accounting and Financial Statement Presentation*

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles common to nonprofit organizations. The Foundation presents its financial position and activities based on the existence or absence of donor-imposed restrictions.

The Bylaws of the Foundation include a Variance Provision and Powers of Modification giving the Board of Trustees the power to vary the use of funds if a restriction expressed by the donor would result in use contrary to the intent presumed, becomes unnecessary, is incapable of fulfillment, or is inconsistent with its charitable and educational mission or the needs of its constituents. Based on these provisions, most contributions received by the Foundation are reported as support without donor restrictions, except for pledges and bequests that have not yet been received or settled and the net assets held under charitable trust and gift annuity agreements, which are classified as net assets with donor restrictions.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor - imposed restrictions. Accordingly, net changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions as well as those with variance power provisions. The governing board designates, from net assets without donor restrictions, net assets available for operating and grant purposes in accordance with the Foundation's spending policy.

*Net Assets with Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Grants and 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 net assets without donor restrictions.

# FAIRFIELD COUNTY FOUNDATION AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

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### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### Investments

Investments, including certificates of deposit, corporate and governmental obligations, equities, partnerships, collectibles and mutual funds are stated at fair value at the year end date, determined in accordance with the procedures identified in Note E. Investments in cash management funds are stated at cost, which approximates fair value. Net realized and unrealized gains and losses on investments are reflected in the statement of activities. Property held for investment purposes is recorded at estimated fair value at date of contribution.

#### Cash and cash equivalents

For the purpose of these financial statements, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

#### Fair Value of Financial Instruments

Investments in common stock, government and corporate bonds and mutual funds are recorded at fair value. The carrying amount of cash and cash equivalents and accrued expenses approximates fair value due to their short-term nature. Funds held for other organizations and funds held as agency endowments are recorded at the fair values of the corresponding assets. Gift annuity liabilities are carried at the present value of the total future payments to annuitants and approximate fair value because the annuity was established using a market rate.

Impairment of debt securities is assessed annually by management in accordance with the impairment provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 825-10, *Financial Instruments – Overall*, as applicable to non-profit organizations. There were no debt securities losses considered other-than-temporarily impaired recognized during 2020 or 2019.

#### Fixed Assets

Purchased fixed assets are recorded at cost. Donated fixed assets and collectibles are recorded at estimated fair value at the date of donation. Expenditures for replacements are capitalized, and the replaced items are retired. Depreciation is computed over the following estimated useful lives of the related assets using the straight-line method.

Building and improvements	40 years
Office furniture and furnishings	10 years
Office and computer equipment	5 years

#### Revenue Recognition

The Foundation recognizes revenue from rental agreements in accordance with ASC 840 – *Leases*. Rental revenue is generated from base rents received through agreements with lessees and is recognized in the month earned as stated in the agreement.

Revenues from administrative fees, are recognized as the service is provided. For operating purposes, fees are charged to the funds in accordance with agreements reached between the Foundation and the respective funds as established by donors and other organizations. These fees may require multiple performance obligations which are not easily separable and are substantially initiated and completed in the same month. There are generally no rights of return or warranties related to any services provided.

Unconditional contributions and grant revenue are recorded when received. Conditional promises to give and grants, whether received or made, are recognized when the conditions are substantially met. Investment income is recorded when earned.

#### Advertising Costs

Advertising costs are expensed as incurred and totaled \$26,838 and \$41,082 for the years ended December 31, 2020 and 2019, respectively.

# FAIRFIELD COUNTY FOUNDATION AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

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### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

#### Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Credit Risk

Financial instruments which potentially subject the Foundation to a concentration of credit risk consist principally of cash and investments. The Foundation has significant amounts of cash equivalents that are not federally insured, however the Foundation places cash and temporary overnight investments with high credit quality financial institutions. The Foundation's investments are managed by independent asset management firms whose performance is reviewed by the Investment Committee of the Board of Trustees on a periodic basis.

#### Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is reflected in the accompanying financial statements.

The most significant tax positions of the Organization are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business income tax (UBIT). The Foundation follows the guidance of ASC 740, *Accounting for Income Taxes*, related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Management is not aware of any uncertain tax positions for the Foundation for the years ended December 31, 2020 and 2019.

The Foundation's informational return is subject to examination by taxing authorities for a period of three years from the date they are filed. The open years for the filed returns are 2017 through 2019 and the 2020 return to be filed in 2021.

Fairfield Foundation Real Estate LTD and Fairfield Foundation Real Estate II LTD are considered disregarded entities for tax purposes.

#### Estimates

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

#### Risks and Uncertainties

The Foundation invests or holds a variety of investment vehicles, including certificates of deposit, corporate and governmental obligations, equity securities, partnerships and mutual funds. These investments are exposed to interest rate, market, credit and other risks depending upon the nature of the investment. Accordingly, it is reasonably possible that these factors will result in changes in the value of the Foundation's investments, which could materially affect amounts reported in the financial statements.

#### Recent Accounting Pronouncements

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-For-Profit Entities for Contributed Nonfinancial Assets*. The ASU will require not-for-profit entities to provide a new reporting format and additional disclosures for contributed nonfinancial assets it receives. The ASU should be applied retrospectively and is effective for years beginning after June 15, 2021.

**FAIRFIELD COUNTY FOUNDATION AND SUBSIDIARIES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Recent Accounting Pronouncements - Continued*

In February 2016, the FASB issued ASU 2016-02, *Leases*. The FASB issued this ASU to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The guidance is effective for annual periods beginning after December 15, 2022. The standard can be adopted either retrospectively to each prior reporting period presented or as a cumulative effect adjustment as of the date of adoption. The Foundation is currently in the process of analyzing the information necessary to determine the impact of adopting this new guidance.

**NOTE C – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$ 1,909,735
Operating investments	<u>912,701</u>
Total net assets	<u>\$ 2,822,436</u>

The Foundation invests cash in excess of daily requirements in short-term investments, CD's and money market funds.

The Foundation has over 300 funds that are internally classified as net assets without donor restrictions or net assets with donor restrictions. Those include endowment funds which 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.

Although the Foundation classifies most of its donor-imposed restricted funds as net assets without restrictions due to variance power over the assets, the following represents donor – and grantor- imposed restrictions:

	<u>2020</u>	<u>2019</u>
Donor restricted endowment funds	\$ 35,922,041	\$ 32,374,172
Time and/or purpose restrictions	<u>17,509,898</u>	<u>14,403,502</u>
Net assets with donor restrictions	<u>\$ 53,431,939</u>	<u>\$ 46,777,674</u>

*Reported Net Assets with Donor Restrictions*

The land, building and various collectibles were donated to the Foundation during 2002 by the City of Lancaster, with a stipulation that the Foundation would be unable to sell the property. If the Foundation no longer has a use for the property, the ownership of all property reverts back to the City.

The property (land and building) is recorded at fair value as of the date of the donation. The donated collectibles are recorded at appraised value or a reasonable estimate of value at the time of donation or when periodically updated. Since the collectible items are considered “inexhaustible” they are not depreciated. Land, building and collectibles are recorded as net assets with donor restrictions. See Note H for additional information.

# FAIRFIELD COUNTY FOUNDATION AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

### **NOTE C – LIQUIDITY AND AVAILABILITY - Continued**

#### Reported Net Assets with Donor Restrictions - Continued

Net assets with donor restrictions reported as of December 31, 2020 and 2019 consist of the following:

	<b>2020</b>	<b>2019</b>
Net land, building and collectibles	\$ 897,153	\$ 819,130

#### Spending Policy

The Board temporarily restricts funds in accordance with the Foundation's spending policy. The Foundation has adopted a policy whereby it limits the amount of income that may be utilized for operating or grant purposes to four percent of the trailing twenty quarter average of the endowment's market value, with the exception of one fund the Foundation holds that spends 20% of the prior year's ending fund balance. The calculated amount available to be spent for the years ended December 31, 2020 and 2019 were \$2,093,298 and \$1,879,898, respectively. This policy enables the Foundation to preserve and strengthen its endowment for the future.

### **NOTE D - INVESTMENTS**

The Foundation's investments are administered by banks and securities brokerage companies. Investment totals include managed assets under agency contracts. Per the agreements, these funds can be co-mingled with Foundation funds. The Foundation's investments at December 31, 2020 and 2019 are stated at fair value and consist of the following:

	<b>2020</b>	<b>2019</b>
Certificates of deposit	\$ 11,871	\$ 411,569
Government agencies	-	699,912
Corporate bonds and notes	3,691,976	4,280,702
Equities and partnerships	9,650,958	9,032,992
Marketable certificates of deposit	-	250,720
Mutual funds	41,629,351	34,861,669
Closely-held stocks – real estate	276,458	271,950
Total	\$ 55,260,614	\$ 49,409,514

Investment return, as stated in the statement of activities and change in net assets for the years ended December 31, 2020 and 2019 is as follows:

	<b>2020</b>	<b>2019</b>
Interest and dividends on investments	\$ 834,392	\$ 1,085,036
Realized gain (loss) on investments	1,171,473	2,498,284
Unrealized gain (loss) on investments	4,863,850	4,033,358
Total investment return	\$ 6,869,715	\$ 7,616,678

Investment fees totaled \$103,063 and \$105,446 for 2020 and 2019, respectively, and are included in program expenses.

# FAIRFIELD COUNTY FOUNDATION AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

### **NOTE E – FAIR VALUE MEASUREMENT**

Generally accepted accounting principles define fair value and establishes a framework for measuring fair value that categorizes and prioritizes the sources used to measure and disclose fair values. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
Level 2	Inputs to the valuation methodology include <ul style="list-style-type: none"><li>• quoted prices for similar assets or liabilities in active markets;</li><li>• quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• inputs other than quoted prices that are observable market data for the asset or liability;</li><li>• inputs that are derived principally from or corroborated by observable market data.</li></ul> 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

*Common stocks, equities, corporate bonds and notes, and U.S. government securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds:* Valued at the closing net asset value (NAV) per share at year end as reported in active markets.

*Closely-held stock for real estate property:* Valued at appraised value at date of donation or at donor's date of death which is the estimated value at date of donation, adjusted for income and distributions.

*Marketable certificates of deposit:* Valued at the principal plus accrued interest, which approximates fair value due to the nature of these investments.

*Collectibles:* Valued at appraised value at date of donation, periodically updated. Value was updated during 2020.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different

# FAIRFIELD COUNTY FOUNDATION AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

### **NOTE E – FAIR VALUE MEASUREMENT - Continued**

methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables present the Foundation’s fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2020 and 2019.

Fair Value Measurements on a Recurring Basis				
As of December 31, 2020				
	Level 1	Level 2	Level 3	Total
Money market funds – cash and equivalents	\$ 2,822,436	\$ -	\$ -	\$ 2,822,436
Investments:				
Certificates of deposit	11,871	-	-	11,871
Corporate bonds and notes	3,691,976	-	-	3,691,976
Equity securities	9,650,958	-	-	9,650,958
Mutual funds	41,629,351	-	-	41,629,351
Closely-held stocks – real estate	-	-	276,458	276,458
Total Investments	<u>54,984,156</u>	<u>-</u>	<u>276,458</u>	<u>55,260,614</u>
Collectibles	<u>-</u>	<u>-</u>	<u>194,625</u>	<u>194,625</u>
Total	<u>\$ 57,806,592</u>	<u>\$ -</u>	<u>\$ 471,083</u>	<u>\$ 58,277,675</u>
Fair Value Measurements on a Recurring Basis				
As of December 31, 2019				
	Level 1	Level 2	Level 3	Total
Money market funds – cash and equivalents	\$ 2,164,336	\$ -	\$ -	\$ 2,164,336
Investments:				
Certificates of deposit	11,569	-	-	11,569
Government agencies	699,912	-	-	699,912
Corporate bonds and notes	4,280,702	-	-	4,280,702
Equity securities	9,032,992	-	-	9,032,992
Marketable certificates of deposit	250,720	-	-	250,720
Mutual funds	34,861,669	-	-	34,861,669
Closely-held stocks – real estate	-	-	271,950	271,950
Total Investments	<u>49,137,564</u>	<u>-</u>	<u>271,950</u>	<u>49,409,514</u>
Collectibles	<u>-</u>	<u>-</u>	<u>105,950</u>	<u>105,950</u>
Total	<u>\$ 51,301,900</u>	<u>\$ -</u>	<u>\$ 271,950</u>	<u>\$ 51,573,850</u>

# FAIRFIELD COUNTY FOUNDATION AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

### **NOTE E – FAIR VALUE MEASUREMENT – Continued**

#### Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the Foundation's level 3 assets for the years ended December 31, 2020 and 2019.

	<b>2020</b>		<b>2019</b>	
	Closely-held Stock Real Estate	Collectibles	Closely-held Stock Real Estate	Collectibles
Balance, beginning of year	\$ 271,950	\$ 105,950	\$ 261,670	\$ 105,950
Donated property	-	-	-	-
Realized gains	-	-	-	-
Unrealized gains	-	88,675	-	-
Interest credited	-	-	20	-
Net rental income	32,141	-	40,176	-
Distributions	(27,633)	-	(29,916)	-
	<u>\$ 276,458</u>	<u>\$ 194,625</u>	<u>\$ 271,950</u>	<u>\$ 105,950</u>
Balance, end of year	<u>\$ 276,458</u>	<u>\$ 194,625</u>	<u>\$ 271,950</u>	<u>\$ 105,950</u>

### **NOTE F - OTHER INVESTMENTS**

Other investments as of December 31, 2020 and 2019 consist of the following:

	<b>2020</b>	<b>2019</b>
Artwork and coins	\$ 2,400	\$ 6,900
Vehicles	74,500	-
Investment land	627,500	627,500
Total other assets	<u>\$ 704,400</u>	<u>\$ 634,400</u>

Other investments are valued at appraised value when donated.

### **NOTE G – CONFLICT OF INTEREST STATEMENT**

Among the Fairfield County Foundation and its board, officers and employees, there exists a fiduciary duty which carries with it a broad and unbending loyalty. The board, officers and employees have the responsibility to administer the affairs of the Fairfield County Foundation honestly and prudently for the sole benefit of the Foundation. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their position with the Fairfield County Foundation or knowledge gained for their personal benefit.

In the event that a possible conflict does arise, the board member, committee member, employee will: immediately disclose the relationship to the Foundation Board Chair; refrain from participating in any discussion, except to provide pertinent factual information; refrain from voting on any issue that would benefit the organization, business or individual.



# FAIRFIELD COUNTY FOUNDATION AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

### **NOTE H - FIXED ASSETS AND COLLECTIBLES**

Fixed assets and collectibles, at December 31, 2020 and 2019 are comprised of the following:

	<u>2020</u>	<u>2019</u>
Building	\$ 346,021	\$ 334,716
Building addition	541,141	541,141
Office furniture and equipment	93,159	92,660
Total depreciable fixed assets	980,321	968,507
Less: Accumulated depreciation	(355,656)	(329,111)
Net depreciable fixed assets	624,665	639,396
Collectibles	194,625	105,950
Land	92,510	92,510
Net fixed assets and collectibles	<u>\$ 911,800</u>	<u>\$ 837,856</u>

Depreciation totaled \$26,546 and \$24,055 for 2020 and 2019, respectively.

### **NOTE I - GRANTS AND SCHOLARSHIPS**

Grants and Scholarships are approved by the Board of Trustees and are awarded for the following purposes: youth services, parks and recreation, health, education, disaster relief, community improvement, arts and culture, and scholarships. Amounts are not payable to the recipient until certain requirements are met, and therefore, expensed when paid. Grants and Scholarships totaled \$1,824,115 and \$2,605,887 for the years 2020 and 2019, respectively.

### **NOTE J - LEASES**

Fairfield Foundation Real Estate II LTD holds donated farm land in which it receives a percentage of the income from crops harvested and sold. The income for the years ended December 31, 2020 and 2019 was \$21,548 and \$18,868, respectively. The donated land is to be held by the Foundation until certain conditions are met.

The Foundation holds closely held stock of Amos Shopping Center, donated by an estate. Net rental income was recorded in the amount of \$32,141 and \$40,176 for the years ended December 31, 2020 and 2019, respectively. The Foundation's closely held stock of Amos Shopping Center is available for sale.

The abovementioned leases are recorded as rental and other income on the consolidated statements of activities, net of related expenses.

### **NOTE K - RECLASSIFICATIONS**

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets

# FAIRFIELD COUNTY FOUNDATION AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

### **NOTE L – AGENCY FUNDS**

The Foundation acts as an investment administrator for the funds specified below. These assets are not reported as contributions by the Foundation because the entities are solely using the Foundation to manage their investments. These assets are co-mingled with the Foundation assets and included on the Foundation's balance sheet with an offsetting liability to the respective entities. Any resulting revenues or expenses affiliated with these funds are in the Foundation's financial statements as an adjustment to the related liability. The entities report the investments and related revenues and expenses on their respective financial statements. As of December 31, 2020 and 2019, agency funds are comprised of the following:

	<b>2020</b>	<b>2019</b>
4-H Fairfield County Foundation Fund	\$ 279,109	\$ 230,362
Afterschool Programs Funds	23,566	17,763
Big Brothers Big Sisters of FC Agency Fund	91,159	72,891
Big Brothers Big Sisters of FC Endowment	21,680	17,420
Bremen Area Historical Society	22,819	18,628
Decorative Arts Center of Ohio Endowment Fund	1,600,914	1,431,573
Fairfield Community Health Center Service Fund	25,313	18,249
Fairfield County Park District Fund	132,166	114,646
Fairfield Heritage – Kindler Piano Fund	5,725	5,028
Fairfield Heritage Assn – Crist Trust Fund	9,371	12,637
Fairfield Heritage Assn Operating Endow. Fund	790,376	714,900
Family Y Endowment Fund	68,016	59,412
Family Y Unrestricted Fund	184,717	178,647
Unrestricted Festival Fund	169,077	123,724
The Harcum House Endowment Fund	19,214	14,010
New Horizons Youth and Family Center Endowment Fund	14,454	12,601
Kiwanis Club of Lancaster Endowment Fund	154,445	128,269
Lancaster Public Education Foundation	24,247	23,669
Lithopolis United Methodist Church Endowment Fund	55,464	42,839
Meals on Wheels Fairfield County Fund	17,073	9,812
Pickerington Public Library Fund	337,256	293,472
Pickerington-Violet Township Historical Society Fund	47,925	38,136
Pickerington-Violet Township Historical Society Endowment Fund	15,395	13,174
St. John's Episcopal Church Mithoff Fund	29,859	23,720
St. Peter's Lutheran Church Fund	-	262,381
The Wagnalls Memorial Library Fund	17,696	-
The Lighthouse Fund	14,870	-
AHA! A Hands-On-Adventure Program Fund	5,510	-
Trinity United Church of Christ Bohr Fund	-	13,872
Trinity United Church of Christ Capital Campaign Fund	76,445	66,803
Trinity United Church of Christ Equity Housing Fund	28,637	23,010
Trinity United Church of Christ Fundraising Fund	7,367	6,438
Trinity United Church of Christ Memorial Fund	24,847	21,713
United Way of Fairfield County – Sherry Orlando Endowment Fund	13,550	11,199
United Way of Fairfield County Endowment Fund	-	541,210
Total managed assets under agency contracts	\$ 4,328,262	\$ 4,562,208

# FAIRFIELD COUNTY FOUNDATION AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

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### ***NOTE M – RELATED PARTY TRANSACTIONS***

The Foundation has a volunteer Board of Trustees and received contributions of approximately \$15,802 and \$7,610 from participating members during December 31, 2020 and 2019, respectively.

### ***NOTE N – SUBSEQUENT EVENTS***

The consolidated financial statements and related disclosures include evaluation of the events up through and including May 14, 2021, which is the date the statements were available for issue.

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact contributions, the fair value of investments and related investment income. Other financial impacts could occur, though such potential impact is unknown at this time.