

**HERITAGE FUND - THE COMMUNITY
FOUNDATION OF BARTHOLOMEW COUNTY**

CONSOLIDATED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2015 AND 2014

CPAs / ADVISORS



HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

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Blue & Co., LLC / 106 Community Drive / Seymour, IN 47274
main 812.522.8416 fax 812.523.8615 email blue@blueandco.com

blueandco.com

REPORT OF INDEPENDENT AUDITORS

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Heritage Fund - The Community Foundation of Bartholomew County, and its affiliate (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities 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 consolidated financial position of the Organization as of December 31, 2015 and 2014, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our 2015 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 22 to 24 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual organizations, and it 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 consolidating information has been subjected to the auditing procedures applied in the 2015 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 consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Blue & Co., LLC

Seymour, Indiana

April 1, 2016

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2015 AND 2014

ASSETS

| | 2015 | 2014 |
|-----------------------------|---------------|---------------|
| Investments | | |
| Cash | \$ 7,969,223 | \$ 5,491,434 |
| Certificates of deposit | 408,000 | 1,104,000 |
| Marketable securities | 52,793,147 | 55,530,198 |
| Charitable trusts | 373,653 | 443,732 |
| Life insurance | 49,112 | 47,014 |
| Interest in perpetual trust | 91,158 | 99,558 |
| Receivables | | |
| Contributions, net | 138,937 | 165,954 |
| Accounts | 55 | 55 |
| Notes | 125,000 | 125,000 |
| Other | | |
| Property and equipment, net | 717,189 | 412,889 |
| Prepaid expenses | 7,059 | 8,128 |
| | \$ 62,672,533 | \$ 63,427,962 |

LIABILITIES AND NET ASSETS

| | | |
|------------------------|---------------|---------------|
| Custodial funds | | |
| Pass-through | \$ 414,855 | \$ 1,412,544 |
| Reciprocal agency | 1,766,301 | 1,718,764 |
| Designated bequests | 7,917,267 | 8,546,705 |
| Payables | | |
| Accounts | 6,720 | 3,313 |
| Charitable trusts | 373,653 | 443,732 |
| Other | | |
| Deferred revenue | 135,401 | 734,106 |
| Total liabilities | 10,614,197 | 12,859,164 |
| Net assets | | |
| Unrestricted | | |
| Operating | 1,239,644 | 906,878 |
| Board designated | 1,157,796 | 1,044,210 |
| | 2,397,440 | 1,951,088 |
| Temporarily restricted | 48,177,321 | 47,125,735 |
| Permanently restricted | 1,483,575 | 1,491,975 |
| Total net assets | 52,058,336 | 50,568,798 |
| | \$ 62,672,533 | \$ 63,427,962 |

See accompanying notes to consolidated financial statements.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2015

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)

| | 2015 | | | 2014 | |
|--|--------------|---------------------------|---------------------------|---------------|---------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Total |
| Support and revenues | | | | | |
| Contributions | \$ 92,410 | \$ 5,440,130 | \$ -0- | \$ 5,532,540 | \$ 2,178,841 |
| Investment return, net | (27,522) | (904,881) | -0- | (932,403) | 3,021,796 |
| Change in value of split-interest agreement | -0- | -0- | (8,400) | (8,400) | (1,377) |
| Change in discount of contributions receivable | -0- | 4,483 | -0- | 4,483 | 884 |
| Administrative fees | 804,707 | -0- | -0- | 804,707 | 797,231 |
| Other revenue | 44,734 | 80 | -0- | 44,814 | 50,710 |
| Net assets released from restrictions | 3,488,226 | (3,488,226) | -0- | -0- | -0- |
| Total support and revenues | 4,402,555 | 1,051,586 | (8,400) | 5,445,741 | 6,048,085 |
| Expenses | | | | | |
| Grants | 1,711,861 | -0- | -0- | 1,711,861 | 1,461,476 |
| Special projects | 897,308 | -0- | -0- | 897,308 | 1,379,000 |
| Salaries and wages | 398,122 | -0- | -0- | 398,122 | 387,349 |
| Payroll taxes and employee benefits | 77,103 | -0- | -0- | 77,103 | 66,836 |
| Annual meeting and report | 6,013 | -0- | -0- | 6,013 | 2,410 |
| Professional fees | 27,981 | -0- | -0- | 27,981 | 24,106 |
| Dues and subscriptions | 889 | -0- | -0- | 889 | 1,061 |
| Endowment development | 21,447 | -0- | -0- | 21,447 | 19,482 |
| Equipment rental, repairs, and maintenance | 21,439 | -0- | -0- | 21,439 | 30,823 |
| Computer support | 16,869 | -0- | -0- | 16,869 | 16,391 |
| Insurance | 8,069 | -0- | -0- | 8,069 | 8,369 |
| Utilities | 11,005 | -0- | -0- | 11,005 | 9,855 |
| Newsletter | 7,212 | -0- | -0- | 7,212 | 5,442 |
| Postage | 5,046 | -0- | -0- | 5,046 | 5,294 |
| Travel | 2,632 | -0- | -0- | 2,632 | 2,037 |
| Education | 11,897 | -0- | -0- | 11,897 | 12,186 |
| Office supplies | 4,261 | -0- | -0- | 4,261 | 3,293 |
| Depreciation | 20,434 | -0- | -0- | 20,434 | 32,400 |
| Uncollectible contributions receivable | -0- | -0- | -0- | -0- | 50,000 |
| Purchased services | 4,555 | -0- | -0- | 4,555 | 7,128 |
| Administrative fees | 698,518 | -0- | -0- | 698,518 | 688,478 |
| Miscellaneous | 3,542 | -0- | -0- | 3,542 | 6,019 |
| Total expenses | 3,956,203 | -0- | -0- | 3,956,203 | 4,219,435 |
| Change in net assets | 446,352 | 1,051,586 | (8,400) | 1,489,538 | 1,828,650 |
| Net assets, beginning of year | 1,951,088 | 47,125,735 | 1,491,975 | 50,568,798 | 48,740,148 |
| Net assets, end of year | \$ 2,397,440 | \$ 48,177,321 | \$ 1,483,575 | \$ 52,058,336 | \$ 50,568,798 |

See accompanying notes to consolidated financial statements.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2014

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|----------------------------|-----------------------------|----------------------------|-----------------------------|
| Support and revenues | | | | |
| Contributions | \$ 51,785 | \$ 2,127,056 | \$ -0- | \$ 2,178,841 |
| Investment return, net | 82,283 | 2,939,513 | -0- | 3,021,796 |
| Change in value of split-interest agreement | -0- | -0- | (1,377) | (1,377) |
| Change in discount of contributions receivable | -0- | 884 | -0- | 884 |
| Administrative fees | 797,231 | -0- | -0- | 797,231 |
| Other revenue | 50,710 | -0- | -0- | 50,710 |
| Net assets released from restrictions | <u>3,574,972</u> | <u>(3,574,972)</u> | <u>-0-</u> | <u>-0-</u> |
| Total support and revenues | 4,556,981 | 1,492,481 | (1,377) | 6,048,085 |
| Expenses | | | | |
| Grants | 1,461,476 | -0- | -0- | 1,461,476 |
| Special projects | 1,379,000 | -0- | -0- | 1,379,000 |
| Salaries and wages | 387,349 | -0- | -0- | 387,349 |
| Payroll taxes and employee benefits | 66,836 | -0- | -0- | 66,836 |
| Annual meeting and report | 2,410 | -0- | -0- | 2,410 |
| Professional fees | 24,106 | -0- | -0- | 24,106 |
| Dues and subscriptions | 1,061 | -0- | -0- | 1,061 |
| Endowment development | 19,482 | -0- | -0- | 19,482 |
| Equipment rental, repairs, and maintenance | 30,823 | -0- | -0- | 30,823 |
| Computer support | 16,391 | -0- | -0- | 16,391 |
| Insurance | 8,369 | -0- | -0- | 8,369 |
| Utilities | 9,855 | -0- | -0- | 9,855 |
| Newsletter | 5,442 | -0- | -0- | 5,442 |
| Postage | 5,294 | -0- | -0- | 5,294 |
| Travel | 2,037 | -0- | -0- | 2,037 |
| Education | 12,186 | -0- | -0- | 12,186 |
| Office supplies | 3,293 | -0- | -0- | 3,293 |
| Depreciation | 32,400 | -0- | -0- | 32,400 |
| Uncollectible contributions receivable | 50,000 | -0- | -0- | 50,000 |
| Purchased services | 7,128 | -0- | -0- | 7,128 |
| Administrative fees | 688,478 | -0- | -0- | 688,478 |
| Miscellaneous | <u>6,019</u> | <u>-0-</u> | <u>-0-</u> | <u>6,019</u> |
| Total expenses | <u>4,219,435</u> | <u>-0-</u> | <u>-0-</u> | <u>4,219,435</u> |
| Change in net assets | 337,546 | 1,492,481 | (1,377) | 1,828,650 |
| Net assets, beginning of year | <u>1,613,542</u> | <u>45,633,254</u> | <u>1,493,352</u> | <u>48,740,148</u> |
| Net assets, end of year | <u><u>\$ 1,951,088</u></u> | <u><u>\$ 47,125,735</u></u> | <u><u>\$ 1,491,975</u></u> | <u><u>\$ 50,568,798</u></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, 2015 AND 2014

| | 2015 | 2014 |
|--|---------------------|---------------------|
| Operating activities | | |
| Change in net assets | \$ 1,489,538 | \$ 1,828,650 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Depreciation | 20,434 | 32,400 |
| Reinvested interest and dividends received on investments | (1,725,948) | (1,779,451) |
| Realized and unrealized losses (gains) on investments | 2,777,391 | (2,012,475) |
| Uncollectible contributions receivable | -0- | 50,000 |
| Change in discount of contributions receivable | (4,483) | (884) |
| Change in value of split-interest agreement | 8,400 | 1,377 |
| Change in operating assets and liabilities: | | |
| Life insurance | (2,098) | (2,098) |
| Contributions receivable | 31,500 | 112,000 |
| Accounts receivable | -0- | 85 |
| Prepaid expenses | 1,069 | (2,140) |
| Custodial funds | (1,579,590) | (674,487) |
| Accounts payable | 3,407 | (5,539) |
| Deferred revenue | (598,705) | 734,106 |
| Net cash flows from operating activities | <u>420,915</u> | <u>(1,718,456)</u> |
| Investing activities | | |
| Payments received under notes receivable | -0- | 125,000 |
| Purchase of certificates of deposit | (408,000) | (856,000) |
| Maturities of certificates of deposit | 1,104,000 | 992,000 |
| Purchase of investments | (1,914,200) | (3,490,127) |
| Proceeds on sale of investments | 3,599,808 | 5,201,902 |
| Purchases of property and equipment | (324,734) | -0- |
| Net cash flows from investing activities | <u>2,056,874</u> | <u>1,972,775</u> |
| Net change in cash | 2,477,789 | 254,319 |
| Cash, beginning of year | <u>5,491,434</u> | <u>5,237,115</u> |
| Cash, end of year | <u>\$ 7,969,223</u> | <u>\$ 5,491,434</u> |
| Supplemental disclosure of non-cash operating and investing activity | | |
| Proceeds on charitable remainder trust | \$ -0- | \$ 79,148 |
| Write off of note receivable held in custodial fund | \$ -0- | \$ 75,000 |

See accompanying notes to consolidated financial statements.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

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

Net assets, support, investment return, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. While most gift instruments give Heritage Fund's Board of Directors the right to vary the terms of the gift, this only allows for a limited right of modification and does not relieve the restrictions imposed by the donor. Accordingly, the net assets of Heritage Fund are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions and primarily made up of the Organization's operating fund and administrative endowment. The Organization maintains unrestricted funds as follows:

Operating – used to fund current operations of the Organization

Board Designated – used to fund future operations of Heritage Fund as designated by the Board

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

Temporarily restricted net assets – Net assets not yet appropriated for expenditure by Heritage Fund’s Board of Directors in accordance with its spending policy or that have donor-imposed restrictions relating to a stipulated purpose or a specified time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished or amounts have been allocated for expenditure by the Board of Directors, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statements of Activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Heritage Fund. Included in this classification are endowment funds that are subject to the restrictions of gift instruments requiring that the principal be maintained in perpetuity and invested for the purpose of producing present and future income.

Cash

Cash consists primarily of money market investments and excludes amounts held by the Organization’s fund manager and included in marketable securities.

Certificates of Deposit

The Organization has two certificates of deposit in the amounts of \$160,000 and \$248,000 with maturity dates of April 2016 and December 2016 and interest rates of 0.6 and 0.8 percent, respectively.

Marketable Securities

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 unrestricted or temporarily restricted based upon the existence or absence of donor-imposed restrictions or the related fund classification in accordance with Heritage Fund’s spending policy.

Deferred Revenue

During 2014, The Organization received a \$1,000,000 grant from Lilly Endowment through its GIFT Phase VI initiative. The grant is required to be matched with new contributions to help build the Organization’s unrestricted endowments and provide support for specified charitable projects and needs. Therefore, deferred revenue relates to the portion of the grant that has not yet been matched and earned. The matching period is from August 1, 2014 through March 31, 2016. As qualifying contributions are received, the related match amount is recognized as

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

revenue. Deferred revenue related to this grant was \$135,401 and \$734,106 at December 31, 2015 and 2014, respectively.

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 temporarily or permanently restricted net assets.

Support and revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless its use is restricted by explicit donor stipulation or by law.

All other support and revenue is recorded when earned.

Administrative Fees

Administrative fees (approximately 1-2% of each fund balance) are expensed from the funds to support the operations of the Organization.

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, 2015 and 2014, 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.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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

Subsequent Events

The Organization has evaluated events or transactions occurring subsequent to the Consolidated Statement of Financial Position date for recognition and disclosure in the accompanying consolidated financial statements through the date the consolidated financial statements are available to be issued, which is April 1, 2016.

2. MARKETABLE SECURITIES

Marketable securities consist of the following at December 31, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|---------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 1,591,759 | \$ 1,031,265 |
| Mutual funds | | |
| Equity funds | | |
| Large cap | 22,913,188 | 24,809,513 |
| Small/mid cap | 8,805,168 | 10,680,596 |
| Balanced | 3,199,966 | 3,400,407 |
| Emerging markets | 179,647 | 1,490,499 |
| Fixed income funds | | |
| Intermediate | 13,239,129 | 10,594,357 |
| Exchange traded funds | | |
| Large cap | <u>2,864,290</u> | <u>3,523,561</u> |
| | <u>\$ 52,793,147</u> | <u>\$ 55,530,198</u> |

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

The following schedule summarizes the investment return, excluding investment return on marketable securities related to custodial funds, and its classification in the Consolidated Statements of Activities for the years ended December 31, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|
| Interest and dividend income | \$ 1,551,993 | \$ 1,576,907 |
| Realized and unrealized gains (losses) on investments | (2,415,358) | 1,510,857 |
| Investment fees | <u>(69,038)</u> | <u>(65,968)</u> |
| | <u>\$ (932,403)</u> | <u>\$ 3,021,796</u> |

3. RISKS AND UNCERTAINTIES

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

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 Organization's policy is to recognize transfers, if any, between levels as of the actual date of the event or change in circumstances. There were no transfers between levels in 2015 or 2014. 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.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

- 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, 2015 and 2014.

- *Mutual funds and exchange traded funds:* Valued at the daily closing price as reported by the funds. Mutual funds and exchange traded funds held by the Plan 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.
- *Interest in perpetual trust:* Fair value is determined by calculating Heritage Fund's beneficial share of the underlying investments in the trust. During 2014, this investment was reclassified as Level 3 after further review of the valuation of this asset.
- *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, 2015 and 2014:

| | 2015 | | | |
|-----------------------------|---------------|---------------|---------|---------|
| | Fair Value | Level 1 | Level 2 | Level 3 |
| Assets: | | | | |
| Mutual funds | \$ 48,337,098 | \$ 48,337,098 | \$ -0- | \$ -0- |
| Exchange traded funds | 2,864,290 | 2,864,290 | -0- | -0- |
| Charitable trusts | 373,653 | 373,653 | -0- | -0- |
| Interest in perpetual trust | 91,158 | -0- | -0- | 91,158 |
| Liabilities: | | | | |
| Charitable trusts payable | 373,653 | -0- | 373,653 | -0- |

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

| | 2014 | | | |
|-----------------------------|---------------|---------------|---------|---------|
| | Fair Value | Level 1 | Level 2 | Level 3 |
| Assets: | | | | |
| Mutual funds | \$ 50,975,372 | \$ 50,975,372 | \$ -0- | \$ -0- |
| Exchange traded funds | 3,523,561 | 3,523,561 | -0- | -0- |
| Charitable trusts | 443,732 | 443,732 | -0- | -0- |
| Interest in perpetual trust | 99,558 | -0- | -0- | 99,558 |
| Liabilities: | | | | |
| Charitable trusts payable | 443,732 | -0- | 443,732 | -0- |

The progression of the interest in perpetual trust during the years ended December 31, 2015 and 2014 is as follows:

| | 2015 | 2014 |
|------------------------------------|------------------|------------------|
| Beginning balance | \$ 99,558 | \$ 100,935 |
| Change in split-interest agreement | (8,400) | (1,377) |
| | <u>\$ 91,158</u> | <u>\$ 99,558</u> |

5. CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable consist of the following at December 31, 2015 and 2014:

| | 2015 | 2014 |
|--|-------------------|-------------------|
| Unconditional contributions receivable | \$ 197,124 | \$ 228,624 |
| Less unamortized discount | (58,187) | (62,670) |
| Net unconditional contributions receivable | <u>\$ 138,937</u> | <u>\$ 165,954</u> |
| Amounts due in: | | |
| Less than one year | \$ 24,500 | \$ 42,000 |
| One to five years | 10,000 | 24,000 |
| More than five years | <u>162,624</u> | <u>162,624</u> |
| | <u>\$ 197,124</u> | <u>\$ 228,624</u> |

Qualifying contributions receivable were 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, 2015 AND 2014

Organization's donors. No allowance for doubtful contributions receivable was determined to be necessary at December 31, 2015 and 2014.

6. NOTES RECEIVABLE

The Organization lent money to an organization in 2011 in the amount of \$500,000, without interest, which is to be paid back in four annual installments of \$125,000 beginning in 2013. The outstanding balance of this note was \$125,000 as of December 31, 2015 and 2014.

7. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2015 and 2014 is as follows:

| | <u>2015</u> | <u>2014</u> |
|-------------------------------|-------------------|-------------------|
| Land | \$ 110,000 | \$ 110,000 |
| Buildings and improvements | 958,286 | 645,084 |
| Office and computer equipment | <u>100,629</u> | <u>89,097</u> |
| | 1,168,915 | 844,181 |
| Less accumulated depreciation | <u>451,726</u> | <u>431,292</u> |
| | <u>\$ 717,189</u> | <u>\$ 412,889</u> |

8. 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 \$373,653 and \$443,732 at December 31, 2015 and 2014, respectively.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

The assets held under charitable trusts consist of the following at December 31, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|---------------------------|-------------------|-------------------|
| Cash and cash equivalents | \$ 19,898 | \$ 25,798 |
| Mutual funds | | |
| Equity funds | | |
| Large cap | 185,579 | 265,867 |
| Small/mid cap | 34,280 | 33,948 |
| Emerging markets | 19,205 | 25,047 |
| Other | 4,164 | 6,188 |
| Fixed income funds | | |
| Intermediate | 42,653 | 21,488 |
| Other | 20,081 | 30,314 |
| Exchange traded funds | | |
| Other | <u>47,793</u> | <u>35,082</u> |
| | <u>\$ 373,653</u> | <u>\$ 443,732</u> |

9. 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 permanently restricted net assets. The Organization's interest under this trust was \$91,158 and \$99,558 at December 31, 2015 and 2014, respectively.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

10. CUSTODIAL FUNDS

Custodial funds represent funds placed on deposit with the Organization by other organizations based on their individual board resolutions or funds due to the lack of variance power granted to the Organization. In addition, the Organization has received designated bequests which provided no variance power over the use of the funds or entered into agreements to serve as fiscal agent of funds for certain individuals and organizations. 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 2015 and 2014:

| | 2015 | 2014 |
|--|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Custodial funds, beginning balance | \$ 11,678,013 | \$ 12,427,500 |
| Contributions and grants | 151,358 | 29,177 |
| Interest and dividend income | 173,955 | 202,544 |
| Realized and unrealized gains (losses) on investments | (362,033) | 501,618 |
| Administrative fees | (121,163) | (123,975) |
| Grant payments | <u>(1,421,707)</u> | <u>(1,358,851)</u> |
| Custodial funds, ending balance | <u>\$ 10,098,423</u> | <u>\$ 11,678,013</u> |

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

11. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes or periods at December 31, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|---|----------------------|----------------------|
| Time restrictions related to: | | |
| Contributions receivable | \$ 114,437 | \$ 123,954 |
| Life insurance | 49,112 | 47,014 |
| Designated purpose restrictions related to: | | |
| Business scholarships to Bartholomew County residents | 620,714 | 724,457 |
| Endowment funds not yet appropriated for expenditure | <u>47,393,058</u> | <u>46,230,310</u> |
| | <u>\$ 48,177,321</u> | <u>\$ 47,125,735</u> |

Permanently restricted net assets are restricted for the following purposes at December 31, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Interest in perpetual trust | \$ 91,158 | \$ 99,558 |
| Endowed estate gifts | 100,000 | 100,000 |
| Business scholarships to Bartholomew County residents | <u>1,292,417</u> | <u>1,292,417</u> |
| | <u>\$ 1,483,575</u> | <u>\$ 1,491,975</u> |

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

12. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended December 31, 2015 and 2014 as follows:

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Designated purpose restrictions related to: | | |
| Business scholarships to Bartholomew County residents | \$ 63,903 | \$ 44,022 |
| Time restrictions related to: | | |
| Charitable trusts | -0- | 79,148 |
| Pledges receivable | 14,000 | 7,000 |
| Endowment funds appropriated for expenditure | <u>3,410,323</u> | <u>3,444,802</u> |
| | <u>\$ 3,488,226</u> | <u>\$ 3,574,972</u> |

13. ENDOWMENT

The majority of 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 endowment funds to be classified as temporarily restricted net assets until those amounts are appropriated 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 donor-restricted 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
-

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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. In the absence of a spending percentage determination, Heritage Fund has a policy of appropriating for distribution each year 4.5 percent of its endowment funds' average fair value, or a lesser percentage as voted upon annually by the Board of Directors. In establishing this policy, Heritage Fund considered the long-term expected return on its endowment.

Endowed funds by net asset type at December 31, 2015 and 2014 were as follows:

| | 2015 | | |
|------------------------|---------------------|-------------------------------|-------------------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> |
| Board Designated Funds | \$ 1,157,796 | \$ -0- | \$ -0- |
| Donor Restricted Funds | <u>-0-</u> | <u>47,393,058</u> | <u>1,392,417</u> |
| | <u>\$ 1,157,796</u> | <u>\$ 47,393,058</u> | <u>\$ 1,392,417</u> |
| | 2014 | | |
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> |
| Board Designated Funds | \$ 1,044,210 | \$ -0- | \$ -0- |
| Donor Restricted Funds | <u>-0-</u> | <u>46,230,310</u> | <u>1,392,417</u> |
| | <u>\$ 1,044,210</u> | <u>\$ 46,230,310</u> | <u>\$ 1,392,417</u> |

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

Changes in endowed funds for the years ending December 31, 2015 and 2014 were as follows:

| | 2015 | | |
|---|---------------------|------------------------|------------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted |
| Endowment net assets, beginning of year | \$ 1,044,210 | \$ 46,230,310 | \$ 1,392,417 |
| Contributions and other revenue | 164,975 | 5,440,210 | -0- |
| Investment return, net | (27,522) | (867,139) | -0- |
| Appropriation of endowment assets for expenditure | (23,867) | (3,410,323) | -0- |
| Endowment net assets, end of year | <u>\$ 1,157,796</u> | <u>\$ 47,393,058</u> | <u>\$ 1,392,417</u> |

| | 2014 | | |
|---|---------------------|------------------------|------------------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted |
| Endowment net assets, beginning of year | \$ 815,564 | \$ 44,750,539 | \$ 1,392,417 |
| Contributions and other revenue | -0- | 2,127,056 | -0- |
| Investment return, net | 254,176 | 2,797,517 | -0- |
| Appropriation of endowment assets for expenditure | (25,530) | (3,444,802) | -0- |
| Endowment net assets, end of year | <u>\$ 1,044,210</u> | <u>\$ 46,230,310</u> | <u>\$ 1,392,417</u> |

14. FUNCTIONAL EXPENSES

The Organization serves as a vehicle for residents of Bartholomew County to donate to various organizations and projects in the county. Expenses related to providing this service for the years ended December 31, 2015 and 2014 are classified as follows:

| | 2015 | 2014 |
|-------------------------------------|---------------------|---------------------|
| Development of Bartholomew County | \$ 2,965,931 | \$ 3,190,367 |
| Fundraising expenses | 599,725 | 635,408 |
| General and administrative expenses | 390,547 | 393,660 |
| | <u>\$ 3,956,203</u> | <u>\$ 4,219,435</u> |

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2015 AND 2014

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.

Marketable securities and money market funds are maintained with one investment firm. Such balances exceed the Securities Investor Protection Corporation insured limits of up to \$500,000.

16. CONDITIONAL GRANTS PAYABLE

At December 31, 2015 and 2014, the Organization had conditional grants payable of \$193,579 and \$249,396, respectively. These amounts will not be paid until the related conditions have been met; therefore, a liability related to these grants has not been recognized in the accompanying consolidated financial statements at December 31, 2015 and 2014.

SUPPLEMENTARY INFORMATION

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2015

ASSETS

| | Heritage Fund - The Community Foundation of Bartholomew County | Heritage Fund Supporting Foundation, Inc. | Eliminations | Total |
|-----------------------------|--|---|---------------|----------------------|
| Investments | | | | |
| Cash | \$ 7,795,979 | \$ 173,244 | \$ -0- | \$ 7,969,223 |
| Certificates of deposit | 408,000 | -0- | -0- | 408,000 |
| Marketable securities | 52,793,147 | -0- | -0- | 52,793,147 |
| Charitable trusts | 373,653 | -0- | -0- | 373,653 |
| Life insurance | 49,112 | -0- | -0- | 49,112 |
| Interest in perpetual trust | 91,158 | -0- | -0- | 91,158 |
| Receivables | | | | |
| Contributions, net | 138,937 | -0- | -0- | 138,937 |
| Accounts | 55 | -0- | -0- | 55 |
| Notes | 125,000 | -0- | -0- | 125,000 |
| Other | | | | |
| Property and equipment, net | 12,684 | 704,505 | -0- | 717,189 |
| Prepaid expenses | 3,785 | 3,274 | -0- | 7,059 |
| | <u>\$ 61,791,510</u> | <u>\$ 881,023</u> | <u>\$ -0-</u> | <u>\$ 62,672,533</u> |

See Report of Independent Auditors on pages 1 and 2.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2015

LIABILITIES AND NET ASSETS

| | Heritage Fund - The Community Foundation of Bartholomew County | Heritage Fund Supporting Foundation, Inc. | Eliminations | Total |
|------------------------|--|---|--------------|---------------|
| | | | | |
| Custodial funds | | | | |
| Pass-through | \$ 414,855 | \$ -0- | \$ -0- | \$ 414,855 |
| Reciprocal agency | 1,766,301 | -0- | -0- | 1,766,301 |
| Designated bequests | 7,917,267 | -0- | -0- | 7,917,267 |
| Payables | | | | |
| Accounts | 1,804 | 4,916 | -0- | 6,720 |
| Charitable trusts | 373,653 | -0- | -0- | 373,653 |
| Other | | | | |
| Deferred revenue | 135,401 | -0- | -0- | 135,401 |
| Total liabilities | 10,609,281 | 4,916 | -0- | 10,614,197 |
| Net assets | | | | |
| Unrestricted | | | | |
| Operating | 363,537 | 876,107 | -0- | 1,239,644 |
| Board designated | 1,157,796 | -0- | -0- | 1,157,796 |
| | 1,521,333 | 876,107 | -0- | 2,397,440 |
| Temporarily restricted | 48,177,321 | -0- | -0- | 48,177,321 |
| Permanently restricted | 1,483,575 | -0- | -0- | 1,483,575 |
| Total net assets | 51,182,229 | 876,107 | -0- | 52,058,336 |
| | \$ 61,791,510 | \$ 881,023 | \$ -0- | \$ 62,672,533 |

See Report of Independent Auditors on pages 1 and 2.

HERITAGE FUND - THE COMMUNITY FOUNDATION OF BARTHOLOMEW COUNTY

CONSOLIDATING STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2015

| | Unrestricted | | | | Temporarily Restricted | Permanently Restricted |
|---|--|---|------------------|---------------------|--|--|
| | Heritage Fund - The Community Foundation of Bartholomew County | Heritage Fund Supporting Foundation, Inc. | Eliminations | Total | Heritage Fund - The Community Foundation of Bartholomew County | Heritage Fund - The Community Foundation of Bartholomew County |
| Support and revenues | | | | | | |
| Contributions | \$ 92,410 | \$ 207,322 | \$ (207,322) | \$ 92,410 | \$ 5,440,130 | \$ -0- |
| Investment return, net | (27,522) | -0- | -0- | (27,522) | (904,881) | -0- |
| Change in value of split-interest agreement | -0- | -0- | -0- | -0- | -0- | (8,400) |
| Change in discount of contributions receivable | -0- | -0- | -0- | -0- | 4,483 | -0- |
| Administrative fees | 816,639 | -0- | (11,932) | 804,707 | -0- | -0- |
| Other revenue | 16 | 78,318 | (33,600) | 44,734 | 80 | -0- |
| Net assets released from restrictions | <u>3,488,226</u> | <u>-0-</u> | <u>-0-</u> | <u>3,488,226</u> | <u>(3,488,226)</u> | <u>-0-</u> |
| Total support and revenues | 4,369,769 | 285,640 | (252,854) | 4,402,555 | 1,051,586 | (8,400) |
| Expenses | | | | | | |
| Grants | 1,711,861 | -0- | -0- | 1,711,861 | -0- | -0- |
| Special projects | 1,116,630 | -0- | (219,322) | 897,308 | -0- | -0- |
| Salaries and wages | 398,122 | -0- | -0- | 398,122 | -0- | -0- |
| Payroll taxes and employee benefits | 77,103 | -0- | -0- | 77,103 | -0- | -0- |
| Annual meeting and report | 6,013 | -0- | -0- | 6,013 | -0- | -0- |
| Professional fees | 27,781 | 200 | -0- | 27,981 | -0- | -0- |
| Dues and subscriptions | 889 | -0- | -0- | 889 | -0- | -0- |
| Endowment development | 21,447 | -0- | -0- | 21,447 | -0- | -0- |
| Equipment rental, repairs, and maintenance | 5,827 | 15,612 | -0- | 21,439 | -0- | -0- |
| Computer support | 16,869 | -0- | -0- | 16,869 | -0- | -0- |
| Insurance | 4,291 | 3,778 | -0- | 8,069 | -0- | -0- |
| Utilities | 10,043 | 962 | -0- | 11,005 | -0- | -0- |
| Newsletter | 7,212 | -0- | -0- | 7,212 | -0- | -0- |
| Postage | 5,046 | -0- | -0- | 5,046 | -0- | -0- |
| Building rent | 21,600 | -0- | (21,600) | -0- | -0- | -0- |
| Travel | 2,632 | -0- | -0- | 2,632 | -0- | -0- |
| Education | 11,897 | -0- | -0- | 11,897 | -0- | -0- |
| Office supplies | 4,217 | 44 | -0- | 4,261 | -0- | -0- |
| Depreciation | 3,449 | 16,985 | -0- | 20,434 | -0- | -0- |
| Purchased services | 3,548 | 1,007 | -0- | 4,555 | -0- | -0- |
| Administrative fees | 698,518 | -0- | -0- | 698,518 | -0- | -0- |
| Miscellaneous | <u>3,540</u> | <u>11,934</u> | <u>(11,932)</u> | <u>3,542</u> | <u>-0-</u> | <u>-0-</u> |
| Total expenses | 4,158,535 | 50,522 | (252,854) | 3,956,203 | -0- | -0- |
| Change in net assets | 211,234 | 235,118 | -0- | 446,352 | 1,051,586 | (8,400) |
| Net assets, beginning of year | <u>1,310,099</u> | <u>640,989</u> | <u>-0-</u> | <u>1,951,088</u> | <u>47,125,735</u> | <u>1,491,975</u> |
| Net assets, end of year | <u>\$ 1,521,333</u> | <u>\$ 876,107</u> | <u>\$ -0-</u> | <u>\$ 2,397,440</u> | <u>\$ 48,177,321</u> | <u>\$ 1,483,575</u> |

See Report of Independent Auditors on pages 1 and 2.