

Indian River
Community
Foundation, Inc.



Years Ended
June 30,
2023 and 2022

Financial
Statements

Rehmann

INDIAN RIVER COMMUNITY FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

November 10, 2023

Board of Directors
Indian River Community Foundation, Inc.
Vero Beach, Florida

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ***Indian River Community Foundation, Inc.*** as of June 30, 2023 and 2022, and the 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.

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 Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, effective July 1, 2022 the Foundation adopted Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

Management's Responsibility for the Financial Statements

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



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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 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 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 Foundation'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

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INDIAN RIVER COMMUNITY FOUNDATION, INC.

Statements of Financial Position

	June 30	
ASSETS	2023	2022
Assets		
Cash and cash equivalents	\$ 4,514,176	\$ 6,455,084
Pledges receivable, net	-	10,000
Prepaid expenses	48,942	36,228
Life insurance policies	5,358	5,244
Investments	73,778,276	72,202,742
Net fixed assets	89,884	82,188
Total assets	\$ 78,436,636	\$ 78,791,486
LIABILITIES AND NET ASSETS		
Liabilities		
Grants payable	\$ 258,330	\$ 377,000
Accounts payable and accrued expenses	15,932	50,415
Obligation for charitable remainder unitrust	99,073	75,126
Assets held for others	4,700,408	4,313,747
Total liabilities	5,073,743	4,816,288
Commitments (Note 5)		
Net assets		
Without donor restrictions	72,229,638	72,931,837
With donor restrictions	1,133,255	1,043,361
Total net assets	73,362,893	73,975,198
Total liabilities and net assets	\$ 78,436,636	\$ 78,791,486

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

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Statements of Activities

	Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Public support, revenue and gains			
Contributions	\$ 10,188,776	\$ -	\$ 10,188,776
Investment return, net	7,335,054	137,730	7,472,784
Administrative fees income	515,751	-	515,751
Miscellaneous	1,076	-	1,076
Net assets released from restrictions	47,836	(47,836)	-
Total public support, revenue and gains	18,088,493	89,894	18,178,387
Expenses			
Program services	18,140,321	-	18,140,321
Support services			
Fundraising	240,207	-	240,207
Management and general	410,164	-	410,164
Total support services	650,371	-	650,371
Total expenses	18,790,692	-	18,790,692
Changes in net assets	(702,199)	89,894	(612,305)
Net assets, beginning of year	72,931,837	1,043,361	73,975,198
Net assets, end of year	\$ 72,229,638	\$ 1,133,255	\$ 73,362,893

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

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Statements of Activities

	Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Public support, revenue and losses			
Contributions	\$ 10,195,904	\$ 28,500	\$ 10,224,404
Investment return, net	(10,241,653)	(125,892)	(10,367,545)
Administrative fees income	565,762	-	565,762
Miscellaneous	2,640	-	2,640
Net assets released from restrictions	52,342	(52,342)	-
Total public support, revenue and losses	574,995	(149,734)	425,261
Expenses			
Program services	11,575,297	-	11,575,297
Support services			
Fundraising	203,690	-	203,690
Management and general	318,465	-	318,465
Total support services	522,155	-	522,155
Total expenses	12,097,452	-	12,097,452
Changes in net assets	(11,522,457)	(149,734)	(11,672,191)
Net assets, beginning of year	84,454,294	1,193,095	85,647,389
Net assets, end of year	\$ 72,931,837	\$ 1,043,361	\$ 73,975,198

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

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Statements of Functional Expenses

Year Ended June 30, 2023

	Program Services	Support Services			Total Expenses
		Fundraising	Management and General	Total Support Services	
Grants	\$ 17,163,645	\$ -	\$ -	\$ -	\$ 17,163,645
Salaries	205,936	173,262	153,412	326,674	532,610
Employee benefits	21,621	18,190	16,106	34,296	55,917
Payroll taxes	13,143	11,058	9,791	20,849	33,992
Payroll fees	1,294	1,088	964	2,052	3,346
Administrative fees charged to funds	480,980	-	1,438	1,438	482,418
Professional fees	61,327	-	86,777	86,777	148,104
Program/initiative expenses	86,089	-	-	-	86,089
Marketing	32,976	32,976	-	32,976	65,952
Office	9,959	168	61,467	61,635	71,594
Subscriptions and memberships	43,672	-	29,115	29,115	72,787
Meetings	15,529	3,333	3,769	7,102	22,631
Depreciation and amortization	-	-	28,153	28,153	28,153
Promotional	510	128	-	128	638
Travel and seminars	3,510	-	3,510	3,510	7,020
Telephone	-	-	4,166	4,166	4,166
Software and website maintenance	16	4	4,647	4,651	4,667
Insurance	-	-	3,609	3,609	3,609
Other	114	-	1,819	1,819	1,933
Bank fees	-	-	1,421	1,421	1,421
Total expenses	\$ 18,140,321	\$ 240,207	\$ 410,164	\$ 650,371	\$ 18,790,692

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

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Statements of Functional Expenses

Year Ended June 30, 2022

	Program Services	Support Services			Total Expenses
		Fundraising	Management and General	Total Support Services	
Grants	\$ 10,668,070	\$ -	\$ -	\$ -	\$ 10,668,070
Salaries	158,612	146,245	119,029	265,274	423,886
Employee benefits	13,836	12,756	10,381	23,137	36,973
Payroll taxes	10,192	9,398	7,649	17,047	27,239
Payroll fees	1,220	1,125	915	2,040	3,260
Administrative fees charged to funds	530,161	-	-	-	530,161
Professional fees	55,020	-	78,130	78,130	133,150
Marketing	55,686	-	-	-	55,686
Office	29,308	29,308	-	29,308	58,616
Subscriptions and memberships	6,290	140	44,064	44,204	50,494
Program/initiative expenses	27,227	-	18,151	18,151	45,378
Software and website maintenance	9,107	2,755	7,744	10,499	19,606
Meetings	-	-	10,780	10,780	10,780
Depreciation and amortization	7,238	1,809	-	1,809	9,047
Telephone	1,836	-	5,330	5,330	7,166
Travel and seminars	-	-	6,096	6,096	6,096
Insurance	616	154	4,312	4,466	5,082
Promotional	-	-	3,459	3,459	3,459
Other	878	-	1,581	1,581	2,459
Bank fees	-	-	844	844	844
Total expenses	\$ 11,575,297	\$ 203,690	\$ 318,465	\$ 522,155	\$ 12,097,452

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

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Statements of Cash Flows

	Year Ended June 30	
	2023	2022
Cash flows from operating activities		
Changes in net assets	\$ (612,305)	\$ (11,672,191)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation and amortization	28,153	10,780
Net present value discount pledges receivable	-	(176)
Contributions restricted for endowment	(10,000)	(28,500)
Donated marketable securities	(6,187,256)	(6,834,952)
Unrealized and realized (gains) losses on investments	(2,945,242)	9,939,527
Changes in operating assets and liabilities that provided (used) cash		
Pledges receivable	10,000	225,001
Prepaid expenses	(12,714)	(30,832)
Grants payable	(118,670)	(112,421)
Accounts payable and accrued expenses	(34,483)	35,008
Assets held for others	386,661	971,463
Net cash used in operating activities	(9,495,856)	(7,497,293)
Cash flows from investing activities		
Proceeds from sale of investments	20,655,009	12,058,259
Purchases of investments	(13,074,212)	(4,314,001)
Purchases of fixed assets	(35,849)	(81,349)
Net cash provided by investing activities	7,544,948	7,662,909
Cash flows provided by financing activities		
Cash contributions restricted for endowment	10,000	33,500
Net (decrease) increase in cash and cash equivalents	(1,940,908)	199,116
Cash and cash equivalents, beginning of year	6,455,084	6,255,968
Cash and cash equivalents, end of year	\$ 4,514,176	\$ 6,455,084

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

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Indian River Community Foundation (the "Foundation") is a nonprofit enterprise with a mission of building a better community through donor-driven philanthropy. The Foundation is governed by a volunteer Board of Directors comprised of residents of Indian River County, and operated by a staff committed to service excellence in all aspects of the organization's business. The Foundation carries out its mission in the following ways:

- By helping generous people to simplify donations and give to the causes they care about through charitable giving accounts.
- By helping generous people to create and leave a charitable legacy to support causes they care about through permanent endowments.
- By using the philanthropic capital it is entrusted with to find, fund and follow charitable organizations, programs and projects that make the Indian River County community better.

Since it began operations in 2008, the Foundation and its donors have awarded approximately \$110 million in grants mostly to nonprofit charitable organizations located in Indian River County, Florida. The Foundation has received accreditation for meeting National Standards for U.S. Community Foundations®, the nation's highest standard for philanthropic excellence.

The Foundation has an annual memorandum of understanding with Greater Horizons, a subsidiary of the Greater Kansas City Community Foundation, to provide back-office accounting, finance and investment management services to the Foundation. Greater Horizons is a separate legal entity owned by Greater Kansas City Community Foundation with total assets in excess of \$5.0 billion at December 31, 2022.

Risks and Economic Uncertainties

At the time of the COVID-19 outbreak, it was unknown as to the degree the outbreak would disrupt and affect the Foundation's normal activities. Management reasonably expected the COVID-19 outbreak to negatively impact the Foundation's financial position, changes in net assets, the timing and amounts of cash flows, and operating results. Management does not believe that any ongoing negative financial impacts of the pandemic, if any, would be material to the Foundation.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles general accepted in the United States of America ("GAAP"). Net assets and public support, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as net assets without donor restrictions or net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. As reflected in Note 10, the following funds are net assets without donor restrictions:

- Donor-advised funds are available for grant disbursement generally based on donor recommendation.
- Undesignated funds are carried in the name of the donor, if applicable, and are available for disbursement at the discretion of the Foundation's Board of Directors.
- Board-designated funds have been established by the governing board, from net assets without donor restrictions, as net assets for a board-designated endowment. See Note 12.
- Field-of-interest funds are available for grant disbursement within a charitable field-of-interest as recommended by the fund's advisory committee.
- Designated funds are generally used for a specific charitable organization as recommended by the donor. Resources that are reported in this net asset category include contributions without donor restrictions and the investment earnings thereon, and related expenses associated with the operations of the Foundation.

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, and are reported as net assets released from restrictions. See Note 11.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

Contributions

Contributions, including unconditional promises to give, are recognized as support in the period received. All contributions are without donor restriction unless specifically restricted by the donor. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions expire in the same reporting period the donations are received, the donations are reported as net assets without donor restriction. Conditional promises to give, which have a measurable performance or other barriers and right to return, are not recognized until the conditions on which they depend have been met. Donations promised in the future are recorded at the present value of estimated future cash flows. Contributions of assets other than cash are recorded at their estimated fair value.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expenses during the year. Accordingly, actual results may differ from those estimates. Significant estimates include, but are not limited to, the Foundation's valuation of level 3 investments.

Cash and Cash Equivalents

Cash and cash equivalents consist of amounts maintained in bank demand deposits, money market accounts, and certificates of deposit, except as designated for investing, which at times may exceed the federally insured limits. Management does not believe the Foundation is exposed to any significant interest rate or other financial risk as a result of these deposits.

Investments

Purchased investments are initially recorded at cost; investments received by gift are recorded at fair value at date of donation. The carrying value of investments is adjusted to fair value, as determined using published exchange market quotations, where applicable, or estimated fair values provided by external investment managers or other sources. The net unrealized appreciation or depreciation in fair market value of investments is reflected in the statements of activities as part of investment return. Investment return also consists of interest, dividends and realized gains and losses on marketable securities, net of external investment fees. Investment return, net, is classified as without donor restrictions unless stipulated by donor restriction or law.

Interest in Charitable Remainder Unitrust

The Foundation is the trustee of a charitable remainder unitrust ("CRUT") agreement with a donor for which the Foundation is a beneficiary. Contribution revenue was recognized at the date the trust was established based on the expected present value of the Foundation's interest in the trust assets, less the present value of an annuity payable to the donor. Changes in the value of the underlying assets, net of the obligation to the donor, are recognized in the statements of activities.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

A description of each category in the fair value hierarchy is as follows:

- Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

For a further discussion of Fair Value Measurements, refer to Note 4 of the financial statements.

Pledges Receivable

The Foundation recognizes pledges receivable (promises to give) at their estimated fair value. Fair value is determined by calculating the present value of future cash flows while considering the credit risk of the donor. A pledge receivable is considered to be past due on a donor-specific basis. Management reviews the likelihood of collection of each pledge receivable based on management's predictions of donor behavior relative to economic conditions. As of June 30, 2023 and 2022, management does not consider any pledges to be uncollectible. Pledges may be made from external or donor-advised funds of the donor.

Fixed Assets and Depreciation

Fixed assets consisting of property and equipment costing over \$1,000 are stated at cost. Donated assets are recorded at fair value when received. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Management reviews these assets for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. Fixed assets are depreciated or amortized using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 10 years.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

Grant Expenses

Grant expenses are recorded when grants are approved by the board.

Income Taxes

The Foundation is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Foundation was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income." Such income, pursuant to the Internal Revenue Code and related regulations, includes certain investment income such as interest. The Foundation has been classified as not a private foundation.

Management of the Foundation analyzes its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions, to identify potential uncertain tax positions.

Management of the Foundation has evaluated its income tax filing positions for fiscal years 2020 through 2023, the years which remain subject to examination as of June 30, 2023. Management concluded that there are no significant uncertain tax positions requiring recognition in the Foundation's financial statements. The Foundation does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Foundation does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2023 or 2022, and is not aware of any claims for such amounts by federal or state income tax authorities.

Functional Allocation of Expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statements 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. The financial statements report certain categories of expenses that are attributed to more than the program or one supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated based on the role of the staff's time and effort and actual cost incurred. Although the methods of allocation are considered reasonable, other methods could be used that would produce a different amount.

Leases and Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") established Accounting Standards Codification ("ASC") Topic 842, *Leases* ("ASC 842"), by issuing Accounting Standards Update ("ASU") No. 2016-02 ("ASU 2016-02"). The standard, as amended, establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Leases are now classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

The Foundation adopted ASU 2016-02, as amended, effective July 1, 2022. Financial information has not been updated and the disclosures required under the new standard have not been provided for dates and periods before July 1, 2022. Management elected the new standard's package of practical expedients, which permits the Foundation to maintain prior conclusions about lease identification, lease classification, and initial direct costs. Management elected to use the go-forward practical expedient to not separate lease and non-lease components for all of the leases. Management also elected to use the short-term lease recognition exemption for all leases that qualify.

There are no short term lease costs. The ROU asset and related liabilities were not recorded because they were not material to the financial statements.

Subsequent Events

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2023, the most recent statement of financial position presented herein, through November 10, 2023, the date these financial statements were available to be issued. No significant such events or transactions were identified.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30:

	2023	2022
Cash and cash equivalents	\$ 4,514,176	\$ 6,455,084
Pledges receivable within one year	-	5,000
Investments	73,778,276	72,202,742
Subtotal	78,292,452	78,662,826
Less amounts unavailable for general expenditures within one year due to		
Donor advised funds	62,086,479	63,156,773
Field of interest funds	1,462,903	1,542,961
Designated funds	5,400,557	5,079,429
Board-designated endowment funds	1,308,222	1,195,613
Donor-restricted endowment funds	1,133,255	1,033,361
Assets held for others	4,700,408	4,313,747
Total	76,091,824	76,321,884
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,200,628	\$ 2,340,942

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

Endowment funds consist of donor-restricted endowments and funds designated by the board as an endowment. 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 board-designated endowments of \$1,308,222 in 2023 and \$1,195,613 in 2022 are subject to the Foundation spending policies as described in Note 12. Although the Foundation does not intend to spend from these board-designated endowments (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.

As part of the Foundation's liquidity plan, certain contributions and other revenues are available for general expenditures, without donor or other restrictions limiting their use, within one year of the statement of financial position date.

3. INVESTMENTS

Under the memorandum of understanding with Greater Horizons, the Foundation has funds in the following investment vehicles:

- *Investment in Fixed Income Pool* - an investment account in the name of Greater Horizons that purchases and sells bond mutual funds. During the years ended June 30, 2023 and 2022 these funds were further segregated between short and intermediate term investments.
- *Investment in Equity Pool* - an investment account in the name of Greater Horizons that purchases and sells a variety of domestic and international mutual funds as well as a portfolio of equity securities.

Investment income and appreciation or depreciation is allocated to members of the pool in proportion to their investment in the pool.

In addition to these accounts, the Foundation also invests funds in various cash and brokerage investment accounts in the name of Greater Horizons under the same memorandum of understanding. Since these investments are in the name of Greater Horizons, they may be in excess of Federal Deposit Insurance Corporation or Securities Investor Protection Corporation limits. Investments are managed by multiple investment managers, who have responsibility for investing the funds in various investment alternatives. Management does not believe it is exposed to any significant credit risk on uninsured amounts. Many of these managers may carry additional insurance, a portion of which may inure to the benefit of the Foundation.

4. FAIR VALUE MEASUREMENT AND INVESTMENTS

The Foundation utilizes fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Investments are recorded at fair value on a recurring basis.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

Following is a description of the valuation methodologies and key inputs used to measure financial assets recorded at fair value. The description includes an indication of the level of the fair value hierarchy in which the assets are classified.

Certificates of Deposit

The carrying amounts of cash and certificates of deposit approximate fair value (Level 1).

Marketable Securities

Marketable securities are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss and liquidity assumptions. Level 1 securities include mutual funds and equity securities traded on an active exchange, such as the New York Stock Exchange, that are traded by dealers or brokers in active over-the-counter markets and money market funds. Level 2 securities include corporate and governmental bonds.

Charitable Remainder Unitrust

Fair value measurement is based upon the fair value of the underlying investments in the trusts, an estimated rate of return, anticipated future payments to be made to the Foundation and an assumed discount rate as discussed further in Note 5. The CRUT is determined to be a Level 3 investment.

Pooled Accounts

Pooled accounts are recorded at fair value on a recurring basis, and are determined to be Level 3 investments as the Foundation holds units within the pooled accounts. However, the underlying assets within the pooled accounts are Level 1 or 2 investments.

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

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

The following tables set forth by level, within the fair value hierarchy, the recorded amount of assets measured at fair value on a recurring basis as of June 30:

2023	Assets as Fair Value			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 272,081	\$ -	\$ -	\$ 272,081
Marketable securities				
Domestic equities	18,719,769	-	-	18,719,769
Domestic equity mutual funds	4,256,076	-	-	4,256,076
International equities	411,687	-	-	411,687
Other investments	517,531	-	-	517,531
Fixed mutual funds	2,716,003	-	-	2,716,003
Exchange traded funds	6,840,003	-	-	6,840,003
Government bonds	-	4,224,013	-	4,224,013
Corporate bonds	-	1,322,929	-	1,322,929
Charitable Remainder Unitrust	-	-	316,548	316,548
Pooled accounts				
Domestic equities	-	-	14,971,840	14,971,840
Fixed income funds	-	-	10,468,843	10,468,843
International equities	-	-	5,248,928	5,248,928
Total investments at fair value	\$ 33,733,150	\$ 5,546,942	\$ 31,006,159	70,286,251
Cash and cash equivalents				3,492,025
Total investments				\$ 73,778,276

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

2022	Assets as Fair Value			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 357,347	\$ -	\$ -	\$ 357,347
Marketable securities				
Domestic equities	23,260,769	-	-	23,260,769
Domestic equity mutual funds	4,954,421	-	-	4,954,421
International equities	284,410	-	-	284,410
Other investments	492,644	-	-	492,644
Fixed mutual funds	3,066,014	-	-	3,066,014
Exchange traded funds	3,816,374	-	-	3,816,374
Government bonds	-	985,447	-	985,447
Corporate bonds	-	1,380,671	-	1,380,671
Charitable Remainder Unitrust	-	-	289,131	289,131
Pooled accounts				
Domestic equities	-	-	14,499,991	14,499,991
Fixed income funds	-	-	11,003,628	11,003,628
International equities	-	-	5,387,572	5,387,572
Total investments at fair value	\$ 36,231,979	\$ 2,366,118	\$ 31,180,322	69,778,419
Cash and cash equivalents				2,424,323
Total investments				\$ 72,202,742

The following table sets forth a summary of changes in the fair value of the Foundation's Level 3 investments measured at fair value on a recurring basis for the years ended June 30:

	Charitable Remainder Unitrust and Pooled Accounts	
	2023	2022
Balance, beginning of year	\$ 31,180,322	\$ 33,849,415
Net realized and unrealized appreciation (depreciation)	2,653,334	(5,171,854)
Purchases, gross	22,307	2,538,597
Withdrawals, gross	(2,849,804)	(35,836)
Total investments at fair value	\$ 31,006,159	\$ 31,180,322

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

5. INTEREST IN CHARITABLE REMAINDER UNITRUST

In May 2019, a donor established a charitable remainder unitrust (CRUT) which named the Foundation as trustee and sole remainder beneficiary. The trust agreement provides for the donor to receive annually 6% of the fair value of the trust, paid quarterly, until the donor's death. The fair value of the assets in the CRUT was \$316,548 and \$289,131 at June 30, 2023 and 2022, respectively, which is included in investments in the statements of financial position. The present value of the future obligation to the donor was \$99,073 and \$75,126 at June 30, 2023 and 2022, respectively.

6. PLEDGES RECEIVABLE

Pledges receivable are unconditional promises to give. In 2023 and 2022, the Foundation collected promises to give of \$10,000 and \$230,000, respectively. The Foundation received no unconditional promises to give during 2023 and 2022 and there were no pledges written off in those years.

The composition of gross pledges receivable is as follows at June 30:

	2023	2022
Total pledges receivable		
Founders' pledges	\$ -	\$ 10,000

Pledges receivable, net of discounts, are estimated to be collected as follows at June 30:

	2023	2022
Within one year	\$ -	\$ 10,000

There were no conditional pledges at June 30, 2023 or 2022.

7. FIXED ASSETS

Net fixed assets consists of the following at June 30:

	2023	2022
Fixed assets		
Computer equipment and software	\$ 11,289	\$ 11,289
Furniture and equipment	40,135	6,990
Website development	36,927	36,927
Leasehold improvements	43,711	41,007
Total	132,062	96,213
Less accumulated depreciation/amortization	42,178	14,025
Net fixed assets	\$ 89,884	\$ 82,188

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

Depreciation and amortization expense was \$28,153 and \$10,780 for the years ended June 30, 2023 and 2022, respectively.

8. GRANTS PAYABLE

The Foundation has awarded grants to other organizations that are expected to be paid during the year ended June 30, 2024 and beyond. Grants payable were \$258,330 and \$377,000 as of June 30, 2023 and 2022, respectively.

9. ASSETS HELD FOR OTHERS

The Foundation has arrangements with certain not-for-profit organizations ("NPO"s) whereby a NPO transfers assets to the Foundation and specifies itself as beneficiary. In such cases, the Foundation does not report the receipt of these assets as contributions. Even though the NPO has granted the Foundation legal title to the assets, under GAAP, such transfers are reported by the Foundation as increases in liabilities. Likewise, grant expenses and investment returns relating to these funds are reported as changes to the liability.

Assets held for others, which include agency endowments, consists of the following at June 30:

	2023	2022
The Learning Alliance	\$ 2,100,800	\$ 1,982,848
Childcare Resources of Indian River	655,254	599,981
Mental Health Association	480,187	439,934
Alzheimer and Parkinson Association	391,173	348,748
Youth Sailing Foundation	271,895	250,078
Vero Beach Opera	250,990	220,159
Big Brothers Big Sisters	110,015	115,618
Education Foundation of IRC	108,203	106,424
Hope for Families Center	104,763	92,064
Senior Resources Association, Inc.	47,253	43,253
IRC Healthy Start Coalition	30,698	28,099
Ocean Research and Conservation Assoc, Inc.	27,357	-
Literacy Services of Indian River County	27,293	24,958
Ballet Vero Beach, Inc.	25,847	-
The ARC of Indian River County, Inc	24,313	21,713
Youth Guidance Mentoring Academy	23,460	22,157
Indian River Golf Foundation	18,987	17,713
Vero Beach Rowing, Inc.	1,920	-
Total assets held for others	\$ 4,700,408	\$ 4,313,747

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

The table below shows the effects of agency endowments on the Foundation's contribution revenue:

	2023	2022
Total amounts raised	\$ 10,252,760	\$ 11,789,218
Amounts received as agency endowments	(63,984)	(1,564,814)
Contribution revenue	<u>\$ 10,188,776</u>	<u>\$ 10,224,404</u>

Agency endowments had no effect on Foundation grant expenses in 2023 and 2022.

10. NET ASSETS WITHOUT DONOR RESTRICTIONS

As discussed in Note 1, the Foundation separates contributions into five distinct types. Net assets without donor restrictions consist of these funds, net of expenditures from the related fund at June 30:

	2023	2022
Donor advised funds	\$ 62,086,479	\$ 63,156,773
Undesignated funds	1,971,477	1,957,061
Board-designated - operating endowment	681,768	612,225
Board-designated - grantmaking endowment	626,454	583,388
Field-of-interest funds	1,462,903	1,542,961
Designated funds	5,400,557	5,079,429
Total net assets without donor restrictions	<u>\$ 72,229,638</u>	<u>\$ 72,931,837</u>

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30:

	2023	2022
Subject to time restriction		
Pledges	\$ -	\$ 10,000
Endowments		
Subject to appropriation and expenditures for a specified purpose		
Operating endowment	434,112	429,112
Grantmaking endowment	518,110	513,110
Endowment earnings		
Operating	94,885	65,196
Grantmaking	86,148	25,943
Total endowments	<u>1,133,255</u>	<u>1,033,361</u>
Total net assets with donor restrictions	<u>\$ 1,133,255</u>	<u>\$ 1,043,361</u>

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

The net assets released from donor restrictions in 2023 and 2022 amounted to \$47,836 and \$52,342 respectively. Such amounts related primarily to the collection of pledges receivable and appropriated endowment expenditures.

12. ENDOWMENTS

IRCF Operating Endowment and Grantmaking Endowment

Contributions to the Foundation's endowment funds are invested in accordance with the Foundation's endowment investment guidelines. The stated objective of the policy is to generate prudent but competitive investment returns from its endowments. The policy states that the funds are to be managed conservatively but will take reasonable risks in growing the funds in order to meet donor objectives while also paying out earnings up to a maximum 4.0% of the fund's average market value of the invested assets over the preceding 12 quarters, ending with the most recent December 31st valuation. Assets of the fund are to be diversified to protect against large investment losses and minimize volatility. Investment diversity is to be achieved by limiting the amount invested in domestic equity securities, international equity securities, fixed income securities and cash equivalents. The policy states an acceptable range for each asset class.

The Foundation's endowment consists of donor-restricted endowment funds and board-designated funds. As required, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the State of Florida version of 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 stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the historical dollar value of gifts donated to the restricted endowment, (b) the historical dollar value of subsequent gifts to the restricted endowment, and (c) accumulations to the restricted endowment in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is classified as with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The terms of the endowment agreement, which document the wishes of the contributor.
- The purposes of the Foundation and the donor-restricted endowment fund.
- General economic conditions.
- The possible effects of inflation and deflation.
- The expected total return from income and the appreciation of investments.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

- Other resources of the Foundation.
- Current investment policies.

Return Objective and Risk Parameters

The Foundation has adopted a balanced growth investment approach seeking to protect the long-term principal value of each endowment fund while providing long-term real growth of the principal. The Foundation understands that actual returns in any given year may vary and that adoption of this objective does not assure achievement of any specific investment results. The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints, with the asset mix to consist of 65%-85% equity instruments, 10%-30% fixed income securities and 5% cash equivalents. The Foundation has preference for simple investment structures, which will have lower cost, easier oversight, and less complexity for internal financial management.

Spending Policy

Distributions from each endowment fund are approved annually for the subsequent fiscal year by the Board of Directors based on the needs of the Foundation and their determination of availability of funds for distribution, using 4.0% of the average market value of the endowment assets over the preceding 12 quarters, ending with the most recent December 31th valuation of endowment assets as a distribution guide.

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law. The Foundation has no underwater endowment funds at June 30, 2023 and 2022.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

The following is a summary of the Foundation's endowment net assets and changes therein for the years ended June 30:

2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets composition by type of fund			
Board-designated endowment funds	\$ 1,308,222	\$ -	\$ 1,308,222
Donor restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	952,222	952,222
Accumulated investment gains	-	181,033	181,033
Total endowment net assets	\$ 1,308,222	\$ 1,133,255	\$ 2,441,477
Changes in endowment net assets			
Investment income, net of fees	\$ 154,824	\$ 137,730	\$ 292,554
Contributions	-	10,000	10,000
Appropriation of endowment assets for expenditure	(42,215)	(47,836)	(90,051)
Changes in endowment net assets	112,609	99,894	212,503
Endowment net assets, Beginning of year	1,195,613	1,033,361	2,228,974
End of year	\$ 1,308,222	\$ 1,133,255	\$ 2,441,477

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets composition by type of fund			
Board-designated endowment funds	\$ 1,195,613	\$ -	\$ 1,195,613
Donor restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	942,222	942,222
Accumulated investment gains	-	91,139	91,139
Total endowment net assets	\$ 1,195,613	\$ 1,033,361	\$ 2,228,974
Changes in endowment net assets			
Investment return, net of fees	\$ (222,934)	\$ (125,892)	\$ (348,826)
Contributions	-	33,500	33,500
Appropriation of endowment assets for expenditure	(48,312)	(27,342)	(75,654)
Changes in endowment net assets	(271,246)	(119,734)	(390,980)
Endowment net assets, Beginning of year	1,466,859	1,153,095	2,619,954
End of year	\$ 1,195,613	\$ 1,033,361	\$ 2,228,974

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