

Indian River
Community
Foundation, Inc.



Years Ended
June 30,
2024 and 2023

Financial
Statements

Rehmann

INDIAN RIVER COMMUNITY FOUNDATION, INC.

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November 15, 2024

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, 2024 and 2023, 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, 2024 and 2023, 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, 2023, the Foundation adopted Accounting Standards Codification Topic 326, *Financial Instruments - Credit Losses*. 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.

A handwritten signature in black ink that reads "Rehmann Johnson LLC". The signature is written in a cursive, flowing style.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Statements of Financial Position

	June 30	
	2024	2023
ASSETS		
Assets		
Cash and cash equivalents	\$ 5,691,419	\$ 4,514,176
Prepaid expenses	74,371	48,942
Other assets	32,014	5,358
Investments	88,138,401	73,778,276
Net fixed assets	60,100	89,884
Total assets	\$ 93,996,305	\$ 78,436,636
LIABILITIES AND NET ASSETS		
Liabilities		
Grants payable	\$ 275,733	\$ 258,330
Accounts payable and accrued expenses	11,833	15,932
Obligation for charitable remainder unitrust	84,899	99,073
Assets held for others	3,397,918	4,700,408
Total liabilities	3,770,383	5,073,743
Commitments (Note 5)		
Net assets		
Without donor restrictions	87,140,325	72,229,638
With donor restrictions	3,085,597	1,133,255
Total net assets	90,225,922	73,362,893
Total liabilities and net assets	\$ 93,996,305	\$ 78,436,636

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

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Public support, revenue and gains			
Contributions	\$ 25,438,583	\$ 1,775,225	\$ 27,213,808
Investment return, net	9,944,727	224,831	10,169,558
Administrative fees income	645,518	-	645,518
Miscellaneous	26,957	-	26,957
Net assets released from restrictions	47,714	(47,714)	-
Total public support, revenue and gains	36,103,499	1,952,342	38,055,841
Expenses			
Program services	20,518,864	-	20,518,864
Support services			
Fundraising	229,508	-	229,508
Management and general	444,440	-	444,440
Total support services	673,948	-	673,948
Total expenses	21,192,812	-	21,192,812
Changes in net assets	14,910,687	1,952,342	16,863,029
Net assets, beginning of year	72,229,638	1,133,255	73,362,893
Net assets, end of year	\$ 87,140,325	\$ 3,085,597	\$ 90,225,922

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

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Statement of Activities

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public support, revenue and losses			
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 losses	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.

Statement of Functional Expense

Year Ended June 30, 2024

	Program Services	Support Services			Total Expenses
		Fundraising	Management and General	Total Support Services	
Grants	\$ 19,279,742	\$ -	\$ -	\$ -	\$ 19,279,742
Salaries	218,941	165,476	173,719	339,195	558,136
Employee benefits	24,930	18,842	19,781	38,623	63,553
Payroll taxes	14,752	11,150	11,704	22,854	37,606
Payroll fees	1,283	969	1,018	1,987	3,270
Administrative fees charged to funds	667,015	-	-	-	667,015
Professional fees	68,665	-	98,260	98,260	166,925
Program/initiative expenses	141,016	-	-	-	141,016
Marketing	28,769	28,769	-	28,769	57,538
Office	17,212	202	62,916	63,118	80,330
Subscriptions and memberships	39,323	-	26,216	26,216	65,539
Meetings	11,650	3,975	6,464	10,439	22,089
Depreciation and amortization	-	-	29,784	29,784	29,784
Promotional	360	90	-	90	450
Travel and seminars	4,971	-	4,970	4,970	9,941
Telephone	-	-	4,435	4,435	4,435
Software and website maintenance	140	35	784	819	959
Insurance	-	-	917	917	917
Other	95	-	-	-	95
Bank fees	-	-	3,472	3,472	3,472
Total expenses	\$ 20,518,864	\$ 229,508	\$ 444,440	\$ 673,948	\$ 21,192,812

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

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Statement of Functional Expense

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 Cash Flows

	Year Ended June 30	
	2024	2023
Cash flows from operating activities		
Changes in net assets	\$ 16,863,029	\$ (612,305)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation and amortization	29,784	28,153
Contributions restricted for endowment	-	(10,000)
Donated marketable securities	(16,757,534)	(6,187,256)
Unrealized and realized gains on investments	(8,836,358)	(2,945,242)
Changes in operating assets and liabilities that provided (used) cash		
Pledges receivable	-	10,000
Prepaid expenses	(25,429)	(12,714)
Other assets	(26,656)	-
Grants payable	17,403	(118,670)
Accounts payable and accrued expenses	(4,099)	(34,483)
Assets held for others	(1,302,490)	386,661
Net cash used in operating activities	(10,042,350)	(9,495,856)
Cash flows from investing activities		
Proceeds from sale of investments	47,039,719	20,655,009
Purchases of investments	(35,820,126)	(13,074,212)
Purchases of fixed assets	-	(35,849)
Net cash provided by investing activities	11,219,593	7,544,948
Cash flows provided by financing activities		
Cash contributions restricted for endowment	-	10,000
Net increase (decrease) in cash and cash equivalents	1,177,243	(1,940,908)
Cash and cash equivalents, beginning of year	4,514,176	6,455,084
Cash and cash equivalents, end of year	\$ 5,691,419	\$ 4,514,176

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 \$131 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.

Risks and Economic Uncertainties

The extent of the impact of certain global economic events on the Foundation's activities will depend on various factors, including the duration and its effect on donors, employees, and financial markets, all of which cannot be reasonably predicted at this time. The impact of such events on the Foundation's financial position, operating results, and the timing and amounts of cash flows continue to be uncertain.

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.

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.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

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 11.
- 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 10.

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.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

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 support, 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. The Foundation has not experienced any credit losses and does not believe it is exposed to any significant credit losses on the money market accounts.

Third-Party Pooled Cash and Investments

Since 2008 the Foundation has had a services agreement (the "Agreement") with Greater Horizons, a not-for-profit organization and controlled affiliate of The Greater Kansas City Community Foundation, who provided accounting financial management and investment services for the Foundation. Under the investment terms of the Agreement, the Foundation transferred certain cash and investments to Greater Horizons, which held the Foundation's cash and investments in commingled pooled accounts with other not-for-profit organizations that utilized the services of Greater Horizons. Prior to July 1, 2023, the Foundation's investments were held in brokerage accounts under the control and in the name of Greater Horizons. The Agreement granted all rights, title and interest in the Foundation's cash and investments to Greater Horizons and granted variance power to Greater Horizons, subject to the Foundation's direction and donor intent.

In 2022, the Foundation was notified that Greater Horizons would no longer be providing accounting and financial management services to community foundations. The Agreement was terminated effective July 1, 2023, whereupon Greater Horizons no longer has variance power and returned legal control and possession of the Foundation's cash and investments to the Foundation. However, the Foundation elected to continue using Greater Horizon for investment services. The Foundation's interest (beneficial interest prior or July 1, 2023) in the pooled cash and investments held by Greater Horizons is reported at the fair value of the underlying assets as reported by Greater Horizons.

Investment transactions for the Foundation's pooled cash and investment accounts are recorded by Greater Horizons on a trade date basis. Pooled investment income represented the Foundation's share of investment income on investments held by Greater Horizons, net of related direct investment expenses, such as investment manager fees, custody fees and administrative fees. Pooled investment income are allocated to the Foundation based on the Foundation's average monthly balance invested in the total cash and investment pool managed by Greater Horizons. Pooled investment income is included in the change in net assets without donor restrictions, unless investment income is restricted by donor stipulation.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

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.

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.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to 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, 2024 and 2023, there were no pledge receivables. Pledges may be made from external or donor-advised funds of the donor.

Fixed Assets and Depreciation

Fixed assets consist of property and equipment. Property and equipment acquisitions greater than \$1,000 are capitalized and 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.

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 an 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 2021 through 2024, the years which remain subject to examination as of June 30, 2024. 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, 2024 or 2023, and is not aware of any claims for such amounts by federal or state income tax authorities.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

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.

Change in Accounting Principle

The Financial Accounting Standards Board issued Accounting Standards Update 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, in June 2016. The standard replaced the incurred loss impairment methodology with a new methodology that reflects current expected credit losses ("CECL") on financial assets, including receivables and certain off-balance sheet commitments. The new methodology requires the measurement of all expected credit losses based on historical experience, current economic conditions, and reasonable and supportable forecasts. The standard also expands the required quantitative and qualitative disclosures for expected credit losses. On July 1, 2023, the Foundation adopted the standard using a modified retrospective method. The adoption of this standard did not have a material impact on the financial statements and disclosures.

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, 2024, the most recent statement of financial position presented herein, through November 15, 2024, the date these financial statements were available to be issued. No significant such events or transactions were identified.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

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:

	2024	2023
Cash and cash equivalents	\$ 5,691,419	\$ 4,514,176
Investments	88,138,401	73,778,276
Subtotal	93,829,820	78,292,452
Less amounts unavailable for general expenditures within one year due to		
Donor advised funds	72,071,299	62,086,479
Field of interest funds	5,095,660	1,462,903
Designated funds	6,585,291	5,400,557
Board-designated endowment funds	1,418,620	1,308,222
Donor-restricted endowment funds	3,085,597	1,133,255
Assets held for others	3,397,918	4,700,408
Total	91,654,385	76,091,824
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,175,435	\$ 2,200,628

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 \$1,418,620 in 2024 and \$1,308,222 in 2023 are subject to the Foundation spending policies as described in Note 11. 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.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

3. INVESTMENTS

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

- *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 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, 2024 and 2023 these funds were further segregated between short and intermediate term investments.

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

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.

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

Certificates of deposit are recorded at fair value (Level 2).

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.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

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.

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:

2024	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 172,267	\$ -	\$ -	\$ 172,267
Marketable securities				
Domestic equities	37,913,611	-	-	37,913,611
Domestic equity mutual funds	1,714,265	-	-	1,714,265
Fixed mutual funds	2,335,115	-	-	2,335,115
Exchange traded funds	3,165,622	-	-	3,165,622
Government bonds	-	1,085,585	-	1,085,585
Corporate bonds	-	1,686,990	-	1,686,990
Charitable Remainder Unitrust	-	-	358,979	358,979
Pooled accounts				
Domestic equities	-	-	18,965,801	18,965,801
Fixed income funds	-	-	12,356,949	12,356,949
International equities	-	-	6,420,767	6,420,767
Total investments at fair value	\$ 45,300,880	\$ 2,772,575	\$ 38,102,496	86,175,951
Cash and cash equivalents				1,962,450
Total investments				\$ 88,138,401

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

2023	Assets at 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

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	
	2024	2023
Balance, beginning of year	\$ 31,006,159	\$ 31,180,322
Net realized and unrealized appreciation (depreciation)	3,147,341	2,653,334
Purchases, gross	16,119,085	22,307
Withdrawals, gross	(12,170,089)	(2,849,804)
Total investments at fair value	\$ 38,102,496	\$ 31,006,159

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 \$358,979 and \$316,548 at June 30, 2024 and 2023, respectively, which is included in investments in the statements of financial position. The present value of the future obligation to the donor was \$84,899 and \$99,073 at June 30, 2024 and 2023, respectively.

6. FIXED ASSETS

Net fixed assets consists of the following at June 30:

	2024	2023
Fixed assets		
Computer equipment and software	\$ 11,289	\$ 11,289
Furniture and equipment	40,135	40,135
Website development	36,927	36,927
Leasehold improvements	43,711	43,711
Total	132,062	132,062
Less accumulated depreciation/amortization	71,962	42,178
Net fixed assets	\$ 60,100	\$ 89,884

Depreciation and amortization expense was \$29,784 and \$28,153 for the years ended June 30, 2024 and 2023, respectively.

7. 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 \$275,733 and \$258,330 as of June 30, 2024 and 2023, respectively.

8. 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 payments and investment returns relating to these funds are reported as changes to the liability.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

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

	2024	2023
The Learning Alliance	\$ -	\$ 2,100,800
Childcare Resources of Indian River	775,391	655,254
Mental Health Association	544,785	480,187
Indian River Habitat for Humanity	339,068	-
Alzheimer and Parkinson Association	450,771	391,173
Youth Sailing Foundation	303,317	271,895
Vero Beach Opera	347,002	250,990
Big Brothers Big Sisters	120,703	110,015
Education Foundation of IRC	-	108,203
Hope for Families Center	120,043	104,763
Senior Resources Association, Inc.	117,028	47,253
IRC Healthy Start Coalition	34,395	30,698
Ocean Research and Conservation Assoc, Inc.	32,286	27,357
Literacy Services of Indian River County	57,180	27,293
Ballet Vero Beach, Inc.	28,959	25,847
The ARC of Indian River County, Inc	27,859	24,313
HCF IRC Fund	25,359	-
LRJF	25,045	-
Youth Guidance Mentoring Academy	25,557	23,460
Indian River Golf Foundation	21,019	18,987
Vero Beach Rowing, Inc.	2,151	1,920
Total assets held for others	<u>\$ 3,397,918</u>	<u>\$ 4,700,408</u>

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

	2024	2023
Total amounts raised	\$ 27,774,602	\$ 10,252,760
Amounts received as agency endowments	<u>(560,794)</u>	<u>(63,984)</u>
Contribution revenue	<u>\$ 27,213,808</u>	<u>\$ 10,188,776</u>

Agency endowments had no effect on Foundation grant expenses in 2024 and 2023.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

9. NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	2024	2023
Donor advised funds	\$ 72,071,299	\$ 62,086,479
Undesignated funds	1,969,455	1,971,477
Board-designated - operating endowment	750,263	681,768
Board-designated - grantmaking endowment	668,357	626,454
Field-of-interest funds	5,095,660	1,462,903
Designated funds	6,585,291	5,400,557
Total net assets without donor restrictions	<u>\$ 87,140,325</u>	<u>\$ 72,229,638</u>

10. NET ASSETS WITH DONOR RESTRICTIONS

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

	2024	2023
Endowments		
Subject to appropriation and expenditures for a specified purpose		
Operating endowment	\$ 709,337	\$ 434,112
Grantmaking endowment	518,110	518,110
Proven Programs endowment	1,500,000	-
Endowment earnings		
Operating	184,706	94,885
Grantmaking	160,290	86,148
Proven Programs	13,154	-
Total net assets with donor restrictions	<u>\$ 3,085,597</u>	<u>\$ 1,133,255</u>

The net assets released from donor restrictions in 2024 and 2023 amounted to \$47,714 and \$47,836 respectively. Such amounts represent appropriated endowment expenditures.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

11. ENDOWMENTS

IRCF Operating Endowment, Grantmaking Endowment and Proven Programs 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.
- Other resources of the Foundation.
- Current investment policies.

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

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 70-80% equity instruments, 24-26% fixed income securities and 1% 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, 2024 and 2023.

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:

2024	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets composition by type of fund			
Board-designated endowment funds	\$ 1,418,620	\$ -	\$ 1,418,620
Donor restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	2,727,447	2,727,447
Accumulated investment gains	-	358,150	358,150
Total endowment net assets	<u>\$ 1,418,620</u>	<u>\$ 3,085,597</u>	<u>\$ 4,504,217</u>
Changes in endowment net assets			
Investment income, net of fees	\$ 148,045	\$ 224,831	\$ 372,876
Contributions	10,000	1,775,225	1,785,225
Appropriation of endowment assets for expenditure	(47,647)	(47,714)	(95,361)
Changes in endowment net assets	110,398	1,952,342	2,062,740
Endowment net assets, Beginning of year	<u>1,308,222</u>	<u>1,133,255</u>	<u>2,441,477</u>
End of year	<u>\$ 1,418,620</u>	<u>\$ 3,085,597</u>	<u>\$ 4,504,217</u>

INDIAN RIVER COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

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 return, 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

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