

**THE COMMUNITY FOUNDATION OF
MACON COUNTY**

FINANCIAL STATEMENTS

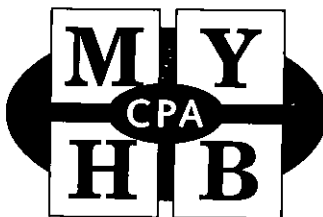
December 31, 2019

THE COMMUNITY FOUNDATION OF MACON COUNTY

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
 The Community Foundation of
 Macon County
 Decatur, Illinois

We have audited the accompanying financial statements of The Community Foundation of Macon County (a non-profit organization) which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The Board of Directors
The Community Foundation of
Macon County
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation of Macon County as of December 31, 2019 and 2018, 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.

McGuire, Yuhas, Huffman & Buckley, P.C.

McGuire, Yuhas, Huffman & Buckley, P.C.
Decatur, Illinois

April 22, 2020

THE COMMUNITY FOUNDATION OF MACON COUNTY

STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 337,082	\$ 297,440
Investments	40,375,162	35,723,994
Prepaid Expenses	22,650	20,188
Promises to Give (CLAT), Less Unamortized Discount of \$288,221 (2018 \$328,892)	1,245,301	1,350,179
Promises to Give (In-Kind Lease), Less Unamortized Discount of \$51,092	396,908	-
Leasehold Improvements, Net of Accumulated Amortization of \$6,799	82,658	-
Furniture and Equipment, Net of Accumulated Depreciation of \$14,866 (2018-\$34,348)	13,730	4,027
Total Assets	\$ <u>42,473,491</u>	\$ <u>37,395,828</u>
LIABILITIES		
Accounts Payable	\$ 26,738	\$ 35,250
Agency Funds	3,804,978	3,457,228
Total Liabilities	<u>3,831,716</u>	<u>3,492,478</u>
NET ASSETS		
Net Assets without Donor Restrictions:		
Operating Funds	616,518	497,248
Donor-Advised and Designated Funds	36,382,049	31,904,523
Total Net Assets without Donor Restrictions	<u>36,998,567</u>	<u>32,401,771</u>
Net Assets with Donor Restrictions:		
Donor-Advised With Time Restrictions	1,246,300	1,501,579
In-Kind Lease With Time Restrictions	396,908	-
Total Net Assets with Donor Restrictions	<u>1,643,208</u>	<u>1,501,579</u>
Total Net Assets	<u>38,641,775</u>	<u>33,903,350</u>
Total Liabilities and Net Assets	\$ <u>42,473,491</u>	\$ <u>37,395,828</u>

THE COMMUNITY FOUNDATION OF MACON COUNTY

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support, Revenue and Reclassifications		
Gifts	\$ 2,836,632	\$ 4,319,103
Decatur Legacy Membership Dues	10,000	11,000
Investment Income, Net of Amounts Earned on Agency Funds	<u>5,636,284</u>	<u>(1,017,006)</u>
	8,482,916	3,313,097
Net Assets Released From Restrictions		
Satisfaction of Purpose Restriction	271,858	147,671
Expiration of Time Restriction	<u>177,549</u>	<u>-</u>
Total Support, Revenue and Reclassifications	8,932,323	3,460,768
Expenses		
Program Services	3,895,762	3,825,513
Supporting Services:		
General and Administrative	280,302	230,478
Fund-Raising	<u>159,463</u>	<u>150,794</u>
Total Supporting Services	439,765	381,272
Total Expenses	<u>4,335,527</u>	<u>4,206,785</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	<u>4,596,796</u>	<u>(746,017)</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Support, Revenue and Reclassifications		
Gifts	591,036	1,361,094
Net Assets Released From Restrictions		
Satisfaction of Purpose Restriction	(271,858)	(147,671)
Expiration of Time Restriction	<u>(177,549)</u>	<u>-</u>
Total Support, Revenue and Reclassifications	141,629	1,213,423
Increase(Decrease) in Net Assets With Donor Restrictions	<u>141,629</u>	<u>1,213,423</u>
Total Increase(Decrease) in Net Assets	4,738,425	467,406
Net Assets, Beginning of Year	<u>33,903,350</u>	<u>33,435,944</u>
Net Assets, End of Year	<u>\$ 38,641,775</u>	<u>\$ 33,903,350</u>

Notes to Financial Statements are an integral part of this statement.

THE COMMUNITY FOUNDATION OF MACON COUNTY

STATEMENTS OF FUNCTIONAL EXPENSES

Years ended December 31, 2019 and 2018

	2019				
	Program Services	Supporting Services			Totals
		General and Administrative	Fund-Raising	Total Supporting Services	
Grants (Outside Organizations)	\$ 3,461,618	\$	\$	\$	\$ 3,461,618
Grants (Other Program Expenses)	117,791				117,791
Grants (EdCo/CommunityWorks & Early Childhood Education)					
Outside Organizations	31,362				31,362
Program Expenses	73,601				73,601
Salaries & Benefits	115,918				115,918
Total Grants/Programs	3,800,290	-	-	-	3,800,290
Salaries & Benefits	73,748	139,912	74,778	214,690	288,438
Conference/Training	2,659	1,773	4,432	6,205	8,864
Credit Card Processing			507	507	507
Printing/Postage/Advertising		8,861	79,746	88,607	88,607
Decatur Legacy	19,065			-	19,065
Depreciation & Amortization		8,257		8,257	8,257
Liability Insurance		5,584		5,584	5,584
Office Supplies		6,049		6,049	6,049
Professional Fees		60,653		60,653	60,653
Rent		7,823		7,823	7,823
In-Kind Rent		32,000		32,000	32,000
Donor Stewardship		6,621		6,621	6,621
Telephone		2,769		2,769	2,769
Total Functional Expenses	\$ 3,895,762	\$ 280,302	\$ 159,463	\$ 439,765	\$ 4,335,527

	2018				
	Program Services	Supporting Services			Totals
		General and Administrative	Fund-Raising	Total Supporting Services	
Grants (Outside Organizations)	\$ 3,292,892	\$	\$	\$	\$ 3,292,892
Grants (Other Program Expenses)	190,953				190,953
Grants (EdCo/CommunityWorks & Early Childhood Education)					
Outside Organizations	8,500				8,500
Program Expenses	89,971				89,971
Salaries & Benefits	158,235				158,235
Total Grants/Programs	3,740,551	-	-	-	3,740,551
Salaries & Benefits	78,327	133,459	73,743	207,202	285,529
Conference/Training	2,359	1,573	3,932	5,505	7,864
Credit Card Processing			1,025	1,025	1,025
Printing/Postage/Advertising		7,535	67,818	75,353	75,353
Decatur Legacy	4,276		4,276	4,276	8,552
Depreciation		1,383		1,383	1,383
Liability Insurance		4,996		4,996	4,996
Office Supplies		5,328		5,328	5,328
Professional Fees		56,632		56,632	56,632
Rent		7,019		7,019	7,019
Donor Stewardship		9,866		9,866	9,866
Telephone		2,687		2,687	2,687
Total Functional Expenses	\$ 3,825,513	\$ 230,478	\$ 150,794	\$ 381,272	\$ 4,206,785

Notes to Financial Statements are an integral part of this statement.

THE COMMUNITY FOUNDATION OF MACON COUNTY

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 4,738,425	\$ 467,406
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation of Equip/Amortization of Leasehold Improvements	9,157	2,152
Discounts on Promises to Give	(40,671)	306,803
Unrealized (Appreciation) Depreciation on Investments	(4,746,529)	2,866,520
Donated Securities included in Gifts	(969,722)	(2,509,860)
(Increase) Decrease in Assets:		
Promises to Give Receivable	(251,359)	(1,420,781)
Prepaid Expenses	(2,462)	1,312
Increase (Decrease) in Liabilities:		
Agency Funds	347,750	(301,112)
Accounts Payable	(8,512)	(1,458)
Net Cash Flows from (used by) Operating Activities	<u>(923,923)</u>	<u>(589,018)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (Purchase) of Equipment/Leasehold Improvements	(101,518)	-
Sale (Purchase) of Investments	1,065,083	629,640
Net Cash Flows from (used by) Investing Activities	<u>963,565</u>	<u>629,640</u>
Net Increase(Decrease) in Cash and Cash Equivalents	39,642	40,622
Cash and Cash Equivalents, beginning	<u>297,440</u>	<u>256,818</u>
Cash and Cash Equivalents, ending	<u>\$ 337,082</u>	<u>\$ 297,440</u>
SUPPLEMENTAL DISCLOSURES		
Noncash Investing and Financing Transactions:		
Gifts of Investments	<u>\$ 969,722</u>	<u>\$ 2,509,860</u>

Notes to Financial Statements are an integral part of this statement.

THE COMMUNITY FOUNDATION OF
MACON COUNTY

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note 1 Summary of Significant Accounting Policies

Organization Data

The Community Foundation of Macon County (the Foundation) was incorporated under the laws of the State of Illinois as a not-for-profit organization. The Foundation is a community trust organized to enhance the quality of life in the greater Macon County area, and toward that end, to receive, administer and distribute property in cash and in kind primarily to benefit the people, institutions and community for philanthropic purposes. The Foundation administers over 300 individual funds, each established with an instrument of gift describing either the general or specific purposes for which grants are to be made, usually from income only, but in some cases, from principal. The Foundation's governing instruments also allow for invasion of principal and for it to exercise its variance power. Additionally, on occasion, the Foundation receives funds for specific charitable purposes which are pass-through in nature.

Basis of Accounting

The Foundation's financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Grants Payable

Grants payable to selected or designated organizations and the related expense are recorded when the grants are approved by the Foundation. There were no grants payable as of December 31, 2019 and 2018.

Net Assets

The Foundation classifies net assets into two categories: without donor restrictions and with donor restrictions. All contributions and grants are considered to be available for any purpose performing the primary objective of the organization unless subject to specific donor-imposed restrictions.

Net assets consist of the following types of internally-designated funds:

Operating funds - Funds used for the general operation of the Foundation.

Donor-advised and other funds - Funds established by donor contributions that enable donors to make recommendations from time to time about the distributions from the funds.

THE COMMUNITY FOUNDATION OF
MACON COUNTY

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018
(Continued)

Note 1 Summary of Significant Accounting Policies - (Continued)

The donors' advice in the grant making process is considered by the Board of Directors in making grants from these resources. Other funds include field of service funds used to support particular interests to the donor, designated funds intended to benefit designated charitable organizations, and scholarship funds intended to assist students in obtaining an education.

When the Foundation has the ability to remove a donor restriction (i.e., variance power), the contribution is classified as a net asset without donor restrictions. To ensure tax deductibility of donors' gifts, the Foundation is required by the IRS to exercise final discretion concerning expenditures from its funds. Accordingly, all net assets and related activity over which the management of the Foundation exercises direct control are classified as a net asset without donor restrictions in the accompanying financial statements. However, if the donor has indicated a desire to support a particular area of interest or organization, the Foundation Board will designate the contribution for that use.

Contributions Receivable (Promises to Give)

Unconditional promises to give are recognized as revenue in the period received and as assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises expected to be collected in future years are recorded at the present value of expected future cash flows discounted at appropriate discount commensurate to the risks involved, which was 3% at December 31, 2019 and 2018.

Furniture and Equipment and Leasehold Improvements

The Foundation capitalizes expenditures for furniture and equipment and leasehold improvements. Furniture and equipment and leasehold improvement purchases are stated at cost. Depreciation and amortization are provided over the estimated useful lives of the assets using the straight-line method.

Investment Policy

It is the Foundation's policy that investments should carry a balanced risk profile. The Foundation's asset allocation ranges, based on market value, are as follows: equities - 50% to 65%, fixed income - 25% to 40%, and cash - 0% to 15%.

THE COMMUNITY FOUNDATION OF
MACON COUNTY

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018
(Continued)

Note 1 Summary of Significant Accounting Policies - (Continued)

Present Spending Policy

The Board of the Foundation expects to approve, for grant making purposes, an amount up to 5% of its net assets available for such use. The rate, amounts, and base against which policy is applied are subject to change at the sole discretion of the Board.

Investments

Investments are carried at market value, except for life insurance policies which are valued at their cash surrender value. The Foundation records all donated securities at their fair market value at the date of donation. Interest and dividends and gains and losses are reflected in the statement of activities as change in net assets without donor restrictions.

Concentration of Credit Risk

The Foundation maintains its cash balances at several financial institutions located in Decatur, Illinois. The balances in interest bearing demand or savings accounts at each institution are insured by the Federal Deposit Insurance Corporation for up to \$250,000. From time to time during the year, deposits exceed federally insured limits. At December 31, 2019 there was \$23,771 exceeding federally insured limits. At December 31, 2018, there were no deposits exceeding federally insured limits. Management does not believe that it is exposed to any significant risk in connection with any uninsured cash balances.

The Foundation's investments are invested mostly in mutual funds. These investments are uninsured and subject to the credit risk of the financial markets.

Income Taxes

The Foundation is a non-profit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Use of Donated Facilities

Nominal rents are paid by the Foundation under the terms of a lease agreement for office space. The Foundation recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the annual estimated fair-value rental of the property. The fair value of donated facilities is developed

THE COMMUNITY FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018
(Continued)

Note 1 Summary of Significant Accounting Policies - (Continued)

based on rental rates for comparable space in the surrounding area of the property.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less and not held by a broker to be cash equivalents.

Use of Estimates

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

Agency Funds

The Foundation accepts transfers of assets from other nonprofit organizations. When the nonprofit organization names itself as the beneficiary of the transferred assets, the Community Foundation records the assets received and a liability for the amount due back to the organization, rather than recognizing revenue. In these situations, the Foundation is acting as an agent on behalf of the other nonprofit organization. Investment income produced from these assets is also accounted for as a liability.

Functional expenses

The costs associated with the Community Foundation's providing various charitable services to community, including both program services and related supporting services have been included in the statement of activities and are reported on the statement of functional expenses. The costs associated with services provided to the community have been allocated to program services and have been determined by management based on a human resource allocation framework for all charitable activities.

Expenses that are allocated include the following:

Expense -----	Method of Allocation -----
Salaries & Benefits	Time and Effort
Conference/Training	Time and Effort
Credit Card Processing	Time and Effort
Printing/Postage/Advertising	Time and Effort
Decatur Legacy	Time and Effort

THE COMMUNITY FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018
(Continued)

Note 1 Summary of Significant Accounting Policies - (Continued)

New Accounting Pronouncements

FASB ASU's 2014-09 and 2015-14, (Topic 606) - *Revenue from Contracts with Customers* became effective the year ended December 31, 2019. The ASU's address how Organizations will account for all revenue generated through exchange transactions ("contracts with customers"). For not-for profit entities, this revenue commonly consists of membership fees, sales of products and services, naming rights, sponsorships, special event fees, and the like. The Foundation does not currently participate in activities that would be subject to this standard. However, the Foundation will present any future activities in accordance with this standard, should such activities arise.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update addresses the complexity of accounting for transactions as contributions (non-reciprocal transactions or as exchange (reciprocal) transactions and assists in determining whether a contribution is conditional. The Foundation has presented these statements accordingly.

Note 2 Investments

Investments in marketable securities are held by commercial banks, segregated within the trust departments, or by brokerage houses. They consist primarily of mutual funds. Pursuant to its investment policy, the Foundation diversifies its holdings into various asset classes, principally debt and equity holdings. Mutual funds are evaluated on the basis of their underlying securities. As of December 31, 2019 and 2018, a majority of the Foundation's holdings were in the American Funds from Capital Group.

Investments consist of the following at December 31, 2019 and 2018:

	2019 Fair Value	2018 Fair Value
	-----	-----
Broker cash and money market funds	\$ 1,602,362	\$ 2,779,618
Common Stock	163,910	133,363
Corporate and government bonds & CDs	1,068,314	619,335
Mutual funds	37,505,455	32,162,125
Insurance policy- cash surrender value	35,121	29,553
	-----	-----
	\$40,375,162	\$35,723,994
	=====	=====

THE COMMUNITY FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018
(Continued)

Note 2 Investments - (Continued)

Investment income at December 31, 2019 and 2018 is summarized as follows:

	2019 ----	2018 ----
Interest and dividends	\$ 1,485,880	\$ 1,702,536
Realized and unrealized gains and (losses)	4,746,529 -----	(2,866,519) -----
	6,232,409	(1,163,983)
Less amount allocated to agency endowments	596,125 -----	(146,977) -----
Total investment income	\$ 5,636,284 =====	\$(1,017,006) =====

Note 3 Leases

Decatur Area Arts Council: On April 1, 2018, the Foundation entered into a lease with the Decatur Area Arts Council for office space. This is a three-year lease ending March 31, 2021. The lease is for the 2nd and 3rd floors of the Madden Arts Center (the Foundation's previous office space). The Foundation will pay \$1,000 per month for the space and an additional \$1,750 annually for utilities as long as the space is occupied. This will result in total payments of \$13,750 for each year of the lease.

The Foundation recognized twelve months of rent and 8 months of utilities expense for 2019 totaling \$12,583 (2018 - \$13,750).

The lease and utilities payments for the remainder of the lease are as follows:

2020	\$12,000
2021	\$ 3,000

THE COMMUNITY FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018
(Continued)

Note 3 Leases - (Continued)

1 Main Place Properties: On May 2, 2019, the Foundation entered into a 10-year lease with 1 Main Place Properties for facilities to be used for the main offices of the Foundation (the Foundation's current office space). The lease provides that the Foundation pays \$1 per year in rent as long as the premises are used for the furtherance of charitable and educational purposes.

The fair value of the total rent contributed under this lease term is estimated to be \$480,000. This estimate was developed based on rental rates for comparable space in the surrounding area of the property. This total amount is discounted to present value using a discount rate of 3%.

The contributed rent receivable is being amortized on a straight-line basis because that method does not differ materially from the effective-interest method. Therefore, the receivable and the related net assets with donor restrictions are reduced each year by \$48,000. The release of the time restriction increases net assets without donor restrictions concurrently with a decrease in that net asset class for rent expense. The Foundation is responsible for certain improvements and operating expenses of the property. During 2019, improvements to the space amounted to \$89,457 and operating expenses amounted to \$1,168.

The December 31, 2019 present value of this contributed use of facilities is \$396,908 and is included in the Foundation's donor-restricted net assets. In the year ended December 31, 2019, \$32,000 of donor-restricted net assets were released to net assets without donor restrictions upon expiration of the time restrictions on the contributed rent.

Note 4 Promises to Give Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Promises to Give consist of charitable lead annuity trust (CLAT) agreements and in-kind lease agreements. When such agreements are signed into effect, the Foundation records revenue and a promise to give for the entire amount of the agreement, discounted to present value. Subsequent payments under the agreements reduce the promise to give receivable, and the discount is amortized (included in contribution revenue) over the life of the agreement.

THE COMMUNITY FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018
(Continued)

Note 4 Promises to Give Receivable - (Continued)

As of December 31, 2019 and 2018, contributors to the Foundation have made written unconditional promises to give totaling \$1,981,522 and \$1,679,070, respectively. The discounts on those amounts is computed using an assumed risk-free interest rate of 3%.

As of December 31, 2019:	CLAT -----	In-Kind Lease -----	Total -----
Less than one year	\$ 145,548	\$ 48,000	\$ 193,548
One to five years	451,644	192,000	643,644
Beyond 5 years	936,330	208,000	1,144,330
	-----	-----	-----
	1,533,522	448,000	1,981,522
Less unamortized discount	(288,221)	(51,092)	(339,313)
	-----	-----	-----
Total promises to give	\$1,245,301	\$ 396,908	\$1,642,209
	=====	=====	=====

As of December 31, 2018:	CLAT -----	In-Kind Lease -----	Total -----
Less than one year	\$ 145,548	\$ 0	\$ 145,548
One to five years	507,192	0	507,192
Beyond 5 years	1,026,331	0	1,026,331
	-----	-----	-----
	1,679,071	0	1,679,071
Less unamortized discount	(328,892)	(0)	(328,892)
	-----	-----	-----
Total promises to give	\$1,350,179	\$ 0	\$1,350,179
	=====	=====	=====

Note 5 Intentions to Give

The Foundation is aware that it has been named as beneficiary of several life insurance policies, IRA accounts and bequests. Because the Foundation's interest is conditional, the value of these intended gifts has not been established, nor have these gifts been recognized as an asset or contribution revenue.

THE COMMUNITY FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018
(Continued)

Note 6 Furniture and Equipment and Leasehold Improvements

Furniture and equipment included the following at December 31, 2019 and 2018:

	2019 -----	2018 -----
Furniture and equipment	\$ 28,596	\$ 38,375
Accumulated depreciation	(14,866)	(34,348)
	-----	-----
Net property and equipment	\$ 13,730	\$ 4,027
	=====	=====

Furniture and equipment are capitalized at cost when purchased and at fair value if donated. Depreciation is computed using the straight-line method based on expected useful life and amounted to \$2,358 and \$2,152 for the years ending December 31, 2019 and 2018, respectively.

Leasehold improvements included the following at December 31, 2019 and 2018:

	2019 -----	2018 -----
Leasehold Improvements	\$ 89,457	\$ 0
Accumulated Amortization	(6,799)	0
	-----	-----
Net Leasehold Improvements	\$ 82,658	\$ 0
	=====	=====

Leasehold improvements are capitalized at cost when incurred. Amortization is computed using the straight-line method based on life of the lease and amounted to \$6,799 for the year ending December 31, 2019.

Total depreciation and amortization expense for 2019 amounted to \$9,157, of which \$900 was allocated to program service grants and \$8,257 was allocated to general and administrative. Total depreciation expense for 2018 amounted to \$2,152, of which \$769 was allocated to program service grants and \$1,383 was allocated to general and administrative.

THE COMMUNITY FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018
(Continued)

Note 7 Agency Funds

The Foundation receives and distributes assets under certain agency and intermediary arrangements.

Liabilities have been established to account for the transfer of assets under these arrangements when a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself or its affiliate as the beneficiary of that fund. Related amounts received or distributed, investment income or loss, and expenses are presented in the accompanying statement of activities.

Transactions in agency funds are summarized as follows:

	2019	2018
	----	----
Additions:		
Contributions	\$ 80,202	\$ 940
Investment income	596,125	(146,977)
Deductions:		
Grants to designated Organizations	(309,108)	(155,075)
Expenses	(19,469)	
	-----	-----
Increase in agency funds	347,750	(301,112)
Balance in agency funds, Beginning of year	3,457,228	3,758,340
	-----	-----
Balance in agency funds, End of year	\$ 3,804,978	\$ 3,457,228
	=====	=====

THE COMMUNITY FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS
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(Continued)

Note 7 Agency Funds - (Continued)

At December 31, 2019 and 2018, individual balances which make up the total agency fund balance are as follows:

	2019	2018
	-----	-----
Decatur Area Arts Council Endowment	\$ 479,615	\$ 425,771
Governor Oglesby Mansion Endowment	151,999	129,178
Rock Springs Endowment	27,164	22,571
Girl Scouts of Central IL Endowment	33,291	29,758
United Way Endowment	90,178	136,874
Victory Pharmacy Endowment	13,054	11,109
Walter & Inabell Kirby Mem Endowment	49,585	43,408
Webster-Cantrell Hall Endowment	367,821	328,288
YMCA Endowment	48,065	41,268
Big Brothers/Big Sisters	73,262	62,302
LSA-Pritts	55,737	47,388
LSA-Horn	59,825	50,836
LSA-Burdick	48,833	41,469
LSA-Brink	1,400	1,190
LSA-Tieman	38,543	32,756
LSA-Fund I	194,155	300,290
Northwest Softball	688,859	585,434
Northeast Community Fund	278,815	236,932
St. Teresa Foundation-McCoy	489,809	437,036
Nancy Koopman Memorial Scholarship	132,840	118,760
Macon County Historical Society	233,437	206,236
Demirjian Scholarship for WCH	188,685	168,374
Alliance of Illinois Community Foundations	60,006	0
	-----	-----
Total	\$ 3,804,978	\$ 3,457,228
	=====	=====

Note 8 Donor-advised and Other Funds

Donor-advised and other funds consist of the following as of December 31, 2019 and 2018:

	2019	2018
	----	----
Donor-advised funds	\$15,523,096	\$14,194,770
Discretionary funds	171,360	148,560
Field of service funds	9,559,402	8,197,241
Designated funds	6,442,633	5,444,934
Scholarship funds	5,931,858	5,420,597
	-----	-----
Total	\$37,628,349	\$33,406,102
	=====	=====

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

Note 8 Donor-advised and Other Funds - (Continued)

The Foundation's policy is to assess each fund an annual fee of 1% of its market value. Such amounts are credited to discretionary funds without donor restrictions to offset administrative expenses. For the years ended December 31, 2019 and 2018, the Foundation assessed \$363,197 and \$337,220, respectively, against the various donor-advised and other funds.

For the years ended December 31, 2019 and 2018, grants were awarded and payments totaling \$3,492,980 and \$3,301,392, respectively, were made to a wide variety of charities, organizations and universities on behalf of scholarship recipients. These benefited social service agencies, local churches, education, environment, arts and others.

Note 9 Leave a Legacy

Partner nonprofit organizations and professional firms pay dues in order to help pay for conducting an annual awareness campaign, public relations projects, billboards, etc. The amount held for the group was \$8,009 at December 31, 2019 (2018 - \$15,043).

Note 10 Simplified Employee Pension (SEP) Plan

Effective January 1, 2001, the Organization adopted a Simplified Employee Pension (SEP) Plan. Employer contributions under this plan are made at the Employer's discretion and are based upon the total compensation of each participant. Eligibility requires the employee to have attained the age of twenty-one (21) and to have performed services for the employer in three of the last five plan years. It is the practice of the Foundation to begin contributions in the plan following the 1 year anniversary of an employee and contributions will be made from the employment start date. Contributions paid/accrued during 2019 were \$15,930 (2018 - \$19,112).

Note 11 Related Party Transactions

During the year ended December 31, 2019, the Foundation received \$196,091 (2018 - \$335,604) in contributions (including gifts of securities) from board members, their family, their employers/businesses, and Foundation employees/volunteers and their families.

THE COMMUNITY FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS
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(Continued)

Note 11 Related Party Transactions - (Continued)

During the course of ordinary business, the Foundation purchased services from a marketing firm owned by a board member. These services were considered normal operating expenses and were approved by the rest of the board members. Also, in the course of ordinary business, the Foundation maintained investment accounts at numerous brokerage firms, one of which has partners who are a board member. These relationships are disclosed to the entire board and do not influence the operations or decision-making process of the Foundation. All investment choices in this particular account are made by the Foundation's board and are in line with the Foundation's investment policy, as well as the other investment accounts.

Note 12 Major Contributors

A significant portion of current year contributions received as of December 31, 2019 came from primarily five donors totaling \$1,941,321 or 57% of total contribution revenue. 2018 contributions came from primarily five donors totaling \$3,164,750 or 73% of total contribution revenue.

Note 13 Community Partnerships

During 2008, the Community Foundation launched the Decatur Area Education Coalition and the Leaders Challenge Fund, bringing state-wide private foundation funding as well as donor and local foundation giving together to create a network of well-informed advocates and community members working to support improvements in education. During 2019 and 2018, these programs continued to grow and are being funded by interest earned, as well as additional donations and grants.

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NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018
(Continued)

Note 14 Net Assets with Donor Restrictions

Net Assets with Donor Restrictions were as follows for the years ended December 31, 2019 and 2018:

	Beginning Balance December 31, 2018 -----	Increase -----	Decrease -----	Ending Balance December 31, 2019 -----
Specific Purpose				
Food Scarcity	\$ 133,703	\$ 91,457	\$ 224,160	\$ 1,000
Memorial Fund	1,734		1,734	-
Education	964		964	-
Education	15,000	30,000	45,000	-
Passage of Time				
DAF CLAT	139,742	4,358	30,549	113,551
DAF CLAT	716,276	21,488	60,000	677,764
DAF CLAT	47,836	1,435	25,000	24,271
DAF CLAT	446,324	13,390	30,000	429,714
In-Kind Lease		428,908	32,000	396,908
	-----	-----	-----	-----
	\$ 1,501,579	\$ 591,036	\$ 449,407	\$ 1,643,208
	=====	=====	=====	=====
	Beginning Balance December 31, 2017 -----	Increase -----	Decrease -----	Ending Balance December 31, 2018 -----
Specific Purpose				
Food Scarcity	\$ 14,937	\$ 136,766	\$ 18,000	\$ 133,703
Memorial Fund	1,054	1,130	450	1,734
Education	25,000		25,000	-
Education	10,964		10,000	964
Education		30,000	15,000	15,000
Passage of Time				
DAF CLAT	165,486	4,805	30,549	139,742
DAF CLAT		737,153	20,877	716,276
DAF CLAT	70,715	2,121	25,000	47,836
DAF CLAT		449,119	2,795	446,324
	-----	-----	-----	-----
	\$ 288,156	\$ 1,361,094	\$ 147,671	\$ 1,501,579
	=====	=====	=====	=====

THE COMMUNITY FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018
(Continued)

Note 15 Endowments

The Foundation will continue to fulfill its stewardship responsibility by internally accounting for and reporting all net assets in accordance with each donor's original intent as provided for in the gift instrument which established the fund. All recordkeeping for internal management and external reporting retains the original donor intent for every charitable asset within the Foundation.

The Foundation, upon management and governance review, has determined that net assets do not meet the specific definition of endowment under Illinois UPMIFA. The Foundation, at its sole discretion, shall determine to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund. As a result of this responsibility, all contributions not subject to donor-imposed restrictions are classified as net assets without donor restrictions for financial statement purposes. Net assets with donor restrictions are disclosed in Note 14 above.

Although the charitable assets entrusted to the Foundation do not meet the definition as provided for under Illinois UPMIFA, the spending policies and philosophy, as well as the long-term investment management policies, and procedures described in Note 1, were designed to function as integrated processes and are administered to reflect the following factors, as described in Illinois UPMIFA, for prudent stewards of charitable assets, including:

- 1) The duration and preservation of a fund;
- 2) The purpose of the organization and the donor designations thereto;
- 3) General economic conditions;
- 4) The possible effects of inflation and deflation;
- 5) The expected total return of the charitable assets;
- 6) Other resources of the organization; and
- 7) The investment policies.

Note 16 Fair Value of Financial Instruments

The Foundation classifies and discloses the fair value measurements for certain financial and nonfinancial assets and liabilities, carried at fair value in one of the following three categories:

- Level 1: Quoted market prices for identical assets or liabilities in an open market, to which an entity has access to at the measurement date.
- Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

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NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018
(Continued)

Note 16 Fair Value of Financial Instruments - (Continued)

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When applying fair value principles in the valuation of assets and liabilities, we are required to maximize the use of quoted market prices and minimize the use of unobservable inputs. We calculate the fair value of our Level 1 and Level 2 instruments based on the market value, at close of business, of similar or identical instruments. The Foundation has not changed its valuation techniques in measuring the fair value of any financial assets and liabilities during the year.

The following table sets forth the Foundation's financial assets and liabilities as of December 31, 2019 and 2018, which were measured at fair value on a recurring basis during the period, segregated by level within the fair value hierarchy:

2019 -----	Level 1 -----	Level 2 -----	Level 3 -----	Total -----
Assets at Fair Value:				
Investments:				
Mutual Funds	\$ 37,505,455			\$ 37,505,455
Broker Cash Equivalents	1,602,362			1,602,362
Fixed Income		\$ 1,068,314		1,068,314
Equities	163,910			163,910
Insurance Policy		35,121		35,121
	-----	-----	-----	-----
Total assets at Fair Value:	\$ 39,271,727	\$ 1,103,435	\$ 0	\$ 40,375,162
	=====	=====	=====	=====
2018 -----	Level 1 -----	Level 2 -----	Level 3 -----	Total -----
Assets at Fair Value:				
Investments:				
Mutual Funds	\$ 32,162,125			\$ 32,162,125
Broker Cash Equivalents	2,779,618			2,779,618
Fixed Income		\$ 619,335		619,335
Equities	133,363			133,363
Insurance Policy		29,553		29,553
	-----	-----	-----	-----
Total assets at Fair Value:	\$ 35,075,106	\$ 648,888	\$ 0	\$ 35,723,994
	=====	=====	=====	=====

THE COMMUNITY FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018
(Continued)

Note 16 Fair Value of Financial Instruments - (Continued)

There were no non-financial assets requiring measurement at fair value on a non-recurring basis during the year ended December 31, 2019 or 2018.

Note 17 Availability and Liquidity

The following table discloses certain additional information as of December 31, 2019 and 2018 related to the Community Foundation's investments. The Community Foundation assesses liquidity needs on a monthly basis to ensure that it has access to sufficient resources necessary for its current and future operational activity.

	2019 Fair Value -----	2018 Fair Value -----	Redemption Terms -----	Redemption Restrictions -----
Assets at Fair Value:				
Investments:				
Mutual Funds	\$ 37,505,455	\$ 32,162,125	3-5 days	N/A
Broker Cash Equivalents	1,602,362	2,779,618	immediate	N/A
Fixed Income	1,068,314	619,335	Various redemption dates	
Equities	163,910	133,363	3-5 days	
Insurance Policy	35,121	29,553		Written notice
	-----	-----		
Total assets at Fair Value:	\$ 40,375,162 =====	\$ 35,723,994 =====		

The Foundation's goal is to maintain liquid financial assets to meet its day-to-day operating expenses and the distribution of grants at a spending rate of no less than 5% annually.

Note 18 Commitments

On May 1, 2017, the Foundation entered into a 36-month agreement with Network Solutions Unlimited Inc. for \$56,000 payable monthly at \$1,559. Network Solutions provides all the hardware, operating systems, and computer support as noted in the terms to the agreement. The total paid in 2019 was \$19,444. Under the current agreement approximately \$7,550 will be paid in the year ending December 31, 2020.

On November 11, 2018, the Foundation renewed a 1-year agreement for CommunitySuite licenses which includes hosting, maintenance,

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

Note 18 **Commitments - (Continued)**

upgrades, and support for accounting and fund management software service and scholarship application portal services. The total amount paid was \$24,225. In addition, the Foundation purchased the Grant lifecycle Management software service from Foundant during 2019 for an additional cost of \$2,100. On November 11, 2019, the Foundation renewed a 1-year agreement for CommunitySuite Licenses, the scholarship portal, and the Grant lifecycle Management software service. The total for all three packages was \$27,180.

Note 19 **Subsequent Events**

Subsequent events have been evaluated through April 22, 2020, the date in which the financial statements were available to be issued. As a result of the COVID-19 coronavirus pandemic, economic uncertainties and market volatility have arisen that have negatively impacted investment income and the value of the Foundation's investments through the date of these financial statements. However, the full economic impact of the current pandemic on the 2020 fiscal year is not yet known. Additionally, the Foundation has responded to the pandemic by committing \$350,000 to funding grants to support front-line service and advocacy organizations through the creation of the Macon County COVID-19 Community Response Fund. The fund receives donations and administers grants in collaboration with county organizations coordinating the pandemic response.
