

CENTRAL KANSAS
COMMUNITY FOUNDATION, INC.

NEWTON, KANSAS

Independent Auditor's Report

December 31, 2019

Central Kansas Community Foundation, Inc.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Central Kansas Community Foundation, Inc.
Newton, Kansas

We have audited the accompanying financial statements of Central Kansas Community Foundation, Inc., which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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.

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 Central Kansas Community Foundation, Inc. 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.

Knudsen, Monroe & Company, LLC

Certified Public Accountants

August 25, 2020

Central Kansas Community Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 1,264,649	1,042,765
Prepaid expenses	6,103	4,650
Assets held under trust agreements	664,183	609,524
Investments	21,652,822	18,575,651
Fixed assets, net	<u>2,099</u>	<u>3,923</u>
 Total assets	 <u>\$ 23,589,856</u>	 <u>20,236,513</u>
 LIABILITIES		
Accounts payable	\$ 2,657	14,823
Remainder trust funds payable	297,386	274,820
Assets held for others as agent	<u>2,255,858</u>	<u>1,910,729</u>
 Total liabilities	 <u>2,555,901</u>	 <u>2,200,372</u>
 NET ASSETS		
Without donor restrictions	19,541,559	16,721,231
With donor restrictions	<u>1,492,396</u>	<u>1,314,910</u>
 Total net assets	 <u>21,033,955</u>	 <u>18,036,141</u>
 Total liabilities and net assets	 <u>\$ 23,589,856</u>	 <u>20,236,513</u>

Central Kansas Community Foundation, Inc.

STATEMENTS OF ACTIVITIES

Years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and gains		
Contributions	\$ 1,423,621	2,002,258
Special events	26,244	19,469
Change in value of split interest agreements	13,762	(13,338)
Investment income	203,692	125,370
Net realized and unrealized gains (losses) on investments	2,379,702	(1,553,808)
Management fees and other	313,504	286,961
Net assets released from restrictions	<u>117,554</u>	<u>171,553</u>
	<u>4,478,079</u>	<u>1,038,465</u>
Expenses		
Program	1,290,653	1,799,839
General and administrative	267,085	249,741
Fundraising	<u>100,013</u>	<u>105,771</u>
	<u>1,657,751</u>	<u>2,155,351</u>
Increase (decrease) in net assets without donor restrictions	<u>2,820,328</u>	<u>(1,116,886)</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	94,754	129,640
Change in value of split interest agreements	(39,343)	4,573
Investment income	12,643	8,529
Net realized and unrealized gains (losses) on investments	226,986	(128,613)
Net assets released from restrictions	<u>(117,554)</u>	<u>(171,553)</u>
Increase (decrease) in net assets with donor restrictions	<u>177,486</u>	<u>(157,424)</u>
Change in net assets	2,997,814	(1,274,310)
NET ASSETS, beginning of year	<u>18,036,141</u>	<u>19,310,451</u>
NET ASSETS, end of year	<u>\$ 21,033,955</u>	<u>18,036,141</u>

Central Kansas Community Foundation, Inc.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets, page 3	\$ 2,997,814	(1,274,310)
Adjustments to reconcile change in net assets to net cash provided by (used in) operations		
Depreciation	1,824	1,880
Noncash contributions	(44,482)	(500,328)
Contributions restricted for long-term purposes	(5,712)	(7,170)
Change in value of split interest agreements	25,581	8,765
Net realized and unrealized investment (gain) loss	(2,528,447)	1,649,658
Unrealized (gain) loss on assets held under trust agreements	(78,241)	32,763
(Increase) decrease in other assets	(1,453)	7,127
Decrease in accounts payable	(12,166)	(2,936)
Amounts collected as agent for others	108,422	102,251
Amount remitted as agent to others	<u>(73,845)</u>	<u>(604,590)</u>
Net cash provided by (used in) operating activities	<u>389,295</u>	<u>(586,890)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(3,314)
Proceeds from sales of investments	3,241,788	4,933,525
Purchase of investments	<u>(3,414,911)</u>	<u>(4,246,466)</u>
Net cash provided by (used in) investing activities	<u>(173,123)</u>	<u>683,745</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	5,712	7,170
Unitrust transferred to new trustee	<u>-</u>	<u>(66,386)</u>
Net cash provided by (used in) financing activities	<u>5,712</u>	<u>(59,216)</u>
Net increase in cash and cash equivalents	221,884	37,639
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,042,765</u>	<u>1,005,126</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,264,649</u>	<u>1,042,765</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Net investment income, including (gains) losses, on assets held as agent	<u>\$ (310,552)</u>	<u>169,968</u>
Payments to beneficiary from charitable remainder unitrust	<u>\$ 23,582</u>	<u>27,178</u>

See notes to financial statements

Central Kansas Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

Central Kansas Community Foundation, Inc. (Foundation) was incorporated September 16, 1999 as a not-for-profit organization exempt from income tax under Section 501(c)(3) and as a public charity under Section 170(b)(1)(A)(vi). In 2009, the Greater Newton Community Foundation, Inc., which was incorporated in 1994, merged into the Foundation. The purpose of the Foundation is to be a funding and service agency to 501(c)(3) organizations and other qualified tax-exempt entities in the Central Kansas region with a primary focus on establishing and enhancing community endowments, and in managing those endowments for the benefit of common charitable goals.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. At December 31, 2019 and 2018 substantially all cash and cash equivalents were held in financial institutions through money market pooled funds managed by Greater Horizons. A significant amount of these funds is in accounts that exceed federally insured limits; however, Greater Horizons and management are constantly evaluating the financial stability of these institutions and believe the risk of loss is minimal. Cash and money market accounts held in brokerage accounts are included with investments and are not included in cash and cash equivalents.

Fixed Assets

Office equipment which costs \$1,000 or more and has an estimated useful life in excess of one year is recorded at cost. Depreciation is computed on a straight-line basis over estimated useful lives of five to seven years.

Investments

Investments in equity securities that have a readily determinable fair value, and all debt securities, are recorded at fair value, which is the amount at which an asset could be bought or sold in a current transaction between willing parties. All other investments are recorded at cost if purchased and at fair value at date of gift if donated.

Central Kansas Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Assets

Generally accepted accounting principles require the Foundation to report information regarding its financial position and activities in two classes of net assets – without donor restrictions and with donor restrictions - based upon the existence or absence of donor-imposed restrictions.

The bylaws of the Foundation include a variance provision giving the Board of Directors the power to modify any restriction or condition placed on gifts to the Foundation if, in its sole judgment, the Board determines that the restriction becomes, in effect, incapable of fulfillment or inconsistent with the charitable needs of the community. The Foundation's governing documents further provide that absent contrary directions given in the transferring instrument regarding the use of the principal, all or part of the principal of any fund may be used subject to certain conditions, including approval of the Board of Directors. Accordingly, such contributions are reported as net assets without donor restrictions.

Net assets with donor restrictions are restricted by the donor for a particular purpose or time and are not subject to the variance provision.

Grants

Grants are made from available principal and income in accordance with the designations of donors. Grants are recorded at the date of approval by the Board of Directors or when a donor-advised grant award is communicated to the grantee.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Foundation's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available also include assets held as agent and amounts designated by the Board for endowments, scholarships and donor-advised funds.

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,264,649	1,042,765
Investments	<u>21,652,822</u>	<u>18,575,651</u>
Financial assets, at year end	22,917,471	19,618,416
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions	(1,150,443)	(1,020,678)
Board-imposed designations	(18,100,608)	(15,476,203)
Held for others as agent	(2,255,858)	(1,910,729)
Plus calculated annual grants from above funds	<u>937,950</u>	<u>876,253</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,348,512</u>	<u>2,087,059</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Central Kansas Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

3. ASSETS HELD UNDER TRUST AGREEMENTS

Charitable Remainder Trusts

The Foundation administers several charitable remainder trusts, which provide for the payment of distributions to the grantors or other designated beneficiaries over the trust's term. At the end of the trust's term, the remaining assets are available for the Foundation's use. The portion of the trusts attributable to the future interest of the Foundation is recorded in the statement of activities as a contribution with or without donor restriction in the period the trust was established, depending on the terms of the trust agreement. Assets held in the charitable remainder trusts are recorded at fair value in the Foundation's statement of financial position using Level 1 inputs – that is, quoted prices in active markets for identical assets. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using a discount rate of six percent, as established at the time of funding, and applicable mortality tables.

The assets held under trust agreements are invested in the following at December 31:

	<u>2019</u>	<u>2018</u>
Charitable remainder trusts		
Cash equivalents	\$ 6,120	6,055
CKCF pooled funds	210,376	210,441
Nationwide Life Insurance Company annuity contract	<u>447,687</u>	<u>393,028</u>
	<u>\$ 664,183</u>	<u>609,524</u>

4. INVESTMENTS

Investments consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Cash equivalents	\$ 907,188	678,834
Intermediate-term bond funds	1,645,099	1,538,445
Short-term bond funds	593,955	9,202
Domestic equity funds	9,296,272	8,700,912
International equity funds	318,419	255,736
Commodity funds	5,078	4,243
Corporate bonds	800,818	671,982
Common stocks	2,331,540	2,025,929
Real estate investment trusts	23,948	20,635
U. S. Treasury bills and notes	1,594,755	1,531,953
Alternative funds and other	<u>4,346,126</u>	<u>3,348,221</u>
Total investments	21,863,198	18,786,092
Investments held for charitable remainder trust	<u>(210,376)</u>	<u>(210,441)</u>
	<u>\$ 21,652,822</u>	<u>18,575,651</u>

All investments held as of December 31, 2019 and 2018 have been measured at fair value based on Level 1 inputs – that is, quoted market prices in active markets for identical assets.

Central Kansas Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

4. INVESTMENTS (Continued)

Of the investment balances, amounts limited for long-term purposes are \$19,251,051 at December 31, 2019, including \$1,150,443 of donor-restricted endowments and \$18,100,608 of various board-designated funds, including donor-advised, scholarship, and endowment funds. Corresponding amounts at December 31, 2018 are \$16,496,881; \$1,020,678; and \$15,476,203, respectively.

5. ASSETS HELD FOR OTHERS AS AGENT

The Foundation has adopted the “Transfers of Assets to a Not-For-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others” subsection of the FASB Accounting Standards Codification Topic 958. This statement establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. FASB ASC 958 specifically requires that if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. FASB ASC 958 also requires that if a donor specifies a designated beneficiary, and does not grant explicit variance power to the community foundation, the community foundation must also account for the transfer of such assets as a liability. The Foundation refers to such funds as Assets Held for Others as Agent.

The agreements with the agencies state that the transfer shall always remain as a permanent endowment and that the transferred assets will not be returned unless the agreement is terminated by the Foundation. The agreements also permit the Foundation to choose another beneficiary in the place of the agency if that agency ceases to exist. The Foundation, therefore, maintains legal ownership of these funds and continues to report the funds as assets of the Foundation. However, in accordance with FASB ASC 958, a liability has been established for the fair value of the funds.

The Foundation’s primary investment objective is to conservatively maximize current return yet still maintain the opportunity for capital growth of the underlying diversified securities. The Foundation Board of Directors changed their payout policy to transition toward a five-year moving average. The 2019 maximum distribution rate was set at 5%, with a Board recommended rate of 4%, of the average amount held as of December 31, 2018 and 2017. The 2018 distribution rate was 5% of the amount held as agent as of December 31, 2017. The Board reviews the distribution rate each year, and based upon market return and reinvestment opportunities offered to the agencies, revises the rate accordingly. The organizations have the discretion to waive distributions annually.

The following schedule summarizes the activity of funds held as agent:

Balance at December 31, 2017	\$ 2,583,036
Additional funds received	102,251
Investment income, including gains (losses)	(169,968)
Distributions	<u>(604,590)</u>
Balance at December 31, 2018	1,910,729
Additional funds received	108,422
Investment income, including gains (losses)	310,552
Distributions	<u>(73,845)</u>
Balance at December 31, 2019	<u>\$ 2,255,858</u>

Central Kansas Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

6. ENDOWMENT

The Foundation's endowments consist of donor-restricted and board-designated endowment funds and accumulated earnings or deficit thereon. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board has interpreted the Kansas Prudent Management of Institutional Funds Act (KPMIFA) as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. Additionally, in accordance with KPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (A) The duration and preservation of the fund
- (B) The purposes of the Foundation and the donor-restricted fund
- (C) General economic conditions
- (D) The possible effect of inflation and deflation
- (E) The expected total return from income and appreciation of investments
- (F) Other resources of the Foundation
- (G) The investment policies of the Foundation

Endowment Net Asset Composition by Type of Fund

As of December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 15,234,166	-	15,234,166
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,259,872	1,259,872
Unexpended earnings (deficit)	-	(109,429)	(109,429)
	<u>\$ 15,234,166</u>	<u>1,150,443</u>	<u>16,384,609</u>

As of December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 13,040,697	-	13,040,697
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	1,254,160	1,254,160
Unexpended earnings (deficit)	-	(233,482)	(233,482)
	<u>\$ 13,040,697</u>	<u>1,020,678</u>	<u>14,061,375</u>

Central Kansas Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

6. ENDOWMENT (Continued)

The Foundation has interpreted KPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2019, funds with original gift values of \$1,185,428, fair values of \$1,073,154, and deficiencies of \$112,274 were reported in net assets with donor restrictions. The corresponding amounts at December 31, 2018 were \$1,244,160, \$1,010,359, and \$233,801, respectively. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

Return Objectives and Strategies Employed for Achieving Objectives

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of those endowment assets over the long-term. To satisfy its long-term objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints utilizing the following approximate guidelines:

	Strategic Allocation <u>Target</u>	Acceptable <u>Range</u>
Cash	0%	0 - 10%
Fixed Income	35%	20 - 50%
Equities	65%	50 - 80%
Alternative Investments	0%	0 - 25%

Spending Policy

The Foundation Board of Directors changed their payout policy to transition toward a five-year moving average. The 2019 maximum distribution rate was set at 5%, with a Board recommended rate of 4%, of the average amount held in each endowment as of December 31, 2018 and 2017. The 2018 distribution rate was 5% of the amount held in each endowment as of December 31, 2017. The Board reviews the distribution rate each year, and based upon market return and reinvestment opportunities, revises the rate accordingly. Typically, the spending policy will range between 3% and 5%. Over the long-term, the Foundation expects the current spending policy to allow its endowments to consistently grow the aggregate portfolio.

Central Kansas Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

6. ENDOWMENT (Continued)

Endowment Activity

The following is a reconciliation of the beginning and ending balances of the Foundation's endowments for the years ending December 31:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance at December 31, 2017	\$ 14,095,878	1,157,340	15,253,218
Transfers from undesignated	66,108	-	66,108
Contributions	703,341	7,170	710,511
Investment return, net	(933,799)	(88,087)	(1,021,886)
Appropriation of endowment assets for expenditure	<u>(890,831)</u>	<u>(55,745)</u>	<u>(946,576)</u>
Balance at December 31, 2018	13,040,697	1,020,678	14,061,375
Transfers from undesignated	56,893	-	56,893
Contributions	685,175	5,712	690,887
Investment return, net	2,258,043	160,223	2,418,266
Appropriation of endowment assets for expenditure	<u>(806,642)</u>	<u>(36,170)</u>	<u>(842,812)</u>
Balance as of December 31, 2019	<u>\$ 15,234,166</u>	<u>1,150,443</u>	<u>16,384,609</u>

7. RETIREMENT PLAN

The Foundation established a SIMPLE IRA plan beginning in 2016. Employees are eligible to participate if they received \$5,000 or more in compensation during the preceding calendar year. The Foundation matches employee contributions to the plan up to three percent of compensation. The Foundation's contributions were \$6,168 and \$6,306 for the years ended December 31, 2019 and 2018, respectively.

8. COMMITMENTS

Leases that do not meet the criteria for capitalization are classified as operating leases with related rental payments charged to expense as payments are due. The following is a schedule of future minimum lease payments under operating leases as of December 31, 2019.

<u>Year ending December 31</u>	
2020	\$ 21,837
2021	6,721
2022	3,695
2023	<u>3,387</u>
	<u>\$ 35,640</u>

Rent expense for the years ended December 31, 2019 and 2018 was \$20,299 and \$22,428, respectively.

Central Kansas Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

9. NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Board designated for:		
Endowments	\$ 12,666,115	10,851,971
Scholarship funds	2,568,051	2,188,726
Donor-advised funds	<u>2,866,442</u>	<u>2,435,506</u>
	18,100,608	15,476,203
Undesignated	<u>1,440,951</u>	<u>1,245,028</u>
Total	<u>\$ 19,541,559</u>	<u>16,721,231</u>

Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Charitable remainder unitrusts	\$ 268,794	229,896
Unexpended earnings (deficit) on endowment funds	(109,429)	(233,482)
Other	73,159	64,336
Marvin H. Ewert Chaplaincy Endowment	200,100	200,100
Wells Community Endowment	483,388	483,388
Hillsboro Impact Fund	334,155	329,411
Other endowments	<u>242,229</u>	<u>241,261</u>
Total	<u>\$ 1,492,396</u>	<u>1,314,910</u>

Central Kansas Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

10. FUNCTIONAL EXPENSES

	2019			
	Program	General and Administrative	Fundraising	Total
Wages and benefits	\$ 40,347	151,898	67,860	260,105
Supplies	6,030	16,019	5,569	27,618
Grants	1,140,323	-	-	1,140,323
Project expenses	68,459	-	-	68,459
Special events	27,000	-	-	27,000
Rent and utilities	6,367	12,735	6,367	25,469
Insurance	411	7,393	411	8,215
Contract services	-	41,250	-	41,250
Training and meetings	545	4,360	545	5,450
Professional fees	-	29,262	14,920	44,182
Advertising	1,171	2,344	4,341	7,856
Depreciation	-	1,824	-	1,824
	<u>\$ 1,290,653</u>	<u>267,085</u>	<u>100,013</u>	<u>1,657,751</u>

	2018			
	Program	General and Administrative	Fundraising	Total
Wages and benefits	\$ 40,962	146,571	78,146	265,679
Supplies	2,816	17,893	2,816	23,525
Grants	1,496,670	-	-	1,496,670
Project expenses	233,111	-	-	233,111
Special events	17,156	-	-	17,156
Rent and utilities	6,607	13,213	6,607	26,427
Insurance	277	4,988	277	5,542
Contract services	-	27,501	-	27,501
Training and meetings	625	5,001	625	6,251
Professional fees	-	29,462	11,125	40,587
Advertising	1,615	3,232	6,175	11,022
Depreciation	-	1,880	-	1,880
	<u>\$ 1,799,839</u>	<u>249,741</u>	<u>105,771</u>	<u>2,155,351</u>

Expenses are summarized and categorized based upon their functional classification as either program, general and administrative, or fundraising. Specific expenses that are readily identifiable to a particular function are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The Foundation has allocated wages and related taxes, insurance, supplies, rent and utilities, training and meetings, and advertising based on estimates of time spent and resources consumed for these functions.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

11. SUBSEQUENT EVENTS

Accounting Services

During 2019, the Foundation Board approved the transition away from back office accounting services provided by Greater Horizon, with a move to Foundant's Community Foundation Software, which includes fund accounting, donor management and grants management. The transition started in January 2020 with final assets transferred in February. The Foundation has contracted with Swindoll, Janzen, Hawk & Loyd for payroll and fund accounting services.

Coronavirus Pandemic

The Foundation's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Foundation's financial position, operations, and cash flows.

Small Business Administration Paycheck Protection Program

As a result of the COVID-19 pandemic, the United States government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The legislation authorized the Treasury Department to use the small business lending program to fund forgivable loans that qualifying organizations can spend to cover payroll, mortgage interest, rent, and utilities. In April 2020 the Foundation applied for, and was awarded, a Paycheck Protection Program loan in the amount of \$54,200. Management expects to incur sufficient qualifying expenses for most or all of the loan amount to be forgiven.

12. DATE OF MANAGEMENT REVIEW

Management has performed an analysis of the activities and transactions subsequent to December 31, 2019 to determine the need for any adjustments to and/or disclosures within the audited financial statements. Management has performed their analysis through August 25, 2020, which is the date at which the financial statements were available to be issued.