

**THE LICKING COUNTY FOUNDATION
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2024 and 2023



THE LICKING COUNTY FOUNDATION AND SUBSIDIARIES

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+ 1111 Superior Avenue, Suite 700, Cleveland, Ohio 44114

+ p 216.363.0100 | f 216.363.0500

+ www.maloneynovotny.com

Independent Auditors' Report

To the Governing Committee
The Licking County Foundation
Newark, Ohio

Opinion

We have audited the consolidated financial statements of The Licking County Foundation and Subsidiaries (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Licking County Foundation and Subsidiaries as of December 31, 2024 and 2023, and the changes in their net assets and their 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of The Licking County Foundation and Subsidiaries 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 it is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Licking County Foundation and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Licking County Foundation and Subsidiaries' 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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Meloney + Novotny LLC

Cleveland, Ohio
August 28, 2025

THE LICKING COUNTY FOUNDATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CASH	\$ 1,800,869	\$ 58,735
CONTRIBUTIONS RECEIVABLE, NET	1,326,456	559,549
PREPAID EXPENSES	10,535	18,775
CHARITABLE LEAD ANNUITY TRUST RECEIVABLE, NET	167,428	197,819
INVESTMENTS		
Private equity funds	346,184	291,443
Marketable securities	<u>144,757,083</u>	<u>132,447,483</u>
Total investments	145,103,267	132,738,926
OTHER INVESTMENT	757,675	-
BENEFICIAL INTEREST IN PERPETUAL TRUST	2,841,001	2,684,360
PROPERTY AND EQUIPMENT, NET	<u>11,585,105</u>	<u>7,579,717</u>
TOTAL ASSETS	<u>\$163,592,336</u>	<u>\$143,837,881</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 486,514	\$ 33,206
Grants payable	422,855	324,630
Agency fund liabilities	<u>14,534,772</u>	<u>13,076,175</u>
Total liabilities	15,444,141	13,434,011
NET ASSETS		
Without donor restrictions:		
Donor advised	22,507,623	17,915,206
Community charitable and project	5,377,406	5,074,987
Designated	28,773,814	26,189,285
Field of interest	15,021,262	14,628,400
Scholarship	51,393,272	46,469,604
Other	<u>17,676,792</u>	<u>16,468,845</u>
	140,750,169	126,746,327
With donor restrictions	<u>7,398,026</u>	<u>3,657,543</u>
Total net assets	<u>148,148,195</u>	<u>130,403,870</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$163,592,336</u>	<u>\$143,837,881</u>

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

THE LICKING COUNTY FOUNDATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contribution revenue	\$ 6,116,350	\$ 3,702,298	\$ 9,818,648
Investment gains, net	14,180,695	71,690	14,252,385
Change in value of beneficial interest in perpetual trust	-	283,970	283,970
Real estate rental revenue	31,752	-	31,752
Change in present value of annuities	-	6,429	6,429
Miscellaneous revenue	16,180	-	16,180
Total revenues, gains, and other support	20,344,977	4,064,387	24,409,364
Net assets released from restrictions	323,904	(323,904)	-
Total revenues, gains, and other support	20,668,881	3,740,483	24,409,364
EXPENSES			
Program services	5,921,230	-	5,921,230
Management and general	348,963	-	348,963
Fundraising	394,846	-	394,846
Total expenses	6,665,039	-	6,665,039
CHANGE IN NET ASSETS	14,003,842	3,740,483	17,744,325
NET ASSETS, BEGINNING OF YEAR	126,746,327	3,657,543	130,403,870
NET ASSETS, END OF YEAR	\$140,750,169	\$ 7,398,026	\$148,148,195

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

THE LICKING COUNTY FOUNDATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, LOSSES, AND OTHER SUPPORT			
Contribution revenue	\$ 2,420,814	\$ 492,802	\$ 2,913,616
Investment gains, net	17,090,158	6,758	17,096,916
Change in value of beneficial interest in perpetual trust	-	370,372	370,372
Real estate rental revenue	31,752	-	31,752
Change in present value of annuities	-	7,386	7,386
Miscellaneous revenue	15,617	20	15,637
Total revenues, gains, and other support	19,558,341	877,338	20,435,679
Net assets released from restrictions	423,550	(423,550)	-
Total revenues, gains, and other support	19,981,891	453,788	20,435,679
EXPENSES			
Program services	4,703,508	-	4,703,508
Management and general	354,534	-	354,534
Fundraising	338,894	-	338,894
Total expenses	5,396,936	-	5,396,936
CHANGE IN NET ASSETS	14,584,955	453,788	15,038,743
NET ASSETS, BEGINNING OF YEAR	112,161,372	3,203,755	115,365,127
NET ASSETS, END OF YEAR	\$126,746,327	\$ 3,657,543	\$130,403,870

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

THE LICKING COUNTY FOUNDATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2024

	Program Services	Management and General	Fundraising	Total
FUNCTIONAL EXPENSES				
Grants and scholarships	\$5,210,365	\$ -	\$ -	\$5,210,365
Salaries and wages	261,621	176,779	187,766	626,166
Professional fees	117,042	25,572	27,161	169,775
Employee benefits	46,984	31,748	33,722	112,454
Advertising and marketing	23,310	-	80,537	103,847
Depreciation	86,688	77	82	86,847
Information technology	31,372	20,764	22,055	74,191
Occupancy	54,371	8,800	9,347	72,518
Taxes and insurance	47,130	11,840	5,026	63,996
Miscellaneous	4,522	47,142	409	52,073
Payroll taxes	19,735	13,336	14,165	47,236
Office expenses	<u>18,090</u>	<u>12,905</u>	<u>14,576</u>	<u>45,571</u>
Total expenses	<u>\$5,921,230</u>	<u>\$ 348,963</u>	<u>\$ 394,846</u>	<u>\$6,665,039</u>

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

THE LICKING COUNTY FOUNDATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

	Program Services	Management and General	Fundraising	Total
FUNCTIONAL EXPENSES				
Grants and scholarships	\$4,186,280	\$ -	\$ -	\$4,186,280
Salaries and wages	172,739	189,351	145,525	507,615
Professional fees	78,905	44,983	34,572	158,460
Employee benefits	29,557	32,400	24,900	86,857
Advertising and marketing	25,821	-	77,466	103,287
Depreciation	87,314	810	623	88,747
Information technology	23,179	25,145	19,325	67,649
Occupancy	33,946	13,620	10,468	58,034
Taxes and insurance	40,214	5,094	3,915	49,223
Miscellaneous	790	15,299	93	16,182
Payroll taxes	12,631	13,845	10,641	37,117
Office expenses	<u>12,132</u>	<u>13,987</u>	<u>11,366</u>	<u>37,485</u>
Total expenses	<u>\$4,703,508</u>	<u>\$ 354,534</u>	<u>\$ 338,894</u>	<u>\$5,396,936</u>

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

THE LICKING COUNTY FOUNDATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 17,744,325	\$ 15,038,743
Adjustments to reconcile change in net assets		
net cash provided by operating activities:		
Depreciation	86,847	88,747
Unrealized and realized gain on investments	(11,387,360)	(14,745,925)
Change in value of beneficial interest in perpetual trust	(283,970)	(370,372)
Change in present value of charitable lead annuity trust receivable	(6,429)	(7,386)
Change in discount on long-term pledges receivable	20,516	(5,331)
Donated property and equipment	-	90,000
Decrease (increase) in:		
Contributions receivable	(787,423)	(208,722)
Prepaid expenses	8,240	(550)
Charitable lead annuity trust receivable	36,820	36,820
Increase (decrease) in:		
Accounts payable and accrued expenses	453,308	15,197
Grants payable	98,225	40,180
UBIT payable	-	(426,450)
Agency fund liabilities	1,458,597	1,634,685
Net cash provided by operating activities	<u>7,441,696</u>	<u>1,179,636</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(16,521,359)	(8,282,288)
Proceeds from sales or maturities of investments	15,544,378	7,183,472
Purchase of other investment	(757,675)	-
Proceeds from beneficial interest in perpetual trust	127,329	133,138
Purchase of property and equipment	(4,092,235)	(219,294)
Net cash used by investing activities	<u>(5,699,562)</u>	<u>(1,184,972)</u>
NET INCREASE (DECREASE) IN CASH	1,742,134	(5,336)
CASH, BEGINNING OF YEAR	<u>58,735</u>	<u>64,071</u>
CASH, END OF YEAR	<u><u>\$ 1,800,869</u></u>	<u><u>\$ 58,735</u></u>

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

THE LICKING COUNTY FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations

The Licking County Foundation (the "Foundation") is a public charitable organization which is made up of a collection of various funds given by caring individuals, businesses, and organizations that have a common interest for the well-being of the people of Licking County.

The Foundation is a vehicle for the receipt and distribution of charitable funds primarily in Ohio. Investments are comprised of 343 funds. Each fund is used for charitable purposes in the community pursuant to the authority of the Governing Committee of the Foundation.

Note 2. Summary of Significant Accounting Policies

- A. Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.
- B. Principles of Consolidation – The consolidated financial statements include the accounts of the Foundation and its Subsidiaries, collectively referred to as LCF herein. The Foundation is the sole member of the following subsidiaries: LCF Foundation, LLC; LCF Parks, LLC; LCF Parks II, LLC; LCF Investments I, LLC; LCF Investments II, LLC; LCF Programs, LLC; and LCF Preservation, LLC. The subsidiaries were created to evaluate, accept, and manage gifts of real property or partnership interests. Any inter-organization account balances or transactions as of or during the years ended December 31, 2024 and 2023 were eliminated within the consolidated financial statements.
- C. Financial Statement Presentation – The consolidated financial statements are presented on the accrual basis of accounting. Net assets of LCF and changes therein are reported according to two classes of net assets:
 - Without Donor Restrictions – Net assets without donor restrictions represent net assets that are not subject to, or are no longer subject to, donor-imposed stipulations on their expenditure and are available for use in LCF's ongoing operations.
 - With Donor Restrictions – Net assets with donor restrictions are limited as to use by donor-imposed restrictions that either expire by passage of time, can be fulfilled and removed by action of LCF pursuant to those restrictions, or upon receipt of funding, or allow only the use of investment earnings for unrestricted or restricted purposes.

Under the terms of the governing documents, the Governing Committee of LCF has the variance power to modify any restriction on the distribution of funds for any specified charitable purpose, or to specified organizations, if, in the sole judgment of the Governing Committee, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of Licking County or if the mission of the specified organization no longer fulfills the donor's intent. Due to the presence of variance power, all contributions are classified as without donor restrictions, unless the variance power is explicitly excluded in the terms of the gift. In such cases, the contribution is recorded as with donor restrictions in accordance with the donor's intent.

THE LICKING COUNTY FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 2. Summary of Significant Accounting Policies (Continued)

C. Financial Statement Presentation (Continued)

When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Contributions and investment income with donor-imposed restrictions that are met within the same period are recorded as without donor restrictions.

- D. Cash – For purposes of reporting cash flows, cash includes all checking accounts used for grants and general operations. Cash excludes money market funds reported in marketable securities that are held in investment portfolios. Cash is held in two accounts with one financial institution, and, at times, balances may exceed federally insured limits.
- E. Revenue Recognition – Unconditional contributions are recognized as revenue in the period the commitment or payment is first received. Conditional contributions are not recognized until the conditions are met. Contributions of assets other than cash are recorded at their estimated fair value as of the date of the contribution. Bequests are recorded when all requirements for the transfer of the assets to LCF are met and appropriate court orders are issued. Contributions are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions.
- F. Investments – LCF records investments in marketable securities at fair value. Investments in certificates of deposit are recorded at original cost plus accrued interest, which approximates fair value as described above.

Investments in private equity funds are valued at fair value based upon net asset values reported by fund managers. LCF believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material.

Dividend and interest income from investments is recorded as the income is earned. Realized and unrealized gains and losses, as well as dividend and interest income, are included in the change in net assets in the accompanying consolidated statements of activities. These are recorded as income with donor restrictions or income without donor restrictions based on the donor's intent, with the income with donor restrictions being released from restriction based on the donor-restricted purpose being fulfilled and/or the restricted time period elapsing.

- G. Fair Value of Financial Instruments – LCF estimates the fair value of its financial instruments using available market information and other generally accepted valuation methodologies. Fair value is defined as the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

THE LICKING COUNTY FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 2. Summary of Significant Accounting Policies (Continued)

G. Fair Value of Financial Instruments (Continued)

The inputs used to measure fair value are classified into three levels:

Level 1 – Quoted market prices in active markets for identical assets and liabilities.

Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs in which little or no market data exists.

The following tables set forth by level within the fair value hierarchy LCF's financial assets that were accounted for at fair value on a recurring basis as of December 31, 2024 and 2023. The tables do not include cash on hand or other assets and liabilities that are measured at historical cost or any basis other than fair value; for these items, their carrying value estimates fair value.

As of December 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Investments subject to fair value leveling				
Common stock	\$ 43,899,883			\$ 43,899,883
Corporate bonds		\$ 13,720,755		13,720,755
Certificates of deposit		4,202,473		4,202,473
Government securities		9,175,905		9,175,905
Mutual funds - equities	48,596,939			48,596,939
Mutual funds - fixed income	15,854,627			15,854,627
Foreign equities	3,293,108			3,293,108
Money markets		6,013,393		6,013,393
Total investments subject to fair value leveling	111,644,557	33,112,526		144,757,083
Investments using the NAV practical expedient				346,184
				145,103,267
Beneficial interest in perpetual trust			\$ 2,841,001	2,841,001

THE LICKING COUNTY FOUNDATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 2. Summary of Significant Accounting Policies (Continued)

G. Fair Value of Financial Instruments (Continued)

As of December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Investments subject to fair value leveling				
Common stock	\$ 57,282,265			\$ 57,282,265
Corporate bonds		\$ 10,768,324		10,768,324
Certificates of deposit		3,823,609		3,823,609
Government securities		9,704,598		9,704,598
Mutual funds - equities	34,286,971			34,286,971
Mutual funds - fixed income	11,067,645			11,067,645
Foreign equities	3,176,180			3,176,180
Money markets		2,337,891		2,337,891
Total investments subject to fair value leveling	105,813,061	26,634,422		132,447,483
Investments using the NAV practical expedient				291,443
				132,738,926
Beneficial interest in perpetual trust			\$ 2,684,360	2,684,360

The financial assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. LCF's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and their placement within the fair value hierarchy levels.

Level 1 investments consist of investments in common stock, mutual funds, and foreign equities which are valued based upon quoted prices in active markets.

Level 2 investments consist of investments in corporate bonds, certificates of deposit, government securities, and money market accounts and are valued based upon quoted prices in active markets for similar assets or based on yields currently available on comparable securities of issuers with similar credit.

Level 3 assets consist of funds held in trust by others which are valued based on inputs that are quoted prices in active markets which are used to estimate the future cash flows of the trust. There is no market for LCF's interest in the trust and LCF does not have the ability to liquidate these holdings.

Net asset value ("NAV") per share, or its equivalent, such as member units or an ownership interest in partners' capital, is used as a practical expedient to estimate the fair value of the private equity funds which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

THE LICKING COUNTY FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 2. Summary of Significant Accounting Policies (Continued)

G. Fair Value of Financial Instruments (Continued)

The valuation methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. LCF believes its valuation methodologies are appropriate; however, 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.

During the years ended December 31, 2024 and 2023, there were no purchases or transfers into or out of Level 3 assets.

- H. Contributions Receivable – LCF records unconditional promises to give at net realizable value and, if expected to be collected in more than one year, at the present value of their estimated future cash flows. Management establishes an allowance for doubtful accounts based upon its analysis of current outstanding balances, historical collections, and current economic conditions. As of December 31, 2024 and 2023, management determined that no allowance was necessary.
- I. Other Investment – During 2024, LCF purchased approximately 35.71% interest in a housing investment fund (the "Fund") that was formed to aggregate funds to make an investment in the Affordable Housing Trust's Regional Impact Fund ("AHT RIF") and other similar funds to build and/or preserve affordable and workforce housing in Licking County, Ohio. The investment is meant to address Licking County's significant lack of affordable housing as part of a broader effort to enhance the quality of life for all citizens in the area. The ownership interest is accounted for using the equity method of accounting. For 2024, the Fund had assets of approximately \$2,100,000. The carrying value of LCF's investment in the Company was \$757,675 at December 31, 2024, which is included in other investment in the accompanying consolidated statement of financial position.
- J. Property and Equipment – Property and equipment are carried at cost or, if donated, at the fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the respective asset. Maintenance and repairs, which do not improve or extend the estimated useful lives of the respective assets, are expensed as incurred. Major improvements and betterments are capitalized and depreciated. Assets purchased but not placed in service are capitalized but depreciation is not recognized until the asset is placed in service. Upon disposal of assets, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in income. Estimated useful lives by major asset class are as follows:

Buildings	39 years
Furniture, fixtures, and equipment	5 - 7 years

Programmatic real estate includes assets that are leased at reduced rates or for free to other tax-exempt agencies. The value of these leases is immaterial and cannot be reasonably estimated and, therefore, were not recognized as donated rental revenue and expense.

- K. Impairment of Long-Lived Assets – The carrying value of long-lived assets is reviewed for impairment whenever events or changes in circumstances indicate the amount of the assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets' carrying amount, an impairment loss will be recorded based on the difference between the carrying amount of the assets and their estimated fair value. Any impairment loss would be included as an unrealized loss in the consolidated statements of activities. No impairment was recorded for the years ended December 31, 2024 and 2023.

THE LICKING COUNTY FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 2. Summary of Significant Accounting Policies (Continued)

- L. Grants Payable – Grants made by LCF are recorded in the consolidated financial statements at the time the unconditional grants are approved by the Governing Committee of LCF and notification to the grantee is provided. Conditional grants payable would be recorded when the conditions are met. All grants are anticipated to be paid within one year.
- M. Income Taxes – LCF is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. LCF is the sole member of the subsidiary LLCs which are treated as disregarded entities for tax purposes. There were no unrecognized tax positions as of December 31, 2024 and 2023. LCF's income tax returns remain subject to examination by the Internal Revenue Service, as well as various state and local taxing authorities, generally for three years.
- N. Administrative Fees – LCF assesses annual administrative fees to the various funds, calculated quarterly based on a minimum fee of \$250 per fund and a graduated fee structure beginning at 1% and decreasing to a minimum fee of 0.1% based upon the size and type of the fund. Because it is an interfund transaction, administrative fee income is net against administrative fee expense in the consolidated statements of activities.
- O. Functional Expenses – The consolidated statements of functional expenses report certain categories of expenses that are attributable to more than one program or supporting function. Certain expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel costs, occupancy costs, and office expenses, which are allocated based on time and effort.
- P. Subsequent Events – LCF has evaluated subsequent events through August 28, 2025, which is the date the consolidated financial statements were available to be issued.

Note 3. Contributions Receivable

LCF has received several pledge commitments to fund the restoration of the Louis Sullivan Building of Newark (reference Note 11) and various other projects. The pledges will be paid annually through 2028. A rate of 5% was used to provide for a discount for pledges receivable beyond one year at December 31, 2024 and 2023.

The table below summarizes the scheduled payments to be received by LCF as of December 31:

	<u>2024</u>	<u>2023</u>
Expected to collected in:		
Less than one year	\$ 693,145	\$ 394,717
One to five years	666,715	177,720
Total due	<u>1,359,860</u>	<u>572,437</u>
Less: discount	<u>(33,404)</u>	<u>(12,888)</u>
Total contributions receivable	<u>\$1,326,456</u>	<u>\$ 559,549</u>

THE LICKING COUNTY FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 4. Charitable Lead Annuity Trust Receivable

The Foundation is a beneficiary in a charitable lead annuity trust agreement, providing an irrevocable unconditional right to receive an annual annuity payment of \$36,820 for 20 years, beginning December 31, 2010. At the end of the 20-year annuity, any remaining assets in the trust will be transferred to a third-party recipient. The donor specified that the annuity payment contributions are to be recorded within a fund that was already established at the Foundation. Investment earnings from that fund are available to support specific organizations identified in the trust agreement. The receivable is recorded as follows:

	<u>2024</u>	<u>2023</u>
Gross receivable	\$184,100	\$220,920
Less: discount (3.25%)	<u>(16,672)</u>	<u>(23,101)</u>
Net receivable	<u>\$167,428</u>	<u>\$197,819</u>

Note 5. Investments

LCF has adopted investment and spending policies for most funds held at the foundation that attempt to provide a predictable stream of funding to programs supported by the fund while seeking to maintain the purchasing power of the fund's assets. Under this policy, as approved by the Governing Committee, the assets are invested with investment policies intended to produce results that exceed the price and yield results of the S&P 500 index for equity investments while assuming a moderate level of investment risk. LCF expects its investments, over time, to provide an average rate of return of at least 5% plus rate of inflation annually. Actual returns in any given year may vary from this amount.

LCF's spending policy defines the total amount available to distribute from a fund in a given year as the expendable amount. LCF performs the annual expendable amount calculation in the fall of the prior year, using the approved spending rate applied to the 12 trailing quarter market value average of the funds, through September 30. The approved spending rate for each fund shall not exceed 5% of a fund's average market value and the expendable amount cannot exceed 4% of a fund's average market value. In establishing this policy, LCF considered the long-term expected return on its assets. Accordingly, over the long term, LCF expects the current spending policy to allow its assets to grow at an average of at least 5% plus the rate of inflation annually. This is consistent with LCF's objective to maintain the purchasing power of the funds held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. Community charitable funds, project funds, and some donor advised funds are not subject to the spending policy.

LCF has three pooled investment categories to allow for diversification and support donors' charitable intentions as follows:

<u>Category</u>	<u>Target Allocations</u>
Preservation of capital portfolio	100% cash and cash equivalents
Income portfolio	35% equity, 65% fixed income
Growth and income portfolio	70% equity, 30% fixed income

THE LICKING COUNTY FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 5. Investments (Continued)

Acceptable ranges are also specified for each category within the policy.

Management performs an annual assessment to determine whether decreases in investment values are other than temporary. If such determination is made, an impairment loss is recorded. No investment impairment loss was recorded for the years ended December 31, 2024 and 2023.

The Foundation is a limited partner in various investment partnerships. The nature of these partnership interests is that distributions are received through liquidation of the underlying assets of the partnerships over their remaining life. The fair value of the investments in these assets has generally been estimated using the Foundation's capital account balances with each partnership. To evaluate the fair value of the Foundation's externally managed investments, the Foundation has assessed factors including, but not limited to, the external advisor's adherence to fair value principles in calculating the capital account balances, the existence of transactions at net asset value at the measurement date, and the existence or absence of certain restrictions at the measurement date. Investments in externally managed funds generally have limited redemption options for investors and, subsequent to final closing, may or may not permit subscriptions by new or existing investors. These entities may also have the ability to impose gates, lockups, and other restrictions on an investor's ability to redeem out of their investment interest in the partnership.

At December 31, 2024, the Foundation has no commitments of additional capital contributions to private equity managers. As of December 31, 2024, the Foundation's investments in limited partnerships are illiquid and the Foundation will receive distributions at the partnerships' determination.

Note 6. Beneficial Interest in Perpetual Trust

LCF has a partial interest in the assets of the Miller Trust. The Miller Trust consists of investments in marketable securities and is administered by a separate financial institution. LCF may not use the principal of the Miller Trust. The Miller Trust agreement specifies LCF receives annually one half of the income generated by the Miller Trust for perpetuity, paid semi-annually. For the years ended December 31, 2024 and 2023, LCF received distributions of \$127,330 and \$133,139, respectively. These amounts are reported in the consolidated statements of activities under change in value of beneficial interest in perpetual trust. LCF has reported the Miller Trust at \$2,841,001 and \$2,684,360, which represents its pro-rata share of the fair value of the assets in the Miller Trust as of December 31, 2024 and 2023, respectively.

Note 7. Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
Buildings	\$ 692,091	\$ 692,091
Furniture, fixtures, and equipment	309,205	309,205
Land	138,448	138,448
Programmatic real estate	3,589,856	3,589,856
Construction in progress	7,843,235	3,751,000
	<u>12,572,835</u>	<u>8,480,600</u>
Less: accumulated depreciation	<u>(987,730)</u>	<u>(900,883)</u>
Property and equipment - net	<u>\$11,585,105</u>	<u>\$ 7,579,717</u>

THE LICKING COUNTY FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 8. Agency Fund Liabilities

LCF receives and distributes assets under certain agency arrangements where it is acting as an intermediary for non-profit organizations as resource providers, or for third-party donors who fund these specific agency liability accounts. The funds are held by LCF with distributions made for the benefit of the specific non-profit organization as determined by the agency agreement. Accordingly, these transactions are recognized as changes in assets and liabilities and do not affect the consolidated statements of activities. The agency liability balance reflects the fair value of the investments held by LCF specifically for these agency funds.

The activity for the agency liability accounts was as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Agency liability at January 1	\$13,076,175	\$11,441,490
Amounts received	637,480	293,791
Investment return, net	1,502,856	1,875,203
Other miscellaneous expense	(2,862)	(76,045)
Transfers, net	1,799	263
Grants paid	<u>(680,676)</u>	<u>(458,527)</u>
Agency liability at December 31	<u>\$14,534,772</u>	<u>\$13,076,175</u>

Note 9. Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Subject to passage of time:		
Contributions receivable, net	\$ 1,326,456	\$ 559,549
Subject to expenditure for specified purpose:		
Project funds and other	2,943,600	215,815
Scholarship	119,541	-
Not subject to spending policy or appropriation:		
Charitable lead annuity trust receivable	167,428	197,819
Beneficial interest in perpetual trust	<u>2,841,001</u>	<u>2,684,360</u>
Total net assets with donor restrictions	<u>\$ 7,398,026</u>	<u>\$ 3,657,543</u>

Note 10. Retirement Plan

LCF adopted a Simplified Employee Pension ("SEP IRA") retirement plan which covers all eligible employees. Under the plan, LCF contributes 5% of the employee's gross salary quarterly to the SEP IRA accounts which are managed by a financial firm chosen by the employees. Retirement plan expense was \$31,758 and \$24,883 for the years ended December 31, 2024 and 2023, respectively.

THE LICKING COUNTY FOUNDATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Note 11. The Louis Sullivan Building of Newark

In 2013, the Louis Sullivan Building of Newark (the "Sullivan Building") was donated to the Foundation. Since that time, the Foundation has been working to bring form and function back to the building. In order to achieve full accessibility for the Sullivan Building, the adjacent building was purchased in 2017 and will be rehabilitated to create an annex with accessible stairs and an elevator shaft to provide access to all three levels of the Sullivan Building. Through December 31, 2024, the Foundation has incurred approximately \$8,900,000 of costs related to the physical assessment plan, historic structure report, basement rehabilitation, purchase of the adjacent building, complete construction plans for the entire Sullivan Building and annex, and the actual physical restoration of the building's beautiful exterior. The total cost of the project is expected to be approximately \$14 million. Work commenced on these projects in December 2023, and payments of approximately \$3,826,000 have been made on various contracts as of December 31, 2024. The Foundation had \$3,644,000 of outstanding construction commitments as of December 31, 2024.

In 2018, the Foundation began a fundraising campaign to support the project. As of December 31, 2024, the Foundation has received approximately \$7,233,000 of cash and \$1,195,000 of pledges restricted to the Sullivan Building Project.

Note 12. Liquidity

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

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash	\$ 1,800,869	\$ 58,735
Contributions receivable, net	1,326,456	559,549
Charitable lead annuity trust receivable, net	167,428	197,819
Investments in funds for general use	17,676,792	16,468,845
Beneficial interest in perpetual trust	<u>2,841,001</u>	<u>2,684,360</u>
Financial assets, at year-end	23,812,546	19,969,308
Less those not available for general expenditure within one year:		
Receivables restricted by donors	(1,326,456)	(559,549)
Subject to expenditure for specified purpose	(3,063,141)	(215,815)
Investments held in trust and annuity reserves	<u>(3,008,429)</u>	<u>(2,882,179)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$16,414,520</u>	<u>\$16,311,765</u>

LCF's investments consist of funds that are not intended to be spent within the next year. Income is intended for specific purposes, with the exception of the amounts available for general use. Funds available for general use are considered to be for general expenditures of LCF. Funds held at LCF are charged an administrative fee to cover the general expenditures necessary to operate LCF. The administrative fee amounted to \$1,058,361 and \$957,643 during the years ended December 31, 2024 and 2023, respectively.