



**THE
PORTLAND
FOUNDATION**

**THE PORTLAND FOUNDATION
AND AFFILIATE**

COMBINED FINANCIAL STATEMENTS

**For the Years Ended December 31, 2021
and December 31, 2020**

THE PORTLAND FOUNDATION AND AFFILIATE

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Board of Trustees
The Portland Foundation
Portland, Indiana 47371

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying combined financial statements of The Portland Foundation (a non-profit organization organized as a trust) and The Portland Foundation, Inc. (affiliate), which comprise the combined statements of financial position as of December 31, 2021 and 2020, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Portland Foundation and affiliate as of December 31, 2021 and 2020, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Portland Foundation and affiliate 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 combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Portland Foundation and affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Portland Foundation and affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Bollenbacher & Associates, LLC

Portland, Indiana
August 8, 2022

The Portland Foundation and Affiliate
Combined Statements of Financial Position
December 31, 2021 and December 31, 2020

	<u>Assets</u>	
	<u>12/31/2021</u>	<u>12/31/2020</u>
<u>Current Assets:</u>		
Cash, cash equivalents, and restricted cash		
Without donor restrictions	\$ 469,618	\$ 310,842
With donor restrictions	41,654	41,654
	<u>511,272</u>	<u>352,496</u>
Investments; at fair value - Assets held for others	746,998	525,583
Investments; at fair value - With donor restrictions	14,351,304	9,514,736
	<u>15,609,574</u>	<u>10,392,815</u>
 <u>Property and Equipment; at cost</u>		
Computer hardware	11,708	12,037
Computer software	2,370	2,370
Leasehold improvements	351,385	351,385
Office furniture and fixtures	3,504	3,504
	<u>368,967</u>	<u>369,296</u>
<u>Less: Accumulated depreciation</u>	<u>(269,890)</u>	<u>(267,472)</u>
	99,077	101,824
Land - Freedom Park	220,423	220,423
	<u>319,500</u>	<u>322,247</u>
 <u>Noncurrent Assets:</u>		
Investments; at fair value - Assets held for others	1,346,581	1,346,006
Investments; at fair value - With donor restrictions	33,477,340	31,096,571
Paintings - With donor restrictions	3,800	3,800
	<u>34,827,721</u>	<u>32,446,377</u>
 Total noncurrent assets	 <u>34,827,721</u>	 <u>32,446,377</u>
 Total assets	 <u>\$50,756,795</u>	 <u>\$43,161,439</u>

The Portland Foundation and Affiliate
Combined Statements of Financial Position
December 31, 2021 and December 31, 2020

<u>Liabilities and Net Assets</u>		
	<u>12/31/2021</u>	<u>12/31/2020</u>
<u>Current Liabilities:</u>		
Accrued liabilities	\$ -	\$ 3,383
Current portion of non-current liability	<u>62,035</u>	<u>57,684</u>
Total current liabilities	<u>62,035</u>	<u>61,067</u>
<u>Non-Current Liabilities:</u>		
Liabilities for assets held for others	2,093,579	1,871,589
<u>Less:</u> Amount to be disbursed within one year	<u>(62,035)</u>	<u>(57,684)</u>
Total non-current liabilities	<u>2,031,544</u>	<u>1,813,905</u>
Total liabilities	<u>2,093,579</u>	<u>1,874,972</u>
<u>Net Assets:</u>		
Without donor restrictions	789,118	629,706
With donor restrictions:		
Time-restricted for future periods	14,392,958	9,556,390
Perpetual in nature	<u>33,481,140</u>	<u>31,100,371</u>
Total with donor restrictions	<u>47,874,098</u>	<u>40,656,761</u>
Total net assets	<u>48,663,216</u>	<u>41,286,467</u>
Total liabilities and net assets	<u>\$50,756,795</u>	<u>\$43,161,439</u>

- See Accompanying Notes -

The Portland Foundation and Affiliate

Combined Statement of Activities

For the Year Ended December 31, 2021

	<u>With Donor Restrictions</u>				<u>Total</u>
	<u>Without Donor Restriction</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total With Donor Restrictions</u>	
<u>Revenues, Gains, and Other Support:</u>					
Contributions	\$ 4,538	\$ 264,212	\$ 2,381,344	\$ 2,645,556	\$ 2,650,094
Interest and dividends	-	1,159,832	-	1,159,832	1,159,832
Realized and unrealized gains and (losses) from investments, net	-	5,813,070	-	5,813,070	5,813,070
	4,538	7,237,114	2,381,344	9,618,458	9,622,996
Less: Contributions to assets held for others	-	-	(575)	(575)	(575)
Less: Investment income from assets held for others	-	(268,020)	-	(268,020)	(268,020)
	4,538	6,969,094	2,380,769	9,349,863	9,354,401
Net assets released from restrictions	2,132,526	(2,132,526)	-	(2,132,526)	-
Total revenues, gains, and other support	2,137,064	4,836,568	2,380,769	7,217,337	9,354,401
<u>Grants, Scholarships, and Other Expenses:</u>					
Grants	1,119,449	-	-	-	1,119,449
Scholarships	348,599	-	-	-	348,599
Investment management fees	45,880	-	-	-	45,880
Trustee fees	168,155	-	-	-	168,155
Functional expenses - Per attached schedule	342,174	-	-	-	342,174
	2,024,257	-	-	-	2,024,257
Less: Disbursements from assets held for others	(46,605)	-	-	-	(46,605)
Total distributions and other expenses	1,977,652	-	-	-	1,977,652
<u>Change in Net Assets</u>	159,412	4,836,568	2,380,769	7,217,337	7,376,749
<u>Net Assets - Beginning</u>	629,706	9,556,390	31,100,371	40,656,761	41,286,467
<u>Net Assets - Ending</u>	\$ 789,118	\$14,392,958	\$ 33,481,140	\$47,874,098	\$48,663,216

The Portland Foundation and Affiliate

Combined Statement of Activities

For the Year Ended December 31, 2020

	<u>With Donor Restrictions</u>				<u>Total</u>
	<u>Without Donor Restriction</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total With Donor Restrictions</u>	
<u>Revenues, Gains, and Other Support:</u>					
Contributions	\$ 45	\$ 208,932	\$ 475,417	\$ 684,349	\$ 684,394
Interest and dividends	-	853,281	-	853,281	853,281
Realized and unrealized gains and (losses) from investments, net	-	3,518,994	-	3,518,994	3,518,994
	45	4,581,207	475,417	5,056,624	5,056,669
Less: Contributions to assets held for others	-	-	-	-	-
Less: Investment income from assets held for others	-	(166,777)	-	(166,777)	(166,777)
	45	4,414,430	475,417	4,889,847	4,889,892
Net assets released from restrictions	1,872,348	(1,880,394)	8,046	(1,872,348)	-
Total revenues, gains, and other support	1,872,393	2,534,036	483,463	3,017,499	4,889,892
<u>Grants, Scholarships, and Other Expenses:</u>					
Grants	945,616	-	-	-	945,616
Scholarships	380,526	-	-	-	380,526
Investment management fees	41,687	-	-	-	41,687
Trustee fees	141,604	-	-	-	141,604
Functional expenses - Per attached schedule	322,424	-	-	-	322,424
	1,831,857	-	-	-	1,831,857
Less: Disbursements from assets held for others	(45,194)	-	-	-	(45,194)
Total distributions and other expenses	1,786,663	-	-	-	1,786,663
<u>Change in Net Assets</u>	85,730	2,534,036	483,463	3,017,499	3,103,229
<u>Net Assets - Beginning</u>	543,976	7,022,354	30,616,908	37,639,262	38,183,238
<u>Net Assets - Ending</u>	\$ 629,706	\$ 9,556,390	\$31,100,371	\$40,656,761	\$41,286,467

- See Accompanying Notes -

The Portland Foundation and Affiliate
Combined Statement of Functional Expenses
For the Year Ended December 31, 2021

Salaries and Related Expenses:

	Program	Management and General	Fundraising	Total
Director's salary	\$ 63,754	\$ 63,754	\$ -	\$ 127,508
Other salaries and wages	45,644	31,060	-	76,704
Payroll taxes	8,005	6,861	-	14,866
Employee benefits	6,806	7,023	-	13,829
Directors' and officers' insurance	-	803	-	803
Travel	-	947	-	947
	<u>124,209</u>	<u>110,448</u>	<u>-</u>	<u>234,657</u>
Total salaries and related expenses				

Other Expenses:

Advertising	-	1,543	-	1,543
Annual meeting	-	-	100	100
Dues and subscriptions	4,835	2,668	-	7,503
Insurance	-	1,281	-	1,281
Internet	291	290	-	581
Legal and accounting	-	8,450	-	8,450
Lilly Community Scholarship	3,726	-	-	3,726
Miscellaneous	156	-	-	156
Office supplies	-	8,100	-	8,100
Postage	-	1,570	-	1,570
Printing and promotion	3,124	-	5,262	8,386
Rent	-	32,400	-	32,400
Repairs and maintenance	-	16,677	-	16,677
Telephone	-	3,206	-	3,206
Training	-	9,529	-	9,529
Utilities	-	1,563	-	1,563
	<u>12,132</u>	<u>87,277</u>	<u>5,362</u>	<u>104,771</u>
Total other expenses				
<u>Depreciation of property and equipment</u>	<u>-</u>	<u>2,746</u>	<u>-</u>	<u>2,746</u>
<u>Total expenses</u>	<u>\$ 136,341</u>	<u>\$ 200,471</u>	<u>\$ 5,362</u>	<u>\$ 342,174</u>

- See Accompanying Notes -

The Portland Foundation and Affiliate

Combined Statement of Functional Expenses

For the Year Ended December 31, 2020

Salaries and Related Expenses:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Director's salary	\$ 63,016	\$ 63,015	\$ -	\$ 126,031
Other salaries and wages	40,869	28,894	-	69,763
Payroll taxes	7,168	6,362	-	13,530
Employee benefits	7,512	6,754	-	14,266
Directors' and officers' insurance	-	803	-	803
Travel	-	405	-	405
	<u>118,565</u>	<u>106,233</u>	<u>-</u>	<u>224,798</u>
Total salaries and related expenses				

Other Expenses:

Advertising	-	-	-	-
Annual meeting	-	-	-	-
Dues and subscriptions	7,891	2,418	-	10,309
Insurance	-	1,214	-	1,214
Internet	291	290	-	581
Legal and accounting	-	8,200	-	8,200
Lilly Community Scholarship	3,043	-	-	3,043
Miscellaneous	20	-	-	20
Office supplies	-	3,030	-	3,030
Postage	-	1,373	-	1,373
Printing and promotion	2,400	-	5,012	7,412
Rent	-	32,400	-	32,400
Repairs and maintenance	-	4,004	-	4,004
Telephone	-	2,903	-	2,903
Training	-	9,529	-	9,529
Utilities	-	1,130	-	1,130
	<u>13,645</u>	<u>66,491</u>	<u>5,012</u>	<u>85,148</u>
Total other expenses				
<u>Depreciation of property and equipment</u>	<u>-</u>	<u>12,478</u>	<u>-</u>	<u>12,478</u>
<u>Total expenses</u>	<u>\$ 132,210</u>	<u>\$ 185,202</u>	<u>\$ 5,012</u>	<u>\$ 322,424</u>

- See Accompanying Notes -

The Portland Foundation and AffiliateCombined Statements of Cash FlowsFor the Years Ended December 31, 2021 and December 31, 2020

	<u>12/31/2021</u>	<u>12/31/2020</u>
<u>Cash Flows from Operating Activities:</u>		
Change in net assets	<u>\$ 7,376,749</u>	<u>\$ 3,103,229</u>
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	2,746	12,478
Realized and unrealized (gains) and losses from investments, net	(5,813,070)	(3,518,994)
Increase (decrease) in liabilities:		
Liability for assets held for others	221,990	121,583
Accrued liabilities	(3,383)	1,582
Contributions - With donor restrictions	(2,645,556)	(684,349)
Interest and dividends - With donor restrictions	<u>(1,159,832)</u>	<u>(853,281)</u>
Total adjustments	<u>(9,397,105)</u>	<u>(4,920,981)</u>
Net cash used by operating activities	<u>(2,020,356)</u>	<u>(1,817,752)</u>
<u>Cash Flows from Investing Activities:</u>		
Proceeds - Sale of investments	12,585,179	20,410,160
Payments - Purchase of investments	<u>(14,211,435)</u>	<u>(20,030,147)</u>
Net cash provided (used) by investing activities	<u>(1,626,256)</u>	<u>380,013</u>
<u>Cash Flows from Financing Activities:</u>		
Proceeds - Contributions - With donor restrictions	2,645,556	684,349
Proceeds - Interest and dividends - With donor restrictions	<u>1,159,832</u>	<u>853,281</u>
Net cash provided by financing activities	<u>3,805,388</u>	<u>1,537,630</u>

The Portland Foundation and AffiliateCombined Statements of Cash FlowsFor the Years Ended December 31, 2021 and December 31, 2020(Continued)

	<u>12/31/2021</u>	<u>12/31/2020</u>
Net change in cash, cash equivalents, and restricted cash	158,776	99,891
Cash, cash equivalents, and restricted cash - Beginning	<u>352,496</u>	<u>252,605</u>
Cash, cash equivalents, and restricted cash - Ending	<u>\$ 511,272</u>	<u>\$ 352,496</u>

- See Accompanying Notes -

The Portland Foundation and Affiliate

Notes to the Financial Statements

December 31, 2021 and December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - The Portland Foundation (organized as a trust) and The Portland Foundation, Inc. (affiliate) (the Foundation) receive gifts from individuals, foundations, and organizations and place them into individual funds that match the giving priorities of the donors. The majority of the gifts are endowment gifts which are preserved into perpetuity, the income of which is returned to the Jay County community through grants and scholarships.

BASIS OF ACCOUNTING - The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

COMBINED FINANCIAL STATEMENTS - The Portland Foundation, Inc. (affiliate) is under the common control of The Portland Foundation, and is reported as one economic entity with the Foundation. As such, inter-organizational revenue and expenses are eliminated in preparing the combined financial statements.

BASIS OF PRESENTATION - The Foundation presents its financial statements in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

ESTIMATES - The preparation of financial statements in conformity with U.S. 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.

The Portland Foundation and Affiliate

Notes to the Financial Statements

December 31, 2021 and December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION - Revenue from sales is recognized under Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), when performance obligations under the terms of a contract with the customer have been satisfied and control has transferred to the customer. Revenue is measured based on the consideration specified in each contract and excludes any sales incentives.

Contributions, including grants, that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor restrictions that are met in the same period are reported as unrestricted support and increase net assets without donor restrictions.

CONTRIBUTED SERVICES - A variety of people have contributed significant amounts of non-compensatory time to the activities of the Foundation. The financial statements do not reflect the value of these contributed services because, although substantial, no reliable basis exists for determining an appropriate amount.

CASH AND CASH EQUIVALENTS - For the purpose 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. The money market funds within the brokerage accounts are not considered to be cash equivalents.

CASH EQUIVALENTS RESTRICTED WITH DONOR RESTRICTIONS - Cash equivalents restricted by donors and is not available for operating purposes.

RECEIVABLES AND UNCOLLECTIBLES - Accounts and pledge receivables are recorded at cost at the time of their occurrence and adjusted to fair value through the allowance for doubtful accounts at year end by the Foundation determining the amount that may be uncollectible. The Foundation does not charge interest or finance charges for past due accounts. When an account is totally uncollectible, the Foundation writes off the receivable and reduces the allowance for doubtful accounts. The Foundation usually determines when an account or pledge is totally uncollectible by estimating whether any payments will ever be received on that account or pledge. As of December 31, 2021 and 2020, there were no pledge receivables, and accordingly, no allowance for doubtful accounts.

The Portland Foundation and Affiliate

Notes to the Financial Statements

December 31, 2021 and December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY AND DEPRECIATION - Property and equipment owned by the Foundation are carried at cost or, in the case of donated property, at fair-market value determined at the date of gift less accumulated depreciation. Depreciation is recorded on the straight-line method over estimated useful lives of the assets.

Expenditures for maintenance and repairs and certain small elements of renewals are charged to expense as incurred, while additions and betterments are capitalized. The cost and accumulated depreciation of property sold or otherwise disposed of are removed from the accounts, and any gain or loss thereon is credited or charged to income. Depreciation expense totaled \$2,746 and \$12,478 for the years ended December 31, 2021 and 2020, respectively.

INCOME TAX STATUS - The Foundation and affiliate are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In the years ended December 31, 2021 and 2020, the Foundation incurred no unrelated business income. 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).

Management evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of December 31, 2021, the Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that materially impact the financial statements or related disclosures.

The Foundation's information returns are subject to examination, generally for three years after the filing date.

INVESTMENTS - Investments are measured and reported at fair value. Changes in fair value are included in the statement of activities. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are recorded in the statement of activities in the period in which the securities are sold. Interest and dividends are recognized as earned.

GRANTS AND SCHOLARSHIPS - Grants and scholarships are made from available income and principal in accordance with the designations by the donors and approved by the Board of Directors and are recorded at the date the grant or scholarship is approved.

ASSETS HELD FOR OTHERS - The Foundation has reported liabilities for assets held for others in conformity with FASB *Accounting Standards Codification 958, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*.

The Portland Foundation and Affiliate

Notes to the Financial Statements

December 31, 2021 and December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Foundation is required to report as liabilities any amounts received from a donor that specifies itself or its affiliates as the beneficiary of the transferred assets, and any activity attributed to these amounts is recorded as an increase or decrease in the liabilities. Accordingly, the Foundation has reported \$2,093,579 and \$1,871,589 at December 31, 2021 and 2020, respectively, as liabilities for assets held for others on the statements of financial position.

Additionally, the Foundation has reported on the statement of activities a reduction in contributions of \$575 and \$0, and a reduction in disbursements of \$46,605 and \$45,194 for the years ended December 31, 2021 and 2020, respectively, for the activity attributed to the assets held for others. Furthermore, the Foundation reported on the statement of activities a decrease in investment income of \$268,020 and \$166,777 for the years ended December 31, 2021 and 2020, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES - The costs of providing the various programs and other activities have been summarized on a functional basis on the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Program usage studies are conducted annually.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Internet	Program usage
Printing and promotion	Program usage

NOTE 2 - CASH AND CASH EQUIVALENTS

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the amounts shown in the statements of cash flows:

	<u>2021</u>	<u>2020</u>
Cash, cash equivalents, and restricted cash:		
Without donor restrictions	\$ 469,618	\$ 310,842
With donor restrictions	41,654	41,654
Total cash, cash equivalents, and restricted cash shown in the statements of cash flows	<u>\$ 511,272</u>	<u>\$ 352,496</u>

The Portland Foundation and Affiliate

Notes to the Financial Statements

December 31, 2021 and December 31, 2020

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2021:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land - Freedom Park	\$ 220,423	\$ -
Leasehold improvements	<u>351,385</u>	<u>252,308</u>
Total land and leasehold improvements	<u>571,808</u>	<u>252,308</u>
Equipment:		
Computer hardware	11,708	11,708
Computer software	2,370	2,370
Office furniture and fixtures	<u>3,504</u>	<u>3,504</u>
Total equipment	<u>17,582</u>	<u>17,582</u>
Total property and equipment	<u>\$ 589,390</u>	<u>\$ 269,890</u>

Property and equipment consisted of the following at December 31, 2020:

	<u>Cost</u>	<u>Accumulated Depreciation</u>
Land - Freedom Park	\$ 220,423	\$ -
Leasehold improvements	<u>351,385</u>	<u>249,561</u>
Total land and leasehold improvements	<u>571,808</u>	<u>249,561</u>
Equipment:		
Computer hardware	12,037	12,037
Computer software	2,370	2,370
Office furniture and fixtures	<u>3,504</u>	<u>3,504</u>
Total equipment	<u>17,911</u>	<u>17,911</u>
Total property and equipment	<u>\$ 589,719</u>	<u>\$ 267,472</u>

NOTE 4 - NONCURRENT ASSETS - PAINTINGS

The Foundation is the owner of paintings that have been donated to the Foundation. The donations are stated at the estimated fair-market value.

The Portland Foundation and Affiliate

Notes to the Financial Statements

December 31, 2021 and December 31, 2020

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash, equity, and other investments. The Foundation generally places its investments with financial institutions and attempts to limit its credit exposure to any one financial institution. Cash deposits at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 at December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, the Foundation had \$261,272 and \$102,496, respectively, in uninsured cash deposits. At December 31, 2021, the Foundation had \$49,922,223 invested in three different brokerage accounts. At December 31, 2020, the Foundation had \$42,482,896 invested in three different brokerage accounts. The Foundation maintains a continually managed investment strategy to diversify the risk of these investments; however, they are subject to normal market risk. The Foundation does not require any collateral to support its financial instruments.

NOTE 6 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Cash, cash equivalents, and restricted cash		
Without donor restrictions	\$ 469,618	\$ 310,842
Total	<u>\$ 469,618</u>	<u>\$ 310,842</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. The Foundation has various sources of liquidity at its disposal, including cash and investments. The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds.

The Portland Foundation and Affiliate

Notes to the Financial Statements

December 31, 2021 and December 31, 2020

NOTE 7 - INVESTMENTS

At December 31, 2021, the Foundation maintained the following investment portfolio:

	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Carrying Value (Market)</u>
Money market funds	\$ 1,382,756	\$ -	\$ 1,382,756
Mutual funds	34,199,395	10,288,744	44,488,139
Other investments	3,527,191	527,937	4,055,128
Total	<u>\$ 39,109,342</u>	<u>\$ 10,816,681</u>	<u>\$ 49,926,023</u>

The above funds are included on the statement of financial position at fair value, under the captions "Investments; at fair value - With donor restrictions and Investments; at fair value - Assets held for others."

Investment income earned on these investments during the year ended December 31, 2021, consisted of the following:

Interest and dividends	\$ 1,159,832
Realized and unrealized gains (losses) on investments, net	<u>5,813,070</u>
Total	<u>\$ 6,972,902</u>

The above income is included on the statement of activities.

At December 31, 2020, the Foundation maintained the following investment portfolio:

	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Carrying Value (Market)</u>
Money market funds	\$ 1,554,727	\$ -	\$ 1,554,727
Mutual funds	30,545,589	7,194,457	37,740,046
Other investments	2,932,274	259,649	3,191,923
Total	<u>\$ 35,032,590</u>	<u>\$ 7,454,106</u>	<u>\$ 42,486,696</u>

The above funds are included on the statement of financial position at market value, under the captions "Investments; at market - With donor restrictions and Investments; at market - Assets held for others."

Investment income earned on these investments during the year ended December 31, 2020, consisted of the following:

Interest and dividends	\$ 853,281
Realized and unrealized gains (losses) on investments, net	<u>3,518,994</u>
Total	<u>\$ 4,372,275</u>

The above income is included on the statement of activities.

The Portland Foundation and Affiliate

Notes to the Financial Statements

December 31, 2021 and December 31, 2020

NOTE 8 - RETIREMENT PLAN

The Foundation set up a retirement plan during 2008 for employees. The contribution is determined annually by the Board. The expense of the retirement plan for the years ended December 31, 2021 and December 31, 2020, totaled \$13,325 and \$12,350, respectively.

NOTE 9 - CAFETERIA PLAN

As of January 1, 2017, the Foundation adopted a Section 125 cafeteria plan. This plan allows employees to elect to receive certain employee benefits with pre-tax dollars.

NOTE 10 - MAJOR FUNDING SOURCES

Significant amounts of income were recorded from the following sources during the year ended December 31, 2021:

<u>Contributor</u>	<u>Amount</u>	<u>% of Total Contributions</u>
Indiana University Health Jay, Inc.	\$ 1,381,115	52%
Robert Study	\$ 465,837	18%

Significant amounts of income were recorded from the following sources during the year ended December 31, 2020:

<u>Contributor</u>	<u>Amount</u>	<u>% of Total Contributions</u>
Lilly Endowment, Inc.	\$ 100,000	15%

NOTE 11 - PRINTING AND PROMOTIONAL AND ADVERTISING EXPENSES

For the years ended December 31, 2021 and December 31, 2020, printing and promotional expenses in the amount of \$8,386 and \$7,412, respectively, and advertising expenses in the amount of \$1,543 and \$0, respectively, were incurred by the Foundation to promote its programs among the Jay County community.

The Portland Foundation and Affiliate

Notes to the Financial Statements

December 31, 2021 and December 31, 2020

NOTE 12 - COMMITMENTS

In August 2018, the Foundation agreed to a five-year lease of office facilities at \$2,700 per month through June 2023. Rent expense for the years ended December 31, 2021 and December 31, 2020, were \$32,400 and \$32,400, respectively.

Future minimum lease payments are as follows:

2022	\$ 32,400
2023	<u>16,200</u>
 Total	 <u>\$ 48,600</u>

NOTE 13 - NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Time Restricted		
Restricted for future periods	\$ 14,392,958	\$ 9,556,390
Perpetual	33,481,140	31,100,371
Total	<u>\$ 47,874,098</u>	<u>\$ 40,656,761</u>

Net assets without donor restrictions for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Undesignated	<u>\$ 789,118</u>	<u>\$ 629,706</u>

Net assets released from net assets with donor restrictions are as follows:

	<u>2021</u>	<u>2020</u>
Satisfaction of Purpose Restrictions		
Restricted for future periods	\$ 2,132,526	\$ 1,880,394
Total	<u>\$ 2,132,526</u>	<u>\$ 1,880,394</u>

The Portland Foundation and Affiliate

Notes to the Financial Statements

December 31, 2021 and December 31, 2020

NOTE 14 - RELATED PARTIES

Several board members of the Foundation also serve as board members of other organizations that receive grants from the Foundation. Additionally, there are board members employed at other organizations that receive grants from the Foundation.

Furthermore, for the years ending December 31, 2021 and December 31, 2020, the Foundation leases office space from an organization where a related party serves as the Executive Director. Rent expense for the year ending December 31, 2021 and December 31, 2020 totaled \$32,400 and \$32,400, respectively.

In addition, the Foundation maintained investments at a brokerage firm for which a related party worked as the financial advisor of the investments. The value of these investments totaled \$322,084 and \$305,194, respectively, at December 31, 2021 and December 31, 2020.

Income earned on these investments during 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 6,695	\$ 5,133
Realized gains (losses) on sales of investments	27,045	2,130
Unrealized gains (losses) on investments	<u>1,213</u>	<u>29,795</u>
Total	<u>\$ 34,953</u>	<u>\$ 37,058</u>

The above income is included on the statement of activities.

NOTE 15 - FAIR VALUES OF FINANCIAL INSTRUMENTS

FASB *Accounting Standards Codification 820, Fair Value Measurements* defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quotes prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices as quoted prices for similar assets or liabilities; quotes prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

The Portland Foundation and Affiliate

Notes to the Financial Statements

December 31, 2021 and December 31, 2020

NOTE 15 - FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The estimated fair values of the Foundation's financial instruments at December 31, 2021, none of which are held for trading purposes, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets:</u>				
Money market funds	\$ 1,382,756	\$ -	\$ -	\$ 1,382,756
Mutual funds	44,488,139	-	-	44,488,139
Alternative investments	4,055,128	-	-	4,055,128
Total assets at fair value	<u>\$ 49,926,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,926,023</u>

The estimated fair values of the Foundation's financial instruments at December 31, 2020, none of which are held for trading purposes, are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial Assets:</u>				
Money market funds	\$ 1,554,727	\$ -	\$ -	\$ 1,554,727
Mutual funds	37,740,046	-	-	37,740,046
Alternative investments	3,191,923	-	-	3,191,923
Total assets at fair value	<u>\$ 42,486,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,486,696</u>

NOTE 16 - UNDERWATER ENDOWMENT FUNDS

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. At December 31, 2021, the Foundation had 1 fund with original gift values of \$10,888, fair values of \$5,109, and deficiencies of \$5,779 reported in net assets with donor restrictions. At December 31, 2020, the Foundation had 1 funds with original gift values of \$10,088, fair values of \$4,483, and deficiencies of \$5,605 reported in net assets with donor restrictions. The deficiencies resulted from unfavorable market fluctuations that occurred during the year and continued appropriation for certain purposes was deemed prudent by the Board of Directors.

The Portland Foundation and Affiliate

Notes to the Financial Statements

December 31, 2021 and December 31, 2020

NOTE 17 - ENDOWMENT FUND

Change in endowment net assets for the year ended December 31, 2021:

	Assets Held for Others	With Donor Restrictions		Total
		Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 1,871,589	\$ 9,556,390	\$ 31,096,571	\$ 42,524,550
Investment return:				
Interest, dividends, capital gains (losses) (realized and unrealized)	268,020	6,704,882	-	6,972,902
Contributions	575	264,212	2,380,769	2,645,556
Appropriation of endowment assets for expenditure	(46,605)	(2,132,526)	-	(2,179,131)
Endowment net assets, end of year	<u>\$ 2,093,579</u>	<u>\$ 14,392,958</u>	<u>\$ 33,477,340</u>	<u>\$ 49,963,877</u>

Change in endowment net assets for the year ended December 31, 2020:

	Assets Held for Others	With Donor Restrictions		Total
		Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 1,750,006	\$ 7,022,354	\$ 30,613,108	\$ 39,385,468
Investment return:				
Interest, dividends, capital gains (losses) (realized and unrealized)	166,777	4,205,498	-	4,372,275
Contributions	-	208,932	483,463	692,395
Appropriation of endowment assets for expenditure	(45,194)	(1,880,394)	-	(1,925,588)
Endowment net assets, end of year	<u>\$ 1,871,589</u>	<u>\$ 9,556,390</u>	<u>\$ 31,096,571</u>	<u>\$ 42,524,550</u>

The Portland Foundation and AffiliateNotes to the Financial StatementsDecember 31, 2021 and December 31, 2020NOTE 17 - ENDOWMENT FUND (continued)

In 1996, the Foundation adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions, because those assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. The Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the funds are that required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

NOTE 18 - INVESTMENT AND SPENDING POLICIES

The Foundation has adopted investment and spending policies for endowment assets with an objective to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board, the endowment assets are invested in a manner intended to produce positive results while assuming a moderate level of investment risk. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investments 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.

The Foundation has a policy of appropriating for distribution each year a discretionary amount, of 4%, based on its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 19 - RISKS AND UNCERTAINTIES

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

The Portland Foundation and AffiliateNotes to the Financial StatementsDecember 31, 2021 and December 31, 2020NOTE 20 - CHARITABLE GIFT ANNUITIES AND CHARITABLE REMAINDER UNITRUSTS

The Foundation is the beneficiary of several charitable gift annuities and charitable remainder unitrusts. Currently, the owners of these annuities and unitrusts are receiving benefits. The amount the Foundation will receive is uncertain. Accordingly, these funds are not reported as assets to the Foundation. During the year ending December 31, 2021, the Foundation received distributions from 13 charitable gift annuities totaling \$415,837.

The fair market value of these funds are as follows:

	<u>2021</u>	<u>2020</u>
Charitable gift annuities	\$ 140,565	\$ 493,498
Charitable remainder unitrusts	<u>1,026,428</u>	<u>1,287,127</u>
Total	<u>\$ 1,166,993</u>	<u>\$ 1,780,625</u>

NOTE 21 - UNCERTAINTY RELATED TO CORONAVIRUS

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The ultimate impact of the outbreak to the Foundation's financial results and operations cannot be determined at this time; however, management is taking actions to mitigate the impact of the outbreak to the Foundation.

NOTE 22 - SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions that occurred between January 1, 2022 and August 8, 2022, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. No subsequent events were noted by the Foundation.

August 8, 2022

To the Board of Trustees
The Portland Foundation

We have audited the combined financial statements of The Portland Foundation (organized as a trust) and The Portland Foundation, Inc. (affiliate) for the year ended December 31, 2021, and have issued our report thereon dated August 8, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated January 1, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the combined financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the combined financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the combined financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of The Portland Foundation and affiliate solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding significant control deficiencies and other matters noted during our audit in a separate letter to you dated August 8, 2022.

Board of Trustees
The Portland Foundation
August 8, 2022
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Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks:

- Management override of controls is a presumed risk under audit standards

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Practices

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by The Portland Foundation and affiliate is included in Note 1 to the combined financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the combined financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the combined financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Board of Trustees
The Portland Foundation
August 8, 2022
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Corrected and Uncorrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the combined financial statements as a whole. Management has corrected all such misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period combined financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the combined financial statements currently under audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to The Portland Foundation and affiliate's combined financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated August 8, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with The Portland Foundation and affiliate, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as The Portland Foundation and affiliate's auditors.

Board of Trustees
The Portland Foundation
August 8, 2022
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This report is intended solely for the information and use of the Board of Trustees and management of The Portland Foundation and affiliate and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Bollenbacher & Associates, LLC

Bollenbacher & Associates, LLC
Certified Public Accountants

To the Board of Trustees
The Portland Foundation

In planning and performing our audit of the combined financial statements of The Portland Foundation (organized as a trust) and The Portland Foundation, Inc. (affiliate) as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered The Portland Foundation's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's combined financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Board of Trustees, and others within the Foundation, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bollenbacher & Associates, LLC

Portland, Indiana
August 8, 2022