HENDRICKS COUNTY COMMUNITY FOUNDATION, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

December 31, 2025 and 2024

ESTEP BURKEY SIMMONS LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditors' Report

Board of Directors
Hendricks County Community Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hendricks County Community Foundation, Inc., which comprise the statements of financial position as of December 31, 2025 and 2024, and the related 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 financial statements present fairly, in all material respects, the financial position of Hendricks County Community Foundation, Inc. as of December 31, 2025 and 2024, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Hendricks County Community Foundation, Inc. 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hendricks County Community Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hendricks County Community Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hendricks County Community Foundation, Inc.'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.

Estep Burkey Simmons, LLC

Muncie, Indiana
June 25, 2026

Hendricks County Community Foundation, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31,

	2025	2024
ASSETS		
Cash and cash equivalents	$ 7,054,627	$ 5,042,129
Prepaid expenses	22,802	20,905
Pledges receivable	-	85,000
Trust receivable	-	143,552
Right of use assets	43,714	20,407
Investments	32,481,793	25,433,010
Cash surrender value of life insurance	94,142	94,122
Property and equipment, net	-	-
Total assets	$ 39,697,078	$ 30,839,125
LIABILITIES		
Accounts payable	$ -	$ 6,018
Grants and scholarships payable	108,144	115,758
Accrued payroll	10,640	2,794
Right of use liabilities	43,714	20,407
Funds held as agency partner funds	531,639	494,151
Total liabilities	694,137	639,128
NET ASSETS		
Without donor restrictions	2,098,135	1,379,187
With donor restrictions	36,904,806	28,820,810
Total net assets	39,002,941	30,199,997
Total liabilities and net assets	$ 39,697,078	$ 30,839,125

The accompanying notes are an integral part of these statements.

Hendricks County Community Foundation, Inc.

STATEMENTS OF ACTIVITIES

Years Ended December 31,

	2025		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Operating support and revenue:			
Contributions and pledges	$ 405,649	$ 6,009,352	$ 6,415,001
Gifts-in-kind	-	1,442,349	1,442,349
Administrative fee income	542,316	-	542,316
Investment return, net of fees	132,314	3,655,339	3,787,653
Total operating support and revenue	1,080,279	11,107,040	12,187,319
Net assets released from restrictions:			
Satisfaction of purpose restrictions	677,628	(677,628)	-
Pursuant to spending policy	2,345,416	(2,345,416)	-
Operating expenses:			
Program services			
Grants and scholarships	2,230,659	-	2,230,659
Other grantmaking expenses	132,530	-	132,530
Supporting services			
Management and general	357,848	-	357,848
Administrative fees	531,996	-	531,996
Fundraising and development	131,342	-	131,342
Total operating expenses	3,384,375	-	3,384,375
CHANGE IN NET ASSETS	718,948	8,083,996	8,802,944
Net assets at beginning of year	1,379,187	28,820,810	30,199,997
Net assets at end of year	$ 2,098,135	$ 36,904,806	$ 39,002,941

The accompanying notes are an integral part of these statements.

2024		
Without Donor Restrictions	With Donor Restrictions	Total
$ 124,878	$ 10,664,441	$ 10,789,319
-	100,338	100,338
465,670	-	465,670
134,795	1,545,349	1,680,144
725,343	12,310,128	13,035,471
520,699	(520,699)	-
1,970,718	(1,970,718)	-
2,016,363	-	2,016,363
111,325	-	111,325
267,132	-	267,132
415,669	-	415,669
107,099	-	107,099
2,917,588	-	2,917,588
299,172	9,818,711	10,117,883
1,080,015	19,002,099	20,082,114
$ 1,379,187	$ 28,820,810	$ 30,199,997

Hendricks County Community Foundation, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31,

	2025			
	Grant-making	**Management and General**	**Fundraising**	**Total**
Grants, scholarships and awards	$ 2,230,659	$ -	$ -	$ 2,230,659
Salaries and wages	94,333	185,297	57,274	336,904
Payroll taxes	7,119	13,984	4,322	25,425
Employee benefits	9,083	17,842	5,515	32,440
Occupancy	-	14,287	-	14,287
Equipment rental and maintenance	-	2,058	-	2,058
Meetings and conferences	7,152	14,048	4,342	25,542
Print materials	-	-	13,201	13,201
Professional fees	-	54,596	-	54,596
Office expense	-	14,342	-	14,342
Insurance	-	7,639	-	7,639
Postage	652	652	326	1,630
Communications and technical support	11,883	23,341	7,215	42,439
Advertising and promotions	-	-	23,355	23,355
Donor development and networking	-	-	14,638	14,638
Administrative fees	-	531,996	-	531,996
Other expenses:				
Auto expense	2,308	2,308	1,154	5,770
Bank charges	-	2,739	-	2,739
Allowance for uncollectible pledges	-	-	-	-
Dues and subscriptions	-	4,715	-	4,715
	$ 2,363,189	$ 889,844	$ 131,342	$ 3,384,375

The accompanying notes are an integral part of these statements.

2024			
Grant-making	**Management and General**	**Fundraising**	**Total**
$ 2,016,363	$ -	$ -	$ 2,016,363
75,522	148,346	45,852	269,720
5,918	11,624	3,593	21,135
7,221	14,183	4,384	25,788
-	13,677	-	13,677
-	2,145	-	2,145
4,679	9,191	2,841	16,711
-	-	22,355	22,355
-	13,708	-	13,708
-	11,798	-	11,798
-	11,080	-	11,080
669	669	335	1,673
11,608	22,801	7,048	41,457
-	-	17,214	17,214
-	-	2,585	2,585
-	415,669	-	415,669
1,783	1,783	892	4,458
-	1,703	-	1,703
3,925	-	-	3,925
-	4,424	-	4,424
$ 2,127,688	$ 682,801	$ 107,099	$ 2,917,588

Hendricks County Community Foundation, Inc.

STATEMENTS OF CASH FLOWS

Years Ended December 31,

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ 8,802,944	$ 10,117,883
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized losses on investments	1,193,020	70,561
Unrealized gains on investments	(3,027,859)	(979,160)
Cash received from contributors for funds held in perpetuity	(4,968,601)	(8,255,039)
Non-cash contributions	1,442,349	100,338
(Increase) decrease in assets:		
Annuity receivable	-	50,429
Pledges receivable, net	85,000	125,425
Trust receivable	143,552	(143,552)
Prepaid expenses	(1,897)	(1,233)
Cash surrender value of life insurance	(20)	(658)
Increase (decrease) in operating liabilities:		
Accounts payable	(6,018)	(321)
Grants and scholarships payable	(7,614)	(4,951)
Accrued payroll	7,846	(3,053)
Charitable gift annuity liability	-	(46,424)
Funds held as agency partner funds	37,488	17,506
Net cash provided by operating activities	3,700,190	1,047,751
Cash flows from investing activities:		
Purchase of investments	(14,522,488)	(8,544,447)
Proceeds from sales of investments	7,866,195	2,049,316
Net cash used in investing activities	(6,656,293)	(6,495,131)
Cash flows from financing activities:		
Cash received from contributors for funds held in perpetuity	4,968,601	8,255,039
Net cash provided by financing activities	4,968,601	8,255,039
Net change in cash and cash equivalents	2,012,498	2,807,659
Cash and cash equivalents at beginning of year	5,042,129	2,234,470
Cash and cash equivalents at end of year	$ 7,054,627	$ 5,042,129

The accompanying notes are an integral part of these statements.

Hendricks County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

1. Nature of Activities

The Hendricks County Community Foundation, Inc. (Foundation) is a not-for-profit corporation organized under the laws of the State of Indiana. The Foundation was organized to be a trusted community partner in understanding needs, aligning resources, and empowering people to address today's priorities and create lasting impact together. Hendricks County is a place where everyone has the opportunity to have a fulfilling life and the tools they need to build a stronger future together.

2. Basis of Accounting

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

3. Financial Statement Presentation

Net assets, support, investment return, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. While most gift instruments give the Foundation's Board of Directors the right to vary the terms of the gift, this only allows for a limited right of modification and does not relieve the restrictions imposed by the donor. Accordingly, the net assets of the Foundation are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and comprised of the Foundation's operating fund and unrestricted income from endowment funds.

Net assets with donor restrictions - Net assets not yet appropriated for expenditure by the Foundation's Board of Directors in accordance with their spending policy or that have donor-imposed restrictions relating to a stipulated purpose or a specified time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished or amounts have been allocated for expenditure by the Board of Directors, net assets are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

4. Contributions

Contributions are recognized when the donor makes a promise to give to the Foundation that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the financial year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Hendricks County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES - Continued

5. Cash and Cash Equivalents

The Foundation maintains its cash in accounts at high credit financial institutions, which are insured by agencies of the U.S. Government. For purposes of the Statements of Cash Flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

6. Concentration of Credit Risk

The Foundation maintains its cash in bank deposit accounts at high credit quality financial institutions. The balances, at times, may exceed federally insured limits. At December 31, 2025 and 2024, the Foundation exceeded the insured limit by $4,073,884 and $3,865,186, respectively.

7. Investments

The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statements of Financial Position. Net investment return/(loss) is reported in the Statements of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

8. Equipment and Depreciation

Purchased equipment is stated at cost. Donated equipment is recorded as support at the estimated fair value at the date of gift. Such donations are reported as support without donor restriction unless the donor has restricted the donated asset to a specific purpose. The Foundation has a capitalization policy which states that only items with a value of more than $5,000 are capitalized. Expenditures for routine maintenance and repairs are expensed as incurred. Depreciation is computed according to the estimated useful lives of the respective assets using the straight-line method.

9. In-Kind Contributions

During the years ended December 31, 2025 and 2024, the Foundation received gifts of public securities of $1,442,349 and $100,338, respectively, which were valued at fair value. It is the Foundation's policy to immediately liquidate gifts of public securities and invest the proceeds in compliance with the Foundation's investment policy.

Hendricks County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES - Continued

10. Income Taxes

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision has been made for income taxes.

11. Compensated Absences

The employees of the Foundation qualify for earned time off based upon length of service. Earned time off must be used by the end of the calendar year. Any unused earned time off is paid to an employee upon termination based upon the employee's hourly rate. The Foundation's policy is to recognize the cost of compensated absences when actually paid to employees.

12. Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Those expenses include depreciation, insurance, printing and publications, rent, telephone, repairs and maintenance, office supplies, postage, salaries and wages, payroll taxes, benefits, conferences and meetings, and miscellaneous expenses. These expenses are allocated on the basis of estimates of time and effort.

13. Advertising

Advertising expenses totaled $23,355 and $17,214 for the years ended December 31, 2025 and 2024, respectively. The Foundation's policy is to record advertising expenditures in the period in which they are incurred.

14. Uncertain Tax Positions

The Foundation recognizes a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. The Foundation has examined this issue and has determined there are no material contingent tax liabilities.

The Foundation's federal and state exempt organization tax returns for 2022, 2023, and 2024 are subject to examination by the Internal Revenue Service and the Indiana Department of Revenue. Returns are generally subject to examination for three years after they are filed.

Hendricks County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES - Continued

15. Estimates

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

NOTE B - PROPERTY AND EQUIPMENT

The amounts of property and equipment, net of depreciation, consist of the following:

	2025	2024
Office furniture	$ 8,375	$ 8,375
Office equipment	1,334	1,334
	9,709	9,709
Less accumulated	9,709	9,709
	$ -	$ -

NOTE C - PLEDGES RECEIVABLE

Donors have made pledges to various funds held by the Foundation. Outstanding pledges at December 31, 2025 and 2024 totaled $-0- and $85,000, respectively. Pledges were collected during the year ending December 31, 2025.

NOTE D - TRUST RECEIVABLE

During the year ended December 31, 1997, the Foundation was notified that it was named a remainder beneficiary of a trust. The income beneficiary passed away in March 2024. The Foundation's estimate of its portion of the trust was recorded as a trust receivable totaling $143,552 as of December 31, 2024. Management established this estimate based upon the expected value from the trustee. This trust was paid in full during the year ending December 31, 2025.

NOTE E - RISKS AND UNCERTAINTIES

The Foundation holds a variety of investments (Note F). Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

Hendricks County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE F - INVESTMENTS

The following is an analysis of the cost and fair value at December 31, 2025 and 2024 by type of investment.

	2025	2024
Certificates of deposit	$ 89,824	$ 89,762
Alternative investment	914,093	832,794
Mutual funds - equities:		
Foreign small/mid value	41,929	34,662
Foreign large value	71,081	44,490
Foreign large blend	4,268,517	3,154,401
Foreign small/mid growth	1,702,356	1,217,745
Foreign large growth	70,649	46,341
Small value	1,699,969	
Diversified emerging markets	2,638,543	1,955,703
Small growth	1,716,021	1,261,428
Small blend	237,790	156,079
Mid-cap blend		1,197,537
Large blend	9,512,835	7,651,201
World allocation	135,890	67,332
Infrastructure	1,084,898	801,228
Real estate	72,547	66,730
Total mutual funds - equities	23,253,025	17,654,877
Mutual funds - fixed income:		
Nontraditional bonds	128,421	69,071
Short-term bonds	439,701	492,705
Intermediate-term bonds	7,606,649	6,264,823
High yield bonds	24,941	14,642
Inflation-protected bond	25,139	14,336
Total mutual funds - fixed income	8,224,851	6,855,577
Total investments, at fair value	$ 32,481,793	$25,433,010
Total investments, at historical cost	$26,690,264	$24,234,928

Hendricks County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE G - FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A hierarchy of inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Foundation. Unobservable inputs are inputs that reflect the Foundation's assumptions about the assumptions that market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

	2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Cash surrender value of life insurance		$ 94,142		$ 94,142
Investments				
Alternative investments*				$ 914,093
Certificates of deposit	$ 89,824			$ 89,824
Mutual funds - equities	$23,253,025			$23,253,025
Mutual funds - fixed income	$ 8,224,851			$ 8,224,851

Hendricks County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE G - FAIR VALUE MEASUREMENTS - Continued

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Cash surrender value of life insurance		$ 94,122		$ 94,122
Investments				
Alternative investments*				$ 832,794
Certificates of deposit	$ 89,762			$ 89,762
Mutual funds - equities	$ 17,654,877			$ 17,654,877
Mutual funds - fixed income	$ 6,855,577			$ 6,855,577

* In accordance with Accounting Standards, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented at fair value in the Statements of Financial Position.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used for the years ended December 31, 2025 and 2024.

- Cash surrender value of life insurance: Fair value is determined by reference to the annual statement provided by the insurance provider.
- Investments: Valued at the daily closing price as reported by the mutual fund or exchange traded fund. Mutual funds and exchange traded funds ("funds") are held by the Foundation and are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The funds held by the Foundation are deemed to be actively traded.

Alternative investments, including balances, restrictions on redemptions, and investment objectives, were purchased during the years ended December 31, 2025 and 2024 and consist of the following.

	2025		
	Net Asset Value	**Redemption Notice**	**Redemption Frequency**
North Rock Fund Limited	$ 914,093	90 days notice	Monthly

NOTE G - FAIR VALUE MEASUREMENTS - Continued

	2024		
	Net Asset Value	Redemption Notice	Redemption Frequency
North Rock Fund Limited	$ 832,794	90 days notice	Monthly

NOTE H - ENDOWMENT FUNDS

At December 31, 2025 and 2024, the Foundation's endowment consists of 219 and 206 donor-restricted permanent endowment funds established to support designated charitable purposes and organizations, and 2 funds designated by the Board of Directors to function as endowments to provide unrestricted support for Foundation programs. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Indiana Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2025 and 2024, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

Hendricks County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE H - ENDOWMENT FUNDS - Continued

Endowment net assets composition by type of fund as of December 31, 2025 and 2024, were as follows:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 186,255	$ -	$ 186,255
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	21,919,386	21,919,386
Accumulated investment gains	-	11,146,929	11,146,929
	$ 186,255	$ 33,066,315	$33,252,570

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 177,270	$ -	$ 177,270
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	16,950,785	16,950,785
Accumulated investment gains	-	8,424,829	8,424,829
	$ 177,270	$ 25,375,614	$25,552,884

Changes in endowment net assets for the year ended December 31, 2025 and 2024, were as follows:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Contributions and grant income	$ 1,472	$ 6,715,255	$ 6,716,727
Investment return, net	12,148	3,320,862	3,333,010
Total revenue and support	13,620	10,036,117	10,049,737
Appropriatation of endowment assets for expenditure	4,635	2,345,416	2,350,051
Change in endowment net assets	8,985	7,690,701	7,699,686
Endowment net assets, beginning of year	177,270	25,375,614	25,552,884
Endowment net assets, end of year	$ 186,255	$ 33,066,315	$33,252,570

Hendricks County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE H - ENDOWMENT FUNDS - Continued

	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Revenue and support			
Contributions and grant income	$ 7,000	$ 8,141,257	$ 8,148,257
Investment return, net	7,174	1,377,760	1,384,934
Total revenue and support	14,174	9,519,017	9,533,191
Appropriatation of endowment assets for expenditure	4,610	1,970,718	1,975,328
Change in endowment net assets	9,564	7,548,299	7,557,863
Endowment net assets, beginning of year	167,706	17,827,315	17,995,021
Endowment net assets, end of year	$ 177,270	$ 25,375,614	$25,552,884

Occasionally, 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. As of December 31, 2025, 29 of the 219 endowment funds had deficiencies totaling $250,528. As of December 31, 2024, 40 of the 206 endowment funds had deficiencies totaling $709,773. Deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the board of directors.

The investment objective of the Foundation is to seek returns that are sufficient to preserve and increase the real, inflation-adjusted value of the investments, to meet spending needs for grantmaking, and cover operating expenses through investment and Administrative Fees. While there cannot be complete assurance that the investment objective will be realized, it is believed that the likelihood of realization is enhanced by diversifying the investments among multiple asset classes and by selecting active investment managers that have shown an ability to outperform an applicable benchmark over the long-term time horizon.

The Foundation has a policy (the spending policy) of appropriating for expenditure a percentage of the total portfolio fair value in order to provide for grants and to cover operating expenses. The purpose of the spending policy is to balance the short-term grant making obligations with its goal to provide grants into perpetuity, and, therefore, design a spending policy that is flexible. The Foundation may average the previous twelve quarters of fund's ending account balance, beginning with the September balance, and applying the determined spending rate to the resulting average balance. The spending rate of up to 5% applied to the average balance of an endowed fund shall be used to determine the spendable amount each year. From which, the Board determines the spending policy for the coming year.

Hendricks County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2025 and 2024:

	2025	2024
Subject to expenditure for a specific purpose:		
Donor advised	$ 105,074	$ 108,189
Designated	3,613,107	3,035,700
Field of interest	19,076	174,910
Scholarship	101,230	125,042
Community grants	4	1,355
	3,838,491	3,445,196
Endowments:		
Subject to appropriation and expenditure when a specific event occurs:		
Restricted by donors for:		
Donor advised	7,693,515	7,635,255
Designated	123,133	122,981
Organization specific	35,205	29,152
Field of interest	38,974	57,970
Scholarship	74,299	76,258
Community grants	9,344	17,982
	7,974,470	7,939,598
Subject to Foundation spending and appropriation:		
Donor advised	6,619,229	4,822,577
Designated	2,552,892	2,826,938
Organization specific	649,593	601,974
Field of interest	1,497,813	1,378,347
Legacy	6,445,777	4,086,673
Scholarship	957,498	887,611
Community grants	6,619,571	3,541,669
Underwater endowments	(250,528)	(709,773)
	25,091,845	17,436,016
	$36,904,806	$28,820,810

Hendricks County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE J - NET ASSETS RELEASED FROM DONOR RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31, 2025 and 2024:

	2025	2024
Purpose restrictions accomplished:		
Donor advised	$ 12,547	$ 12,934
Designated	469,686	332,943
Field of interest	156,262	174,473
Scholarship	37,754	349
Community grants	1,379	
	677,628	520,699
Release or appropriated endowment returns without purpose restrictions		
Donor advised	1,512,650	1,178,484
Designated	164,432	169,319
Organization specific	34,371	28,491
Field of interest	107,745	177,572
Legacy	229,726	174,789
Scholarship	70,323	28,014
Community grants	226,169	214,049
	2,345,416	1,970,718
	$ 3,023,044	$ 2,491,417

NOTE K - LIQUIDITY

The Foundation has financial assets available within one year of the Statements of Financial Position date consisting the following:

	2025	2024
Cash and cash equivalents	$ 1,299,588	$ 1,028,520
Investments	304,391	304,882
	$ 1,603,979	$ 1,333,402

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Statements of Financial Position date. As part of its liquidity management, the Foundation invests cash in excess of daily requirements in various cash equivalents including money market funds and other interest earning opportunities.

Hendricks County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE L - AGENCY PARTNER FUNDS

The Foundation reports contributions as a liability when third party organizations transfer these assets to the Foundation and specify themselves, or their affiliates, as the beneficiary. These liabilities are offset by the Foundation's investments. During the years ended December 31, 2025 and 2024, the following activity occurred in the agency partner funds held by the Foundation. These amounts are not reflected on the Statements of Activities.

	2025		2024	
Support and revenue:				
Contributions and pledges	$ -		$ 1,500	
Investment return, net	67,041		43,703	
		$ 67,041		$ 45,203
Expenses:				
Grants expense	19,233		17,696	
Administrative fees	10,320		10,001	
		29,553		27,697
Change in agency funds		37,488		17,506
Balance at beginning of year		494,151		476,645
Balance at end of year		$ 531,639		$ 494,151

NOTE M - OPERATING LEASES

The Foundation leases office equipment and office space under non-cancelable leases expiring through June 2029. Minimum lease payments of $1,091 per month for the office space, $37 per month for the postage meter, and $125 per month for the copy machine are required for the term of the leases. The following table discloses the undiscounted cash flows due related to operating leases, as of December 31, 2025, along with a reconciliation to the discounted amount recorded on the Statements of Financial Position.

2026	$ 14,292
2027	13,431
2028	13,098
2029	6,549
2030	-
	47,370
Present value discount	3,656
	$ 43,714

Total lease expense for the year ended December 31, 2025 and 2024 were $16,345 and $16,987, respectively.

Hendricks County Community Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2025 and 2024

NOTE N - RELATED-PARTY TRANSACTIONS

For the years ended December 31, 2025 and 2024, officers, board members and employees made donations and pledges to the Foundation totaling $6,059 and $70,000, respectively.

NOTE O - ADMINISTRATION MANAGEMENT

The Foundation assesses an administrative charge on endowment and pass-through funds. This charge is used primarily to support the operations of the Foundation. For the years ended December 31, 2025 and 2024, $542,316 and $465,670 is included as support and revenue and $531,996 and $415,669 as an expense, respectively. Due to the fact that administrative charges to various funds are considered a significant measure of the operations of community foundations, these fees have not been eliminated in the financial statements.

NOTE P - SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through June 25, 2026, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2025, have been incorporated into these financial statements herein.