

**HENDRICKS COUNTY  
COMMUNITY FOUNDATION, INC.**

*Financial Statements*

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

*December 31, 2006*

Greenwalt Sponsel & Co., Inc.

We Deliver Peace of Mind

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# GS&CO Greenwalt Sponsel & Co., Inc.

Business & Financial Advisors

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Hendricks County Community Foundation, Inc.:

We have audited the accompanying statement of financial position of Hendricks County Community Foundation, Inc. (an Indiana not-for-profit corporation) as of December 31, 2006, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2006, and the changes in net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

Information for the year ended December 31, 2005 is presented for comparative purposes only and was extracted from the financial statements for that year, on which an unqualified opinion dated June 28, 2006 was expressed.

*Greenwalt Sponsel & Co., Inc.*

June 22, 2007

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# HENDRICKS COUNTY COMMUNITY FOUNDATION, INC.

Statements of Financial Position

December 31, 2006 and 2005

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## ASSETS

	<u>2006</u>	<u>2005</u>
<b>Cash and Cash Equivalents</b>		
Unrestricted cash and cash equivalents	\$ 132,208	\$ 400,492
Restricted cash and cash equivalents	744,559	710,167
	<hr/>	<hr/>
<i>Total cash and cash equivalents</i>	876,767	1,110,659
<b>Other Assets</b>		
Pledges receivable	6,550	25,550
Investments (Note 3)	6,730,818	4,446,888
Cash surrender value of life insurance	23,876	23,876
Net property and equipment (Note 1)	4,932	7,143
	<hr/>	<hr/>
	<u>\$ 7,642,943</u>	<u>\$ 5,614,116</u>

## LIABILITIES AND NET ASSETS

### **Liabilities**

Accounts payable	\$ 28	\$ 45,665
Grants payable	-	9,200
Scholarships payable	14,400	64,952
	<hr/>	<hr/>
<i>Total liabilities</i>	14,428	119,817

### **Commitments (Note 4)**

### **Net Assets**

Unrestricted	826,351	755,877
Temporarily restricted (Note 1)	1,179,766	797,372
Permanently restricted (Note 1)	5,622,398	3,941,050
	<hr/>	<hr/>
<i>Total net assets</i>	7,628,515	5,494,299
	<hr/>	<hr/>
	<u>\$ 7,642,943</u>	<u>\$ 5,614,116</u>

**HENDRICKS COUNTY COMMUNITY FOUNDATION, INC.***Statement of Activities**For the Year Ended December 31, 2006**With Comparative Totals for the Year Ended December 31, 2005*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2006 Total</u>	<u>2005 Total</u>
<b>Revenues and Support</b>					
Contributions	\$ 63,187	\$ 275,782	\$ 1,681,348	\$ 2,020,317	\$ 755,944
Administrative fees	61,541	-	-	61,541	27,547
Special events net of \$18,970 and \$13,376 of expense, respectively	27,927	-	-	27,927	26,448
Grants	-	12,000	-	12,000	273,037
Investment income, net of fees (Note 3)	58,520	502,159	-	560,679	133,380
Net assets released from restrictions	407,547	(407,547)	-	-	-
<i>Total revenue and gains</i>	<u>618,722</u>	<u>382,394</u>	<u>1,681,348</u>	<u>2,682,464</u>	<u>1,216,356</u>
<b>Expenses</b>					
Program services	415,774	-	-	415,774	235,178
Management and general	90,224	-	-	90,224	57,626
Fundraising	42,250	-	-	42,250	24,618
<i>Total expenses</i>	<u>548,248</u>	<u>-</u>	<u>-</u>	<u>548,248</u>	<u>317,422</u>
<b>Change in Net Assets</b>	70,474	382,394	1,681,348	2,134,216	898,934
<b>Net Assets, Beginning of Year</b>	<u>755,877</u>	<u>797,372</u>	<u>3,941,050</u>	<u>5,494,299</u>	<u>4,595,365</u>
<b>Net Assets, End of Year</b>	<u>\$ 826,351</u>	<u>\$ 1,179,766</u>	<u>\$ 5,622,398</u>	<u>\$ 7,628,515</u>	<u>\$ 5,494,299</u>

**HENDRICKS COUNTY COMMUNITY FOUNDATION, INC.***Statement of Functional Expenses**For the Year Ended December 31, 2006**With Comparative Totals for the Year Ended December 31, 2005*

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	<b><u>Program Services</u></b>	<b><u>Management and General</u></b>	<b><u>Fundraising</u></b>	<b><u>2006 Total</u></b>	<b><u>2005 Total</u></b>
Grants, scholarships and awards	\$ 286,839	\$ -	\$ -	\$ 286,839	\$ 158,968
Salaries and wages	45,387	34,524	14,135	94,046	70,335
Payroll taxes	3,472	2,641	1,081	7,194	6,073
Depreciation	1,551	1,179	483	3,213	5,206
Occupancy	3,764	2,864	1,172	7,800	7,140
Equipment rental and maintenance	281	844	-	1,125	3,163
Meetings, conferences and newsletters	20,866	8,694	5,217	34,777	17,558
Professional fees	-	23,153	-	23,153	10,271
Office expense	3,301	2,511	1,028	6,840	8,991
Insurance	4,900	6,126	1,225	12,251	3,583
Postage	3,030	466	1,166	4,662	5,025
Communications	6,397	984	2,461	9,842	10,665
Advertising	29,102	4,478	11,193	44,773	7,170
Special events	-	-	18,970	18,970	13,376
Other	6,884	1,760	3,089	11,733	3,274
	<u>415,774</u>	<u>90,224</u>	<u>61,220</u>	<u>567,218</u>	<u>330,798</u>
Less direct expenses of special events netted with revenues on the statement of activities	<u>-</u>	<u>-</u>	<u>(18,970)</u>	<u>(18,970)</u>	<u>(13,376)</u>
<i>Total expenses</i>	<u>\$ 415,774</u>	<u>\$ 90,224</u>	<u>\$ 42,250</u>	<u>\$ 548,248</u>	<u>\$ 317,422</u>

**HENDRICKS COUNTY COMMUNITY FOUNDATION, INC.***Statements of Cash Flows**For the Years Ended December 31, 2006 and 2005**Page 1 of 2***INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

	<b><u>2006</u></b>	<b><u>2005</u></b>
<b>Cash Flows from Operating Activities</b>		
Cash received from grantors, contributors and others	\$ 2,029,895	\$ 934,654
Cash paid for grants, scholarships, and operating expenses	(669,394)	(448,397)
Investment income, net of fees	80,365	65,105
	<u>1,440,866</u>	<u>551,362</u>
<i>Net cash and cash equivalents provided by operating activities</i>		
	<u>1,440,866</u>	<u>551,362</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(3,735,440)	(1,509,422)
Proceeds from sales of investments	2,061,684	1,518,253
Purchase of property and equipment	(1,002)	(1,700)
	<u>(1,674,758)</u>	<u>7,131</u>
<i>Net cash and cash equivalents provided by (used in) investing activities</i>		
	<u>(1,674,758)</u>	<u>7,131</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(233,892)	558,493
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,110,659</u>	<u>552,166</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 876,767</u>	<u>\$ 1,110,659</u>

**HENDRICKS COUNTY COMMUNITY FOUNDATION, INC.***Statements of Cash Flows, Continued**For the Years Ended December 31, 2006 and 2005**Page 2 of 2***RECONCILIATION OF CHANGE IN NET ASSETS TO CASH  
AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES**

	<u>2006</u>	<u>2005</u>
<b>Change in Net Assets</b>	<u>\$ 2,134,216</u>	<u>\$ 898,934</u>
<b>Adjustments to Reconcile Change in Net Assets to Cash and Cash Equivalents Provided by Operating Activities</b>		
Depreciation	3,213	5,206
Realized gain on investments	(91,248)	(180,800)
Unrealized (gain) loss on investments	(389,066)	112,525
Gift of life insurance	-	(23,876)
Donated stock	(129,860)	(112,772)
<i>(Increase) decrease in operating assets:</i>		
Pledges receivable	19,000	(25,050)
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable	(45,637)	45,059
Grants payable	(9,200)	1,511
Scholarships payable	(50,552)	(169,375)
<i>Total adjustments</i>	<u>(693,350)</u>	<u>(347,572)</u>
<b>Cash and Cash Equivalents Provided by Operating Activities</b>	<u>\$ 1,440,866</u>	<u>\$ 551,362</u>

# HENDRICKS COUNTY COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

December 31, 2006

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Description of Organization*

Hendricks County Community Foundation, Inc. (the Foundation) helps meet the charitable needs of the community by accepting, investing and administering funds established by donors and making grants to charitable organizations. The mission of the Foundation is "Connecting Caring People with Causes That Matter".

### *Basis of Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support, expenses and other changes during the reporting period. Actual results could differ from those estimates.

### *Cash and Cash Equivalents*

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents were \$310,679 and \$216,761 at December 31, 2006 and 2005, respectively. The Foundation maintained cash balances in excess of federally insured limits at December 31, 2006, and from time to time during the year.

### *Property and Equipment*

Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost and expenditures for normal maintenance and repairs are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Property and equipment is comprised of the following at December 31, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Software	\$ 30,380	\$ 30,380
Office furniture	8,724	8,724
Office equipment	9,007	8,005
Leasehold improvements	1,700	1,700
	<u>49,811</u>	<u>48,809</u>
Accumulated depreciation	<u>(44,879)</u>	<u>(41,666)</u>
Net property and equipment	<u>\$ 4,932</u>	<u>\$ 7,143</u>

### *Investments*

The Foundation has adopted Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Fair market value is the value of the security at market close on the date of valuation. Unrealized gains and losses are based on the differences between cost and fair value of each classification of security and are reported in the statement of activities.

# HENDRICKS COUNTY COMMUNITY FOUNDATION, INC.

*Notes to Financial Statements*

*December 31, 2006*

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

### *Net Assets*

The Foundation has adopted the provision of SFAS No. 117, *Financial Statements for Not-for-Profit Organizations*. Under the provision, net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

#### Unrestricted

Unrestricted net assets include revenue and expenses from the regular operations of the Foundation, which are at the discretion of management and the Board of Directors.

#### Temporarily Restricted

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. At December 31, 2006 and 2005, the Foundation had temporarily restricted net assets of \$1,179,766 and \$797,372, respectively.

#### Permanently Restricted

Permanently restricted net assets include assets where the donor has stipulated that they should be maintained in perpetuity, the income from which is temporarily restricted to support activities as designated by various fund agreements. At December 31, 2006 and 2005, the Foundation had permanently restricted net assets of \$5,622,398 and \$3,941,050, respectively.

### *Contributions and Pledges*

The Foundation has adopted the provision of SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions are recognized when the donor makes an unconditional promise to give to the Foundation and are recorded at their fair values as revenues and assets in the year a contribution acknowledgment is received. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Pledges receivable were \$6,550 and \$25,550 at December 31, 2006 and 2005, respectively. All amounts were due in less than one year.

### *Expense Allocation*

Expenses have been classified as program services, management and general and fundraising based on the actual direct expenditures and cost allocation based on estimates of time and usage by Foundation personnel and programs.

### *Advertising*

Advertising expenses totaled \$44,773 and \$7,170 for the years ended December 31, 2006 and 2005, respectively. The Foundation's policy is to record advertising expenditures in the period in which they are incurred.

# HENDRICKS COUNTY COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

December 31, 2006

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

### *Tax Status*

The Internal Revenue Service has determined the Foundation is a tax-exempt organization and not a private foundation, under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision is made for federal or state income tax effects.

## 2. RESTRICTED CASH

Restricted cash is comprised of cash and cash equivalents with donor-imposed stipulations. Accordingly, these amounts have been recorded on the statement of financial position as temporarily restricted if stipulations may or will be met, or permanently restricted if stipulations neither expire nor can be fulfilled. Restricted cash was \$744,559 and \$710,167 at December 31, 2006 and 2005, respectively.

## 3. INVESTMENTS

Fair value of investments at December 31 is as follows:

	<u>2006</u>	<u>2005</u>
Stock funds	\$ 4,637,293	\$ 2,756,324
Bond funds	1,892,135	1,690,564
Certificates of deposit	201,390	-
	<u>\$ 6,730,818</u>	<u>\$ 4,446,888</u>

Total cost of investments at December 31, 2006 and 2005 was \$5,911,186 and \$4,058,537, respectively.

Investment income for the years ended December 31, 2006 and 2005 was as follows:

	<u>2006</u>		<u>2005</u>	
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Unrestricted</u>	Temporarily <u>Restricted</u>
Interest	\$ 8,920	\$ 89,744	\$ 34,680	\$ 63,943
Dividends	11,728	106,555	20,302	31,719
Net realized gains	5,209	86,039	70,403	110,397
Net unrealized gains (losses)	39,447	349,619	(44,070)	(68,455)
Fund administration fees	-	(61,597)	-	(27,547)
Investment management fees	(6,784)	(68,201)	(22,329)	(35,663)
	<u>\$ 58,520</u>	<u>\$ 502,159</u>	<u>\$ 58,986</u>	<u>\$ 74,394</u>

## HENDRICKS COUNTY COMMUNITY FOUNDATION, INC.

*Notes to Financial Statements*

*December 31, 2006*

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### 4. OPERATING LEASES

The Foundation leases office space for \$650 a month which expired in April 2006 and automatically extends in two month increments indefinitely. The Foundation leases office equipment with monthly payments of \$225 per month expiring in December 2009.

Total lease expense for the years ended December 31, 2006 and 2005 was \$10,500 and \$10,303, respectively.

Future minimum lease payments are as follows for the years ending December 31:

2007	\$	2,700
2008		2,700
2009		<u>2,700</u>
	\$	<u>8,100</u>

### 5. SCHOLARSHIPS PAYABLE

Previously, the Foundation had received a lump-sum amount from Lilly Endowment for four years of tuition for scholarship recipients. Upon receipt of the scholarship awards, the Foundation showed an account payable which was reduced by payments over the four year scholarship period. The scholarships administered by the Foundation ended in 2005. The liability balance as of December 31, 2005 reflected the final payments on the 2005 scholarships that were made in 2006. There was no liability balance remaining as of December 31, 2006.

# GS&CO Greenwalt Sponsel & Co., Inc.

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Business & Financial Advisors

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of  
Hendricks County Community Foundation, Inc.:

Our audit of the December 31, 2006 financial statements was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. Our report on the basic financial statements appears on page 1. The accompanying information shown in Exhibits I and II are presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the same auditing procedures applied in the 2006 audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Information for the year ended December 31, 2005 is presented for comparative purposes only and was extracted from the financial statements for that year, on which an unqualified opinion dated June 28, 2006 was expressed.

*Greenwalt Sponsel & Co., Inc.*

June 22, 2007

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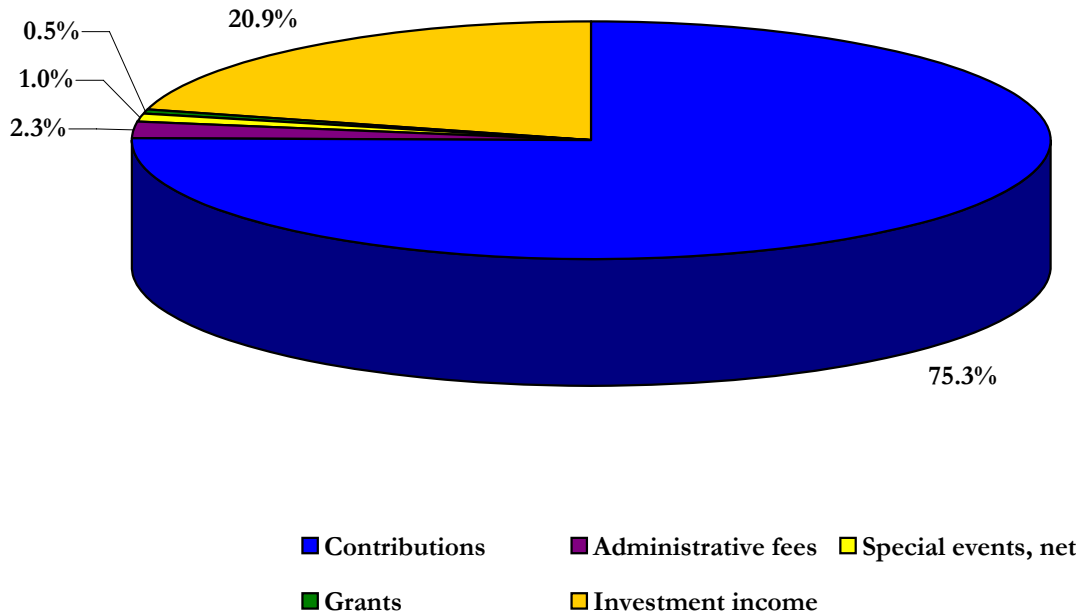
**HENDRICKS COUNTY COMMUNITY FOUNDATION, INC.**

*Revenue, Net of Special Event Expenses and Expenses Graphs*

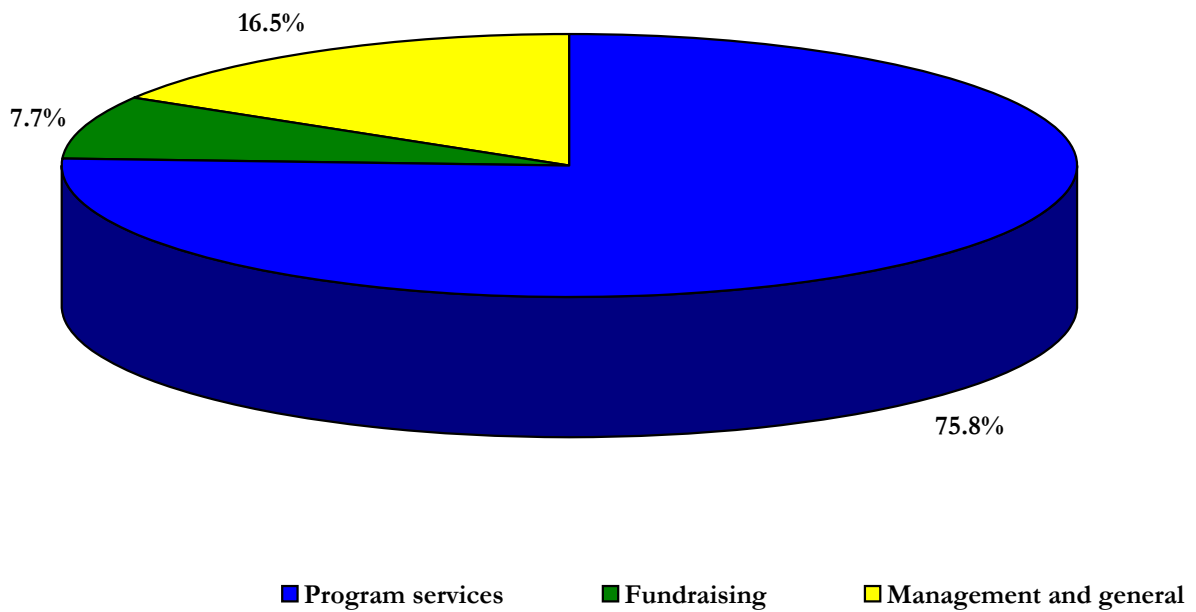
*For the Year Ended December 31, 2006*

*Exhibit I*

**Revenue, Net of Special Event Expenses**



**Expenses**



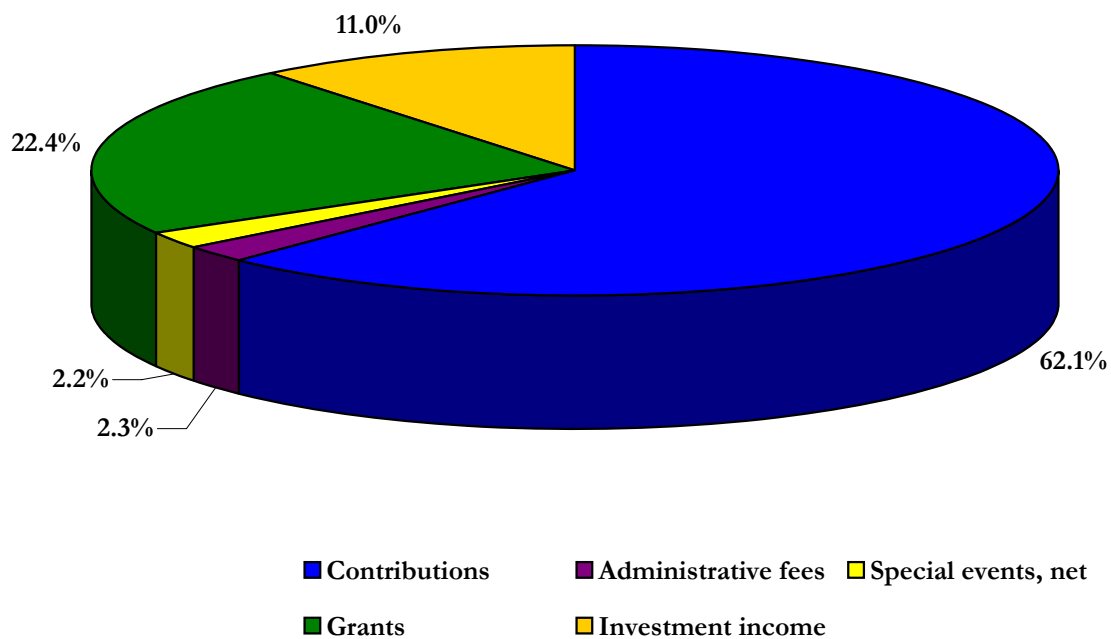
**HENDRICKS COUNTY COMMUNITY FOUNDATION, INC.**

*Revenue, Net of Special Event Expenses and Expenses Graphs*

*For the Year Ended December 31, 2005*

*Exhibit II*

**Revenue, Net of Special Event Expenses**



**Expenses**

