

**LEGACY FOUNDATION, INC.  
AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**December 31, 2024 and 2023**

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## **Independent Auditors' Report**

### **Board of Directors**

### **Legacy Foundation, Inc. and Affiliate**

### **Report on the Consolidated Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of Legacy Foundation, Inc. and Affiliate, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Legacy Foundation, Inc. and Affiliate as of December 31, 2024 and 2023, and the changes in its consolidated net assets and its consolidated 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 Consolidated Financial Statements section of our report. We are required to be independent of Legacy Foundation, Inc. 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Legacy Foundation, Inc. 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Legacy Foundation, Inc. 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.

*Estep Burkey Simmens, LLC*

Muncie, Indiana

March 27, 2025

## Legacy Foundation, Inc. and Affiliate

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

<b>ASSETS</b>	<b>2024</b>	<b>2023</b>
Cash and cash equivalents	\$ 19,583,411	\$ 6,685,190
Other assets	128,578	122,942
Construction in progress	101,395	140,750
Grants receivable	16,000,000	-
Pledges receivable, net	2,427,947	3,901,748
Right of use asset	341,950	62,134
Investments	85,490,557	73,384,293
Property and equipment, net	17,110	24,784
	<u>\$ 124,090,948</u>	<u>\$ 84,321,841</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 82,713	\$ 141,789
Accrued expenses	27,172	24,633
Grants payable	1,514,794	151,573
Right of use liability	341,950	62,134
Annuities payable	330,956	336,443
Custodial funds	10,691,205	10,190,884
	<u>12,988,790</u>	<u>10,907,456</u>
Total liabilities	12,988,790	10,907,456
<b>NET ASSETS</b>		
Without donor restrictions	2,518,902	2,205,005
With donor restrictions	108,583,256	71,209,380
	<u>111,102,158</u>	<u>73,414,385</u>
Total net assets	111,102,158	73,414,385
Total liabilities and net assets	<u>\$ 124,090,948</u>	<u>\$ 84,321,841</u>

The accompanying notes are an integral part of these statements.

**Legacy Foundation, Inc. and Affiliate**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

**Years Ended December 31,**

	<b>2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Operating revenue and support			
Contributions	\$ 74,767	\$ 35,230,431	\$ 35,305,198
Gifts-in-kind		464,546	464,546
Investment return (loss), net	285,182	7,463,407	7,748,589
Administrative fees	928,209		928,209
Special events and other income	188,604		188,604
SSNDC rental income			
Gain on sale of real estate	1,026		1,026
Amortization of discount on pledge receivable		78,252	78,252
Change in value of split-interest agreements		(49,269)	(49,269)
Total operating revenue and support	1,477,788	43,187,367	44,665,155
Net assets released from restrictions:			
Satisfaction of purpose restrictions	3,695,700	(3,695,700)	
Pursuant to spending spolicy	2,117,791	(2,117,791)	
Operating expenses			
Program services	5,350,005		5,350,005
Supporting services:			
Management and general expenses	1,379,185		1,379,185
Fundraising expenses	248,192		248,192
Total operating expenses	6,977,382		6,977,382
<b>CHANGE IN NET ASSETS</b>	313,897	37,373,876	37,687,773
Net assets at beginning of year	2,205,005	71,209,380	73,414,385
Net assets at end of year	<u>\$ 2,518,902</u>	<u>\$ 108,583,256</u>	<u>\$ 111,102,158</u>

The accompanying notes are an integral part of these statements.

<b>2023</b>		
<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
\$ 83,202	\$ 1,226,534	\$ 1,309,736
	1,367,093	1,367,093
82,072	9,478,901	9,560,973
797,540		797,540
122,229		122,229
5,616		5,616
	134,808	134,808
	(49,617)	(49,617)
1,090,659	12,157,719	13,248,378
2,746,458	(2,746,458)	
1,942,675	(1,942,675)	
4,225,911		4,225,911
1,176,824		1,176,824
161,353		161,353
5,564,088		5,564,088
215,704	7,468,586	7,684,290
1,989,301	63,740,794	65,730,095
\$ 2,205,005	\$ 71,209,380	\$ 73,414,385

**Legacy Foundation, Inc. and Affiliate**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

**Years Ended December 31,**

**2024**

	<b>Program Services</b>					<b>Total</b>
	<b>Grant- making</b>	<b>South Shore Neighborhood Development</b>	<b>Total</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	
Salaries and wages	\$ 199,198		\$ 199,198	\$ 340,563	\$ 102,812	\$ 642,573
Payroll taxes	15,362		15,362	26,263	7,929	49,554
Employee benefits	18,433		18,433	31,514	9,514	59,461
Conferences and meetings	6,139	\$ 25	6,164	10,495	3,168	19,827
Grants	4,653,975		4,653,975			4,653,975
Program expenses	359,579	372	359,951			359,951
Printing and publications						
Postage	990		990	1,691	511	3,192
Administrative fees				836,192		836,192
Advertising					25,473	25,473
Insurance	2,132		2,132	3,644	1,100	6,876
Office supplies	1,439	22	1,461	2,459	743	4,663
Professional fees	26,487	790	27,277	15,679		42,956
Occupancy	24,646		24,646	42,137	12,721	79,504
Telephone	2,340		2,340	3,999	1,208	7,547
Development					63,525	63,525
Technology	17,399	321	17,720	29,746	8,980	56,446
Equip. rent & maintenance	2,698		2,698	4,613	1,393	8,704
Special events	8,904		8,904	15,222	4,596	28,722
Miscellaneous	5,517		5,517	9,435	2,848	17,800
Depreciation	3,237		3,237	5,533	1,671	10,441
	<u>\$ 5,348,475</u>	<u>\$ 1,530</u>	<u>\$ 5,350,005</u>	<u>\$ 1,379,185</u>	<u>\$ 248,192</u>	<u>\$ 6,977,382</u>

The accompanying notes are an integral part of these statements.



## 2023

<b>Program Services</b>					
<b>South Shore</b>					
<b>Grant-making</b>	<b>Neighborhood Development</b>	<b>Total</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total</b>
\$ 157,015	\$ 69,825	\$ 226,840	\$ 268,446	\$ 81,040	\$ 576,326
13,014	6,067	19,081	22,250	6,717	48,048
16,636	2,212	18,848	28,442	8,586	55,876
6,106	1,054	7,160	10,440	3,152	20,752
3,722,679		3,722,679			3,722,679
127,336	6,205	133,541			133,541
128		128	219	66	413
935		935	1,598	483	3,016
			714,541		714,541
				22,627	22,627
1,125	1,769	2,894	1,923	581	5,398
1,655		1,655	2,830	854	5,339
30,780	775	31,555	25,234		56,789
24,728		24,728	42,277	12,763	79,768
2,308	600	2,908	3,946	1,191	8,045
				6,786	6,786
16,480	978	17,458	28,176	8,506	54,140
1,955		1,955	3,344	1,009	6,308
6,080		6,080	10,395	3,138	19,613
3,598		3,598	6,149	1,857	11,604
3,868		3,868	6,614	1,997	12,479
<u>\$ 4,136,426</u>	<u>\$ 89,485</u>	<u>\$ 4,225,911</u>	<u>\$ 1,176,824</u>	<u>\$ 161,353</u>	<u>\$ 5,564,088</u>

## Legacy Foundation, Inc. and Affiliate

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31,

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 37,687,773	\$ 7,684,290
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,441	12,479
Realized and unrealized gains on investments	(5,488,293)	(7,886,551)
Gain on sale of real estate	(1,026)	
Contributions to funds held in perpetuity	(4,671,774)	(219,969)
Non-cash contributions	(464,546)	(1,367,093)
(Increase) decrease in assets:		
Other assets	(5,636)	(75,087)
Grants receivable	(16,000,000)	
Pledges receivable	1,473,801	1,865,191
Increase (decrease) in liabilities:		
Accounts payable	(59,076)	76,706
Accrued expenses	2,539	11,265
Grants payable	1,363,221	(179,731)
Annuities payable	(5,487)	(5,859)
Custodial funds	500,321	1,097,298
	<hr/>	<hr/>
Net cash provided by operating activities	14,342,258	1,012,939
Cash flows from investing activities:		
Purchase of property and equipment	(62,285)	(70,223)
Proceeds from sale of real estate	99,899	
Proceeds from the sales of investments	45,071,905	26,254,273
Purchase of investments	(51,225,330)	(25,882,044)
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	(6,115,811)	302,006
Cash flows from financing activities:		
Cash received for funds held in perpetuity	4,671,774	219,969
	<hr/>	<hr/>
Net cash provided by financing activities	4,671,774	219,969
Net change in cash and cash equivalents	12,898,221	1,534,914
Cash and cash equivalents at beginning of year	6,685,190	5,150,276
	<hr/>	<hr/>
Cash and cash equivalents at end of year	<u>\$ 19,583,411</u>	<u>\$ 6,685,190</u>
<u>Supplemental Disclosure</u>		
Non-cash contributions	\$ 464,546	\$ 1,367,093

The accompanying notes are an integral part of these statements.

**Legacy Foundation, Inc. and Affiliate****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2024 and 2023****NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**1. Nature of Activities

Legacy Foundation, Inc. and its affiliate, South Shore Neighborhood Development Corporation (Foundation), are not-for-profit corporations organized under the laws of the State of Indiana. Legacy Foundation, Inc. was established primarily to serve Lake County by managing and distributing charitable contributions, supporting qualified not-for-profit organizations, and providing philanthropic leadership to improve the quality of life in the county. The Community Economic Development program has a mission to collaboratively and innovatively build resilient, adaptive, and inclusive neighborhoods; bridge divides; and increase economic prosperity for all residents in all communities of Lake County.

South Shore Neighborhood Development Corporation was incorporated in Indiana on October 22, 2018 to support Legacy Foundation, Inc. by collaboratively and innovatively building resilient, adaptive, and inclusive neighborhoods; bridge divides; and increase economic prosperity for all residents in all communities of Lake County. Legacy Foundation, Inc. is the sole member of South Shore Neighborhood Development Corporation. The expenses for South Shore Neighborhood Development Corporation are shown on the Consolidated Statements of Functional Expenses in the Community Economic Development column. The revenue consists of rental income from a single family residence owned by South Shore Neighborhood Development Corporation.

2. Basis of 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 Consolidated Statements of Activities as net assets released from restrictions.

## Legacy Foundation, Inc. and Affiliate

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

## NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3. 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.

4. Cash and Cash Equivalents

The Foundation maintains its cash in accounts at local financial institutions, which are insured by agencies of the U.S. Government. For purposes of the Consolidated 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.

5. 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 Consolidated Statements of Financial Position. Net investment return/(loss) is reported in the Consolidated Statements of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expenses.

6. Property and Equipment

Property and 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 restrictions unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed according to the estimated useful lives of the respective assets using the straight-line method with useful lives ranging from three to seven years.

7. 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.

## Legacy Foundation, Inc. and Affiliate

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

## NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Administrative Fees

Administrative fees are expensed from the funds to support the operations of the Foundation. Administrative fees from all funds are reflected as revenue on the Consolidated Statements of Activities. The administrative fees from custodial funds are not included as expenses on the Consolidated Statements of Activities because they are included in the change in custodial funds.

9. 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 2021, 2022, and 2023 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.

10. Functional Allocation of Expenses

The consolidated 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.

11. Compensated Absences

The employees of the Foundation earn vacation days based upon length of service. Vacation days must be used by the end of the calendar year, however, a two month extension can be requested. Any earned vacation days are 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. Concentration of Credit Risk

The Foundation maintains its cash in bank deposit accounts at high credit quality financial institutions. At December 31, 2024 and 2023, the Foundation exceeded the insured limit by \$16,336,481 and \$3,477,060, respectively.

## Legacy Foundation, Inc. and Affiliate

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES** - Continued13. In-Kind Contributions

During the years ended December 31, 2024 and 2023, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. During the years ended December 31, 2024 and 2023, the Foundation received gifts of public securities with a value of \$464,546 and \$1,367,093, respectively. 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.

14. Estimates

The preparation of consolidated 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 - PLEDGE RECEIVABLE**

Pledges receivable have been adjusted to reflect the net present value of the future cash flows and an allowance for uncollectible pledges. Pledges receivable, net of the present value discount and the allowance, were \$2,427,947 and \$3,901,748 at December 31, 2024 and 2023, respectively.

2025	\$ 2,186,955
2026	134,955
2027	126,037
2027	-0-
2028 and later	-0-
	<hr/>
	2,447,947
Allowance for uncollectible pledges	<hr/> 20,000
	<hr/>
	\$ <u>2,427,947</u>

**NOTE C - GRANTS RECEIVABLE**

Grants receivable consist of a grant from Lilly Endowment to construct trails in Lake, LaPorte, and Porter counties in Indiana. The Foundation received a total grant of \$20,000,000 to complete this project. During the year ending December 31, 2024, the Foundation received a payment of \$4,000,000 for this project. The remaining \$16,000,000 has been recorded as grants receivable on the Consolidated Statements of Financial Position. Grants receivable are scheduled to be received in June 2025.

## Legacy Foundation, Inc. and Affiliate

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

## NOTE D - INVESTMENTS

The following is an analysis of the cost and fair value at December 31, 2024 and 2023 by type of investment.

	<u>2024</u>	<u>2023</u>
Common stock	\$ 6,536,235	\$ 4,329,591
Mutual funds - equities:		
Diversified emerging markets	7,036,159	4,999,932
Mid-cap value	118,901	106,582
Large value	13,705,370	3,921,521
Global real estate		733,596
Real estate	767,519	130,352
Small growth	547,150	101,257
Infrastructure	2,893,667	1,501,601
Large growth	2,224,210	1,758,001
Mid-cap growth	149,267	102,800
Foreign small/mid value	1,231,601	1,148,290
Convertibles	105,930	98,124
Small blend	2,994,494	2,910,621
Mid-cap blend	27,603	12,749
Large blend	14,493,615	17,726,090
Foreign large blend	11,931,394	7,839,885
Natural resources	1,306,051	2,841,451
Foreign large growth		3,690,842
Total mutual funds - equities	<u>59,532,931</u>	<u>49,623,694</u>
Mutual funds - fixed income:		
Intermediate-term bond	3,589,254	10,115,474
Corporate bonds	3,199,958	10,332
World bond		118,130
Short-term bond	1,595,984	1,984,785
High yield bond	8,156,035	4,058,402
Inflation-protected bond	1,646,304	887,619
Bank loan	223,922	1,995,863
Intermediate government	11,337	
Ultrashort bonds	781,613	
Municipal bonds	216,984	260,403
Total mutual funds - fixed income	<u>19,421,391</u>	<u>19,431,008</u>
Total investments, at fair value	<u>\$ 85,490,557</u>	<u>\$ 73,384,293</u>
Total investments, at historical cost	<u>\$ 79,895,460</u>	<u>\$ 70,942,844</u>

## Legacy Foundation, Inc. and Affiliate

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

**NOTE E - RISKS AND UNCERTAINTIES**

The Foundation holds a variety of investments (Note D). 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 consolidated financial statements.

**NOTE F - PROPERTY AND EQUIPMENT**

The amounts of property and equipment, net of depreciation, consist of the following at December 31,

	<u>2024</u>	<u>2023</u>
Office equipment	\$ 107,287	\$ 107,981
Less accumulated depreciation	<u>(90,177)</u>	<u>(83,197)</u>
	<u>\$ 17,110</u>	<u>\$ 24,784</u>

**NOTE G - CONSTRUCTION IN PROGRESS**

Construction in progress consists of homes being renovated by South Shore Neighborhood Development Corporation with the intention to sell. Construction in progress totaled \$101,395 and \$140,750 as of December 31, 2024 and 2023.

**NOTE H - SPLIT-INTEREST AGREEMENTS**

The Foundation's split-interest agreements consist of one charitable gift annuity as of December 31, 2024 and two gift annuities as of December 31, 2023. The assets received are recorded at their fair value. The fair value of assets held for the charitable gift annuities totaled \$359,396 and \$435,988 at December 31, 2024 and 2023, respectively. These assets are included in the level 1 inputs in Note J. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of future payment obligations at December 31, 2024 and 2023 were \$330,956 and \$336,443, respectively. The liabilities were determined using a discount rate of 5.0% and 5.8% as of December 31, 2024 and 2023, respectively. Changes in fair value of the charitable gift annuities are reflected as changes in net assets with donor restrictions in the Consolidated Statements of Activities. During the years ending December 31, 2024 and 2023 there were no contributions to charitable gift annuities.

Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the value of the split-interest agreements in the Consolidated Statements of Activities in their respective net asset classification.



**Legacy Foundation, Inc. and Affiliate**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2024 and 2023**

**NOTE I - OPERATING LEASES**

The Foundation entered into a lease for office space which expires in November 2029 with monthly payments of \$6,400. Rent expense was \$76,803 and \$75,045 for the years ended December 31, 2024 and 2023, respectively.

The following table discloses the undiscounted cash flows due related to operating leases, as of December 31, 2024, along with a reconciliation to the discounted amount recorded on the Consolidated Statements of Financial Position.

	2025	\$	76,803
	2026		76,993
	2027		79,088
	2028		79,234
	2029		<u>74,108</u>
			386,226
Present value discount			<u>44,276</u>
		\$	<u><u>341,950</u></u>

**NOTE J - 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.

## Legacy Foundation, Inc. and Affiliate

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

## NOTE J - FAIR VALUE MEASUREMENTS - Continued

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.

	2024			Total
	Level 1	Level 2	Level 3	
Assets:				
Pledge receivable, net		\$ 2,427,947		\$ 2,427,947
Investments				
Common stock	\$ 6,536,235			\$ 6,536,235
Mutual funds - equities	\$ 59,532,931			\$ 59,532,931
Mutual funds - fixed income	\$ 19,421,391			\$ 19,421,391
Total investments at fair value				\$ 85,490,557
Liabilities:				
Annuities payable		\$ 330,956		\$ 330,956
	2023			Total
	Level 1	Level 2	Level 3	
Assets:				
Pledge receivable, net		\$ 3,901,748		\$ 3,901,748
Investments				
Common stock	\$ 4,329,591			\$ 4,329,591
Mutual funds - equities	\$ 49,623,694			\$ 49,623,694
Mutual funds - fixed income	\$ 19,431,008			\$ 19,431,008
Total investments at fair value				\$ 73,384,293
Liabilities:				
Annuities payable		\$ 336,443		\$ 336,443

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, 2024 and 2023.

**Legacy Foundation, Inc. and Affiliate****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2024 and 2023****NOTE J - FAIR VALUE MEASUREMENTS** - Continued

- Pledge receivable, net: Fair value is determined by calculating the present value of the scheduled payments using a discount rate of 3.0 percent.
- 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.
- Annuities payable: Fair value is determined by calculating the present value of future payments to beneficiaries using published life expectancy tables, and discount rates ranging from 5.0 percent to 5.8 percent.

**NOTE K - ENDOWMENT FUNDS**

At December 31, 2024 and 2023, the Foundation’s endowment consists of donor-restricted endowment funds established to support designated charitable purposes and organizations. As required by accounting principles generally accepted in the United States of America, 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, 2024 and 2023, there were no such donor stipulations. As a result of this interpretation, we retain 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 us in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider 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

## Legacy Foundation, Inc. and Affiliate

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

## NOTE K - ENDOWMENT FUNDS - Continued

The Foundation has adopted investment and spending policies for endowment assets to attempt to provide a predictable stream of funding for granting purposes while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must use for a donor-specified purpose. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce long-term growth of capital without undue exposure to risk. The Foundation expects its endowment funds, over time, to grow at a rate equal or greater than the Consumer Price Index plus any distributions and administrative expenses. Actual returns in any given year may vary from this amount.

Endowment net asset composition by type of fund as of December 31, 2024 and 2023 was as follows:

	<b>2024</b>	<b>2023</b>
	<b>With Donor Restrictions</b>	<b>With Donor Restrictions</b>
Donor-restricted endowment funds:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 46,413,732	\$ 41,741,958
Accumulated investment gains	14,509,861	11,513,090
	<u>\$ 60,923,593</u>	<u>\$ 53,255,048</u>

Changes in endowment net assets for the years ended December 31, 2024 and 2023 were as follows:

	<b>2024</b>	<b>2023</b>
	<b>With Donor Restrictions</b>	<b>With Donor Restrictions</b>
Revenue and support		
Contributions and grant income	\$ 4,030,960	\$ 245,386
Investment return, net	5,755,376	7,425,087
Total revenue and support	9,786,336	7,670,473
Appropriation of endowment assets for expenditure	2,117,791	1,942,675
Change in endowment net assets	7,668,545	5,727,798
Endowment net assets, beginning of year	53,255,048	47,527,250
Endowment net assets, end of year	<u>\$ 60,923,593</u>	<u>\$ 53,255,048</u>

## Legacy Foundation, Inc. and Affiliate

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

**NOTE K - ENDOWMENT FUNDS** - Continued

Occasionally, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that UPMIFA requires the Foundation to retain as a fund of perpetual duration. As of December 31, 2024, 15 of the 244 endowment funds had deficiencies totaling \$37,038. As of December 31, 2023, 9 of the 221 endowment funds had deficiencies totaling \$92,493. Deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions and continued appropriation for certain programs that was deemed prudent by the board of directors.

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment decisions shall be made with the intent of maximizing the long-term total return of the portfolio through market value changes (realized and unrealized) and through earned income (dividends and interest).

The Foundation has a policy of appropriating for distribution each year five percent of its endowment funds' average fair value over the twenty prior quarters, or a lesser percentage as voted upon annually by the Board of Directors. In establishing this policy, the Foundation considered the long-term expected return on its endowment.

**NOTE L - 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Purpose restrictions accomplished:		
Donor advised	\$ 360,277	\$ 1,095,379
Scholarships	277,937	230,517
Designated	2,434,904	1,183,313
Fields of interest	199,603	95,175
Special projects	422,979	142,074
	<u>3,695,700</u>	<u>2,746,458</u>
Restricted-purpose spending-rate distributions and appropriations:		
Donor advised	446,247	438,191
Scholarships	322,897	289,641
Designated	601,945	602,200
Fields of interest	178,299	149,248
Community grants	568,403	463,395
	<u>2,117,791</u>	<u>1,942,675</u>
	<u>\$ 5,813,491</u>	<u>\$ 4,689,133</u>

## Legacy Foundation, Inc. and Affiliate

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

## NOTE M - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for a specific purpose:		
Donor advised	\$ 6,094,741	\$ 2,101,283
Scholarships	1,507,508	1,534,345
Designated	13,876,430	9,111,235
Fields of interest	235,599	253,588
Thrive Project	4,006,245	
Special projects	3,482,754	1,008,249
Pledges and grants receivable, the proceeds from which have been restricted for:		
Thrive Project	16,000,000	
Designated	1,980,000	3,901,748
	<u>47,183,277</u>	<u>17,910,448</u>
Proceeds from gift annuity upon death of the annuitant	28,439	43,884
Endowments:		
Subject to appropriation and expenditure when a specific event occurs:		
Restricted by donors for:		
Donor advised	178,900	321,326
Scholarships	1,140,827	1,033,140
Designated	12,401	9,587
Fields of interest	38,977	67,169
Community grants	223,245	351,126
	<u>1,594,350</u>	<u>1,782,348</u>
Pledges receivable, the proceeds from which have been restricted for community grants	447,947	
Subject to Foundation spending and appropriation:		
Donor advised	8,760,721	8,299,562
Scholarships	8,459,774	7,020,811
Designated	17,351,393	16,238,828
Fields of interest	4,215,784	3,605,134
Community grants	20,578,609	16,400,858
Underwater endowments	(37,038)	(92,493)
	<u>59,329,243</u>	<u>51,472,700</u>
	<u>\$ 108,583,256</u>	<u>\$ 71,209,380</u>

## Legacy Foundation, Inc. and Affiliate

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

## NOTE N - NET ASSETS WITHOUT DONOR RESTRICTIONS

The Foundation's governing board has designated net assets without donor restrictions for the following purposes as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Board designated capital reserve	\$ 230,746	\$ 221,311
Board designated operating reserve	560,250	566,074
Operating funds without donor restrictions	<u>1,727,906</u>	<u>1,417,620</u>
	<u>\$ 2,518,902</u>	<u>\$ 2,205,005</u>

## NOTE O - CUSTODIAL 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, 2024 and 2023, the following activity occurred in the custodial funds held by the Foundation. These amounts are not reflected on the Consolidated Statements of Activities.

	<u>2024</u>	<u>2023</u>
Support and revenue		
Contributions	\$ 4,585	\$ 11,445
Investment return, net	<u>1,311,410</u>	<u>1,488,358</u>
	\$ 1,315,995	\$ 1,499,803
Expenses		
Grants expense	723,657	319,506
Administrative fees	<u>92,017</u>	<u>82,999</u>
	<u>815,674</u>	<u>402,505</u>
Change in custodial funds	500,321	1,097,298
Balance at beginning of year	<u>10,190,884</u>	<u>9,093,586</u>
Balance at end of year	<u>\$ 10,691,205</u>	<u>\$ 10,190,884</u>

## Legacy Foundation, Inc. and Affiliate

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023

**NOTE P - LIQUIDITY**

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

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 869,032	\$ 670,860
Other assets	77,634	77,350
Investments	<u>1,544,651</u>	<u>1,372,342</u>
	<u>\$ 2,491,317</u>	<u>\$ 2,120,552</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of Consolidated 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.

**NOTE Q - NWI THRIVE**

The Foundation was awarded \$20,000,000 from Lilly Endowment Inc. through the Community Leadership Implementation Grants component of the eighth phase of its Giving Indiana Funds for Tomorrow (GIFT VIII) initiative. This grant is to launch NWI Thrive, a regional project in collaboration with the Crown Point Community Foundation, Porter County Community Foundation, and Unity Foundation of La Porte County, committed to implementing a variety of initiatives to connect and enhance Northwest Indiana's natural and cultural assets. The project includes trail and transit improvements, creative placemaking efforts, and educational programming. To date, the Foundation has received \$4,000,000 of the awarded grant.

**NOTE R - SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through March 27, 2025, which is the date these consolidated financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2024 have been incorporated into these consolidated financial statements herein.