

**STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN
FOUNDATION, THE WILLIAM AND
MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER
MASSILLON, LEMMON FOUNDATION,
NEWMARKET PROJECT, INC.
AND SCF DEVELOPMENT, LTD.**

COMBINED FINANCIAL REPORT

DECEMBER 31, 2022 AND 2021



STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN FOUNDATION,
THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER MASSILLON, LEMMON FOUNDATION,
NEWMARKET PROJECT, INC. AND SCF DEVELOPMENT, LTD.

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-3
FINANCIAL STATEMENTS	
Combined Statements of Financial Position	4-5
Combined Statements of Activities	6
Combined Statements of Functional Expenses	7-8
Combined Statements of Cash Flows	9
Notes to Combined Financial Statements	10-24
SUPPLEMENTARY INFORMATION	
Combining Statement of Financial Position	25-26
Combining Statement of Activities	27



+ 4774 Munson Street NW, Suite 402, Canton, Ohio 44718

+ p 330.966.9400 | f 330.966.9401

+ www.maloneynovotny.com

Independent Auditors' Report

Distribution Committee and Board of Directors
Stark Community Foundation, The Henry and Louise
Timken Foundation, The William and Minnette Goldsmith
Foundation, Health Foundation of Greater Massillon, Lemmon
Foundation, Newmarket Project, Inc. and SCF Development, Ltd.
Canton, Ohio

Opinion

We have audited the combined financial statements of Stark Community Foundation, The Henry and Louise Timken Foundation, The William and Minnette Goldsmith Foundation, Health Foundation of Greater Massillon, Lemmon Foundation (collectively referred to as "Foundations"), Newmarket Project, Inc. ("Corporation"), and SCF Development, Ltd. ("Partnership"), which comprise the combined statements of financial position as of December 31, 2022 and 2021, and the related combined 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 combined financial statements present fairly, in all material respects, the financial position of Stark Community Foundation, The Henry and Louise Timken Foundation, The William and Minnette Goldsmith Foundation, Health Foundation of Greater Massillon, Lemmon Foundation, Newmarket Project, Inc., and SCF Development, Ltd. as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Stark Community Foundation, The Henry and Louise Timken Foundation, The William and Minnette Goldsmith Foundation, Health Foundation of Greater Massillon, Lemmon Foundation, Newmarket Project, Inc., and SCF Development, Ltd. and to meet our 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.

Change in Accounting Method Related to Leases

As discussed in the summary of significant accounting policies and Note 11 to the financial statements, Stark Community Foundation changed its method of accounting for leases during the year ended December 31, 2022, due to the adoption of Accounting Standards Codification ("ASC") 842, *Leases*. Our opinion is not modified with respect to that matter.

Responsibility of Management for the Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Stark Community Foundation, The Henry and Louise Timken Foundation, The William and Minnette Goldsmith Foundation, Health Foundation of Greater Massillon, Lemmon Foundation, Newmarket Project, Inc., and SCF Development, Ltd.'s ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but it is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, internal 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 combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 Stark Community Foundation, The Henry and Louise Timken Foundation, The William and Minnette Goldsmith Foundation, Health Foundation of Greater Massillon, Lemmon Foundation, Newmarket Project, Inc., and SCF Development, Ltd.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Stark Community Foundation, The Henry and Louise Timken Foundation, The William and Minnette Goldsmith Foundation, Health Foundation of Greater Massillon, Lemmon Foundation, Newmarket Project, Inc., and SCF Development, Ltd.'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information on pages 25 to 27 is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position and results of operations of the individual entities, and it is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the combined financial statements as a whole.



Canton, Ohio
August 2, 2023

STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN FOUNDATION,
THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER MASSILLON,
LEMMON FOUNDATION, NEWMARKET PROJECT, INC.
AND SCF DEVELOPMENT, LTD.

Combined Statements of Financial Position

	December 31,	
	2022	2021
Liabilities, net assets, and member's equity (deficit)		
Liabilities:		
Accounts payable and accrued expenses	\$ 143,267	\$ 176,160
Liability to annuitants	2,343,676	2,437,477
Grants payable	2,418,532	1,307,086
Interest rate swap	-	64,842
Note payable	-	1,776,211
Operating lease liability	597,909	-
Funds held as agency endowments	89,209,356	102,151,246
	94,712,740	107,913,022
 Net assets without donor restrictions (See Note B):		
General purpose	33,251,413	43,340,272
Field of interest	55,948,334	59,835,973
Donor advised	67,025,187	79,794,530
Designated	74,373,901	86,649,144
Supporting and affiliated organizations	24,080,822	23,357,043
	254,679,657	292,976,962
Member's equity (deficit)	44,186	(3,816,527)
Total net assets and member's equity (deficit)	254,723,843	289,160,435
 Total liabilities, net assets, and member's equity (deficit)	\$ 349,436,583	\$ 397,073,457

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

STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN FOUNDATION,
THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER MASSILLON,
LEMMON FOUNDATION, NEWMARKET PROJECT, INC.
AND SCF DEVELOPMENT, LTD.

Combined Statements of Activities

	Years ended December 31,	
	2022	2021
Revenues and investment activity		
Total contributions	\$ 17,692,271	\$ 34,996,194
Less: amounts received for agency transactions	2,124,624	2,188,893
Net contributions	15,567,647	32,807,301
Investment income, net	3,346,222	1,743,539
Less: investment income (loss) for agency transactions, net	111,349	(248,046)
Net investment income	3,234,873	1,991,585
Rental income	99,612	128,040
Interest on notes and loans receivable	664,381	469,136
Other income	72,749	162,282
Total net realized and unrealized investment (losses) gains	(46,098,437)	51,076,843
Less: investment (losses) gains on agency transactions	(11,290,583)	14,823,078
Net realized and unrealized investment (losses) gains	(34,807,854)	36,253,765
Total revenues and investment activity	(15,168,592)	71,812,109
Expenses		
Total grants	19,474,033	12,342,742
Less: grants made from agency transactions	3,882,730	3,780,324
Net grants expense	15,591,303	8,562,418
Depreciation	47,217	49,542
Provision for uncollectible contributions and loans	1,272,549	293,981
Other expenses	2,361,481	2,280,016
Less: other expenses from agency transactions	4,550	12,500
Net other expenses	2,356,931	2,267,516
Total expenses	19,268,000	11,173,457
Change in net assets and member's equity (deficit)	(34,436,592)	60,638,652
Net assets and member's equity (deficit) at beginning of year	289,160,435	228,521,783
Net assets and member's equity (deficit) at end of year	\$ 254,723,843	\$ 289,160,435

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

STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN FOUNDATION,
THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER MASSILLON,
LEMMON FOUNDATION, NEWMARKET PROJECT, INC.
AND SCF DEVELOPMENT, LTD.

Combined Statement of Functional Expenses

Year Ended December 31, 2022

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund- raising</u>	<u>Total</u>
Functional Expenses				
Grant expenditures	\$ 15,591,303	\$ -	\$ -	\$ 15,591,303
Salaries and wages	606,660	548,482	299,330	1,454,472
401(k) contributions and fees	25,176	22,761	12,422	60,359
Employee benefits	59,667	53,946	29,440	143,053
Payroll taxes	39,930	36,101	19,702	95,733
Professional fees	193,771	34,923	18,104	246,798
Trustee bank and investment management fees	-	1,447,205	-	1,447,205
Payroll fees	1,395	1,262	688	3,345
Advertising and promotion	-	-	97,678	97,678
Office expenses	17,821	16,111	8,793	42,725
Information technology	41,099	37,157	20,278	98,534
Occupancy	42,128	38,088	20,786	101,002
Travel	2,434	2,200	1,201	5,835
Conferences and meetings	3,491	2,941	1,498	7,930
Interest	-	(77,849)	-	(77,849)
Depreciation	19,694	17,806	9,717	47,217
Insurance	9,431	8,527	4,653	22,611
Life insurance premiums	-	30,314	-	30,314
Dues and subscriptions	8,967	7,877	4,186	21,030
Fund expenses	8,110	7,332	4,002	19,444
Initiatives	4,620	-	-	4,620
Other	(8,635)	(7,807)	(4,261)	(20,703)
Provision for uncollectible loans and contributions	-	1,272,549	-	1,272,549
Total expenses	<u>16,667,062</u>	<u>3,499,926</u>	<u>548,217</u>	<u>20,715,205</u>
Less expenses included with revenues on the combined statements of activities	<u>-</u>	<u>(1,447,205)</u>	<u>-</u>	<u>(1,447,205)</u>
Total expenses included in the expense section on the combined statements of activities	<u>\$ 16,667,062</u>	<u>\$ 2,052,721</u>	<u>\$ 548,217</u>	<u>\$ 19,268,000</u>

STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN FOUNDATION,
THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER MASSILLON,
LEMMON FOUNDATION, NEWMARKET PROJECT, INC.
AND SCF DEVELOPMENT, LTD.

Combined Statement of Functional Expenses

Year Ended December 31, 2021

	<u>Program Services</u>	<u>Management & General</u>	<u>Fund- raising</u>	<u>Total</u>
Functional Expenses				
Grant expenditures	\$ 8,562,418	\$ -	\$ -	\$ 8,562,418
Salaries and wages	570,966	486,009	291,551	1,348,526
401(k) contributions and fees	24,557	20,903	12,539	57,999
Employee benefits	69,919	59,515	35,703	165,137
Payroll taxes	37,459	31,886	19,128	88,473
Professional fees	56,158	26,521	15,910	98,589
Trustee bank and investment management fees	-	1,236,489	-	1,236,489
Payroll fees	1,101	938	562	2,601
Advertising and promotion	-	-	77,790	77,790
Office expenses	16,364	13,928	8,356	38,648
Information technology	41,293	35,148	21,085	97,526
Occupancy	40,225	34,240	20,540	95,005
Travel	1,741	1,482	889	4,112
Conferences and meetings	1,412	1,203	721	3,336
Interest	-	(6,435)	-	(6,435)
Depreciation	20,976	17,855	10,711	49,542
Insurance	8,192	6,973	4,183	19,348
Life insurance premiums	-	30,314	-	30,314
Dues and subscriptions	9,375	7,981	4,787	22,143
Fund expenses	37,741	32,125	19,272	89,138
Initiatives	16,562	-	-	16,562
Other	7,919	6,741	4,044	18,704
Provision for uncollectible loans and contributions	-	293,981	-	293,981
Total expenses	<u>9,524,378</u>	<u>2,337,797</u>	<u>547,771</u>	<u>12,409,946</u>
Less expenses included with revenues on the combined statements of activities	<u>-</u>	<u>(1,236,489)</u>	<u>-</u>	<u>(1,236,489)</u>
Total expenses included in the expense section on the combined statements of activities	<u>\$ 9,524,378</u>	<u>\$ 1,101,308</u>	<u>\$ 547,771</u>	<u>\$ 11,173,457</u>

STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN FOUNDATION,
THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER MASSILLON,
LEMMON FOUNDATION, NEWMARKET PROJECT, INC.
AND SCF DEVELOPMENT, LTD.

Combined Statements of Cash Flows

	Years ended December 31,	
	<u>2022</u>	<u>2021</u>
Operating activities		
Change in net assets and member's (deficit)	\$ (34,436,592)	\$ 60,638,652
Adjustments to reconcile change in net assets and member's (deficit) to net cash (used) provided by operating activities:		
Depreciation	47,217	49,542
Provision for uncollectible contributions and loans	1,272,549	293,981
Interest rate swap mark-to-market	(64,842)	(79,562)
(Gain) on disposal of property and equipment	(20,663)	-
Amortization of right-of-use asset - operating	8,273	-
Net realized and unrealized investment losses (gains)	34,807,854	(36,253,765)
Changes in operating assets and liabilities:		
Interest, dividends, and other receivables	89,048	(203,258)
Contributions receivable	(739,025)	(14,268)
Prepaid expenses	(1,484)	(4,917)
Other assets	668,819	(693,774)
Accounts payable and accrued expenses	(32,893)	12,507
Grants payable	1,111,446	(1,019,131)
Operating lease liability	(8,273)	-
Funds held as agency endowments	<u>(12,941,890)</u>	<u>12,971,101</u>
Net cash (used) provided by operating activities	(10,240,456)	35,697,108
Investing activities		
Purchases of property and equipment	(15,200)	(51,536)
Proceeds from sale of property and equipment	1,200,000	-
(Increase) in notes and loans receivable	(4,883,828)	(168,868)
Proceeds from sale of investments	46,077,153	102,828,253
Purchases of investments	<u>(29,664,397)</u>	<u>(138,362,622)</u>
Net cash provided (used) by investing activities	12,713,728	(35,754,773)
Financing activities		
Change in liability to annuitants	(93,801)	(101,729)
Payments on note payable	<u>(1,776,211)</u>	<u>(107,212)</u>
Net cash (used) by financing activities	<u>(1,870,012)</u>	<u>(208,941)</u>
Net increase (decrease) in cash and cash equivalents	603,260	(266,606)
Cash and cash equivalents at beginning of year	412,097	678,703
Cash and cash equivalents at end of year	<u>\$ 1,015,357</u>	<u>\$ 412,097</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Lease liability arising from obtaining right-of-use asset	<u>\$ 606,182</u>	<u>\$ -</u>

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

STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN FOUNDATION,
THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER MASSILLON, LEMMON FOUNDATION,
NEWMARKET PROJECT, INC. AND SCF DEVELOPMENT, LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS

Organization and Summary of Significant Accounting Policies

A. Organization and Principles of Combination

The accompanying combined financial statements include the accounts of Stark Community Foundation, a community trust, and Stark Community Foundation, Inc., a charitable corporation, (referred to on a combined basis as "Stark Community Foundation"), The Henry and Louise Timken Foundation, The William and Minnette Goldsmith Foundation, Health Foundation of Greater Massillon, Lemmon Foundation, (collectively referred to as "Foundations"); Newmarket Project, Inc. ("Corporation") and SCF Development, Ltd. ("Partnership").

The mission of Stark Community Foundation is to partner with individuals, families, businesses and nonprofits to help them achieve their charitable goals.

The Henry and Louise Timken Foundation, The William and Minnette Goldsmith Foundation, Health Foundation of Greater Massillon, and Lemmon Foundation are organized as supporting organizations of Stark Community Foundation under Section 509(a)(3) of the Internal Revenue Code and operate exclusively for the charitable and educational purposes of Stark Community Foundation.

Newmarket Project, Inc. is a corporation which engages in the purchase, rental and sale of real property to enhance the rehabilitation of downtown Canton, Ohio. Stark Community Foundation is the sole member of Newmarket Project, Inc. and is empowered to receive contributions and hold investments for the Corporation.

SCF Development, Ltd. was originally organized as a for-profit limited liability company which was formed to purchase, renovate, and oversee the rental of the historic St. Edward Hotel in downtown Canton. Stark Community Foundation owns 100% of SCF Development, Ltd. During 2017, SCF Development amended its articles of incorporation to become a non-profit limited liability company.

All significant intercompany accounts and transactions have been eliminated in the combination.

B. Basis of Presentation

Accounting standards provide that not-for-profit organizations, including foundations, should classify net assets into categories based on the existence or absence of donor-imposed restrictions. These categories are defined as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions. Use of net assets without donor restrictions may be board designated for specific purposes. Net assets without donor restrictions are presented in the following categories:

STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN FOUNDATION,
THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER MASSILLON, LEMMON FOUNDATION,
NEWMARKET PROJECT, INC. AND SCF DEVELOPMENT, LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Organization and Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

General purpose funds – Funds from donors who want the Board of Directors to use its discretion to make charitable grants to nonprofits that meet the changing needs of the community.

Field of interest funds – Funds which require the Board of Directors to make charitable grants to nonprofit agencies within a broad area defined by the donor.

Donor advised funds – Funds which enable donors to recommend grants to the Board of Directors for organizations and causes that they wish to support.

Designated funds – Funds for specific charitable organizations as designated by the Board of Directors of Stark Community Foundation to receive annual grant income from a fund.

Supporting and affiliated organizations – Funds are managed by the supporting organizations, which include The Henry and Louise Timken Foundation, The William and Minnette Goldsmith Foundation, Health Foundation of Greater Massillon, and Lemmon Foundation and an affiliated organization, Newmarket Project, Inc.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. Also included in this category are net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. There were no net assets with donor restrictions at December 31, 2022 and 2021.

Because the donor agreements reference the governing documents of the Foundations, which provide for the invasion of principal at the discretion of the Distribution Committee and Board of Directors, all of the Foundations' current donated funds are considered to be without donor restrictions.

C. Cash and Cash Equivalents

Cash and cash equivalents consist primarily of checking accounts and short-term, highly liquid investments with a maturity of three months or less when purchased, excluding cash equivalent funds held in the Foundations' investment portfolio.

D. Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-free interest rates, and amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as contributions receivable until the conditions are met.

STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN FOUNDATION,
THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER MASSILLON, LEMMON FOUNDATION,
NEWMARKET PROJECT, INC. AND SCF DEVELOPMENT, LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Organization and Summary of Significant Accounting Policies (Continued)

E. Investments

Investments in securities and other assets are reported at fair value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the year. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at fair value based upon the most recently reported bid prices.

F. Alternative Investments

Stark Community Foundation's investment policy statement has a target of 33% of the total investment portfolio for alternative investment strategies, including defensive equity, real estate, infrastructure, private debt, and private equity. These investments are made with the intention of raising portfolio returns and/or lowering total volatility. In most cases, these investments are implemented via limited partnerships. These investments may not be traded on a national security exchange and are valued based on reports provided by investment managers and the audited financial statements of the funds. The Foundations obtain and consider the audited financial statements of such investments when evaluating the overall reasonableness of carrying value.

The Foundations believe this method provides a reasonable estimate of fair value. However, the recorded value may differ from market value had a readily available market existed for such investments, and those differences could be material. Furthermore, a portion of the alternative investments are measured at net asset value (NAV) as a practical expedient for fair value.

G. Realized and Unrealized Gains/Losses

Realized and unrealized gains/losses are determined by comparison of the market value at the preceding period to net proceeds received at the time of disposal or changes in the difference between market values between periods, respectively.

H. Investment Income

Investment income is shown net of trustee bank and investment management fees of \$1,447,205 and \$1,236,489 for the years ended December 31, 2022 and 2021, respectively.

I. Property and Equipment

Property and equipment is recorded at the lower of cost or fair value as determined by management of the Foundations, Corporation or Partnership. Expenditures for maintenance and repairs are expensed as incurred, while expenditures for additions and improvements are generally capitalized. Depreciation is recorded on the straight-line basis over the estimated useful life of the asset.

STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN FOUNDATION,
THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER MASSILLON, LEMMON FOUNDATION,
NEWMARKET PROJECT, INC. AND SCF DEVELOPMENT, LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Organization and Summary of Significant Accounting Policies (Continued)

I. Property and Equipment (Continued)

Management reviews the investment in property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. If the property and equipment is considered impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property and equipment exceeds the fair value of such property. There were no impairment losses recognized for the years ended December 31, 2022 and 2021.

J. Other Assets

Other assets consist primarily of an investment in the Stark Board of Trade, LLC, a beneficial interest in trust held by a third party, and the cash surrender value of life insurance policies.

K. Funds Held as Agency Endowments

Accounting standards provide guidance for transactions in which a donor transfers assets to a not-for-profit organization that accepts the assets from the donor and agrees to transfer those assets, the return on investment, or both, to a donor or another entity specified by the donor. Pursuant to these standards, certain agency endowment funds received by Stark Community Foundation are considered liabilities, rather than net assets of Stark Community Foundation.

L. Income Taxes

Stark Community Foundation, The Henry and Louise Timken Foundation, The William and Minnette Goldsmith Foundation, Health Foundation of Greater Massillon, and Lemmon Foundation qualify as organizations exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. Health Foundation of Greater Massillon was a private foundation under Section 509(a), but has terminated this status through Section 507(b)(1)(B) through December 31, 2021 to become a public charity under Section 509(a)(3). Newmarket Project, Inc. is exempt from federal income taxes under Section 501(c)(2) of the Internal Revenue Code. SCF Development, Ltd. is a single-member limited liability company; therefore, all activity is included in Stark Community Foundation for tax reporting purposes.

Stark Community Foundation is subject to unrelated business income tax on a portion of the income earned on alternative investments and unrelated debt-financed income. The federal tax expense and cash paid for federal tax for the years ended December 31, 2022 and 2021 was \$0.

An income tax overpayment of \$15,000 has been carried forward from 2021. The liability for 2022 is not expected to exceed that amount.

STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN FOUNDATION,
THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER MASSILLON, LEMMON FOUNDATION,
NEWMARKET PROJECT, INC. AND SCF DEVELOPMENT, LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Organization and Summary of Significant Accounting Policies (Continued)

L. Income Taxes (Continued)

Management believes that there is appropriate support for any tax positions taken, and as such, they believe that they do not have any significant unrecognized tax benefits that are material to the combined financial statements.

M. Credit Risk Concentration

As a matter of policy, the Foundations, Corporation and Partnership only maintain cash balances with national financial institutions. The cash and investment balances may at times exceed insurance limits. Management does not believe it is exposed to any significant credit risk on cash and cash equivalents. Concentration of credit risk for investments is mitigated by both the distribution of investment funds among asset managers and the overall diversification of managed investment portfolios. Concentration of credit risk for contributions and notes/loans receivable is generally limited due to the dispersion of these balances over a wide contribution base.

N. Use of 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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

O. Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses are allocated on the basis of estimates of time and effort.

P. Reclassification

Certain information previously presented has been reclassified to conform to the current presentation.

Q. Subsequent Events

Management has evaluated subsequent events through August 2, 2023, which is the date the financial statements were available to be issued.

STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN FOUNDATION,
THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER MASSILLON, LEMMON FOUNDATION,
NEWMARKET PROJECT, INC. AND SCF DEVELOPMENT, LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Organization and Summary of Significant Accounting Policies (Continued)

R. Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842), and has subsequently issued supplemental and clarifying ASUs (collectively ASC 842). ASC 842 changed the existing accounting standards for lease accounting, including requiring lessees to recognize most operating leases on their balance sheets, ASC 842 requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. Stark Community Foundation adopted ASC 842 on January 1, 2022. Accordingly, Stark Community Foundation 1) did not reassess whether any expired or existing contracts are or contain leases, 2) did not reassess the lease classification for any expired or existing lease and 3) did not reassess initial direct costs for any existing leases. The adoption had no cumulative effect on beginning net assets.

Operating lease right-of-use ("ROU") assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As Stark Community Foundation's leases generally do not include an implicit rate, Stark Community Foundation used the rate that would be used if using a lender to purchase the asset over the time frame of the lease to determine the present value of future payments. The operating lease ROU asset also includes any payments made and excludes lease incentives and any initial direct costs incurred. Stark Community Foundation's operating lease ROU assets and operating lease liabilities are calculated including options to extend the lease when it is reasonably certain that Stark Community Foundation will exercise the option. Lease expense for minimum lease payments is recognized on a straight-line basis over the term of the lease.

Note 1. Liquidity and Availability

The Foundation continuously manages and monitors cash to ensure resources are available for general expenditures, liabilities and other obligations as they come due. While maintaining liquidity for operations is paramount, Stark Community Foundation also tries to maximize earnings. Stark Community Foundation does invest operating cash, in excess of daily requirements, in money market funds and other short-term investments.

Financial assets to meet cash needs for general expenditures, including management and general expenses, fundraising expenses and some program expenses, comprise the following at December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 95,942	\$ 108,341

STARK COMMUNITY FOUNDATION,
 THE HENRY AND LOUISE TIMKEN FOUNDATION,
 THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
 HEALTH FOUNDATION OF GREATER MASSILLON, LEMMON FOUNDATION,
 NEWMARKET PROJECT, INC. AND SCF DEVELOPMENT, LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 1. Liquidity and Availability (Continued)

The Foundation's Board of Directors has opted to charge an administrative fee to all funds to cover the general expenditures necessary to operate the Foundation. These fees are assessed by the Foundation quarterly based on the fund's most recent market value. The Administrative Fee Schedule is based upon the specific type of fund and the balance in the fund. The administrative fee amounted to \$2,727,400 and \$2,857,200 for the years ended December 31, 2022 and 2021, respectively. Estimated administrative fees available for general expenditures in 2023 are \$2,670,000.

Funds that are endowed or that operate according to the Foundation's spending or charitable payout policy are typically invested in the Foundation's investment pool based upon a detailed Investment Policy Statement, which contains a specific asset allocation strategy. The spending rate is reviewed annually and can be retained, lowered or raised by no more than .25%. The current spending policy stands at 4.75% of the average ending market value of assets for the preceding twenty quarters. Based upon the current spending rate for 2023, an estimated \$2,003,419 will be allocated and available for granting at the Board's discretion.

Note 2. Notes and Loans Receivable

The detail of notes and loans receivable as of December 31 is as follows:

	<u>2022</u>	<u>2021</u>
Newmarket Project, Inc. – Subordinated mortgage note due from HOF Village Hotel II, LLC for funding improvements and renovations to the McKinley Grand Hotel, interest at 4% per annum, due in full on December 30, 2024.	\$ 2,999,988	\$ 2,999,988
Newmarket Project, Inc. – Promissory note due from Historic Hercules, LLC for funding improvements and capital expenditures for the development of the former Hercules Motor Company facility, secured by personal and corporate guarantors, interest at 4% per annum, due in full on April 30, 2021, under renegotiation.	3,000,000	3,000,000
Stark Community Foundation – Unsecured promissory note due from GPAQ Acquisition Holdings, Inc., interest at 8% per annum, due in quarterly payments with the option to accrue interest over the term of the loan at which interest will be calculated at 10%. Principal and interest will be due in full on March 31, 2025. This note may be converted into a private investment in public equity note at the option of the lender.	1,281,160	1,160,667

STARK COMMUNITY FOUNDATION,
 THE HENRY AND LOUISE TIMKEN FOUNDATION,
 THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
 HEALTH FOUNDATION OF GREATER MASSILLON, LEMMON FOUNDATION,
 NEWMARKET PROJECT, INC. AND SCF DEVELOPMENT, LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 2. Notes and Loans Receivable (Continued)

	<u>2022</u>	<u>2021</u>
Stark Community Foundation – Unsecured promissory note due from the Hall of Fame Resort & Entertainment Company, interest at 6% per annum is due annually by December 31. All principal and accrued interest will be due in full on May 31, 2029.	\$ 5,000,000	\$ -
Stark Community Foundation – Mortgage note due from Arts In Stark, interest at 3.75% per annum, principal and interest due monthly with a balloon payment due in March 2022.	-	236,515
Stark Community Foundation – Open-end mortgage note due from J.R. Coleman Senior Outreach Services, Inc., interest at 3.75% per annum, accrued interest due on December 31, 2021 and 2022, final payment of principal and interest due in full on June 30, 2023.	175,000	175,000
Stark Community Foundation – Unsecured student loans at various interest rates, due in various terms.	<u>34,180</u>	<u>33,130</u>
	12,490,328	7,605,300
Allowance for uncollectible loans	<u>(2,122,783)</u>	<u>(760,530)</u>
	<u>\$ 10,367,545</u>	<u>\$ 6,844,770</u>

Note 3. Contributions Receivable

Stark Community Foundation has received unconditional contributions in the form of irrevocable charitable remainder trusts, bequests, and pledges receivable. Contributions receivable consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 1,197,330	\$ 10,200
One to five years	-	20,177
Over five years	97,011	621,165
Discounting for time value and allowance for uncollectible accounts	<u>(45,007)</u>	<u>(229,737)</u>
	<u>\$ 1,249,334</u>	<u>\$ 421,805</u>

STARK COMMUNITY FOUNDATION,
 THE HENRY AND LOUISE TIMKEN FOUNDATION,
 THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
 HEALTH FOUNDATION OF GREATER MASSILLON, LEMMON FOUNDATION,
 NEWMARKET PROJECT, INC. AND SCF DEVELOPMENT, LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 4. Investments

The composition at fair value, based on quoted market prices when available, of investments is as follows at December 31:

	<u>2022</u>	<u>2021</u>
Cash equivalent funds	\$ 11,169,899	\$ 16,854,765
U.S. Government and agency obligations	1,293,082	2,177,313
Corporate bonds	1,702,021	6,071,428
Fixed income	48,841,848	56,951,009
Common and preferred stocks	173,103,168	206,001,777
Common trust funds	358,981	619,442
Alternative investments	<u>92,845,018</u>	<u>91,858,893</u>
	<u>\$ 329,314,017</u>	<u>\$ 380,534,627</u>

The Foundation was obligated at December 31, 2022 to invest additional funds in limited partnership investments in the amount of \$26,711,123 at the direction of the general partners. These commitments may be satisfied through redistribution of invested assets.

Note 5. Grants Payable

Grants payable consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Grants to be paid in:		
Less than one year	\$ 2,025,812	\$ 919,155
One to five years	410,000	405,000
Discounting for time value	<u>(17,280)</u>	<u>(17,069)</u>
	<u>\$ 2,418,532</u>	<u>\$ 1,307,086</u>

Note 6. Note Payable

- A. Note payable consisted of a mortgage payable from SCF Development, Ltd. to Huntington National Bank in the amount of \$1,776,211 at December 31, 2021. Monthly payments included interest at a variable rate and a scheduled amount of principal. A balloon payment was to be due in April 2025. However, the loan was paid off in September 2022 when the building securing the mortgage was sold.
- B. During 2015, SCF Development, Ltd. entered into an interest rate swap agreement on the outstanding balance of the mortgage payable to fix the note's interest rate at 3.94% through April 2025. The fair value of this agreement was a liability of \$64,842 at December 31, 2021 which is recorded on the accompanying combined statements of financial position. The swap was terminated upon paying off the mortgage payable at which time the swap's fair value was an asset of \$62,110. The effect of the change in the swap liability of \$126,952 is included as a decrease in interest expense on the accompanying combined statement of functional expenses for the year ended December 31, 2022.

STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN FOUNDATION,
THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER MASSILLON, LEMMON FOUNDATION,
NEWMARKET PROJECT, INC. AND SCF DEVELOPMENT, LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 7. Retirement Benefits

Effective January 1, 2010, the Stark Community Foundation 401(k) Plan ("Plan") was adopted. Eligible employees of Stark Community Foundation receive an employer matching contribution plus a safe harbor employer contribution equal to 3% of eligible compensation. Additional employer contributions may be made at the discretion of the Board of Directors in accordance with the terms of the plan document. The amount of employer contributions to the Plan for the years ended December 31, 2022 and 2021 was \$60,359 and \$57,999, respectively.

Note 8. Intercompany Transactions

- A. Stark Community Foundation leased office space from SCF Development, Ltd. The terms of the lease provided for monthly payments of \$5,556 for a five-year term ending October 31, 2022. This lease was terminated in September 2022 when the building was sold. The rental income and expense eliminate in combination.
- B. Stark Community Foundation has a promissory note due from Newmarket Project, Inc. for \$3,000,000 at December 31, 2022 and 2021. The note bears interest at 4.0% and was due April 30, 2021. The note is under renegotiation as of December 31, 2022. The note payable/receivable and the related interest expense/income are eliminated in the accompanying combined financial statements.
- C. Stark Community Foundation has a promissory note due from Newmarket Project, Inc. for \$2,999,988 at December 31, 2022 and 2021. The note bears interest at 4.0% and is due December 30, 2024. The note payable/receivable and the related interest expense/income are eliminated in the accompanying combined financial statements.

Note 9. Endowment Funds

The Board of Directors has approved an investment policy detailing the long-term goals, asset allocation, guidelines for security selection, measurable objectives and on-going communication. Objectives of the Foundations are, first and foremost, to preserve the safety of the principal and second, to maximize investment income. Endowment funds are subject to the investment policy approved by the Board of Directors.

The Foundations' endowment consists of approximately 896 individual funds established for a variety of purposes. The Foundations classify these funds as net assets without donor restrictions; however, the Foundations manage funds established by donors as endowed funds in accordance with terms set forth in the individual fund agreements. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment funds are appropriated based on an approval process through the Board of Directors. Specific committees and donors recommend amounts to be disbursed from the accumulated earnings of the endowment funds, which are then approved for appropriation by the Board of Directors.

STARK COMMUNITY FOUNDATION,
 THE HENRY AND LOUISE TIMKEN FOUNDATION,
 THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
 HEALTH FOUNDATION OF GREATER MASSILLON, LEMMON FOUNDATION,
 NEWMARKET PROJECT, INC. AND SCF DEVELOPMENT, LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 9. Endowment Funds (Continued)

	<u>Without donor restrictions</u>	
For the years ended December 31:	<u>2022</u>	<u>2021</u>
Endowment net assets, beginning of year	\$ 292,976,962	\$ 232,380,558
Investment return:		
Investment income, net	3,234,873	1,991,585
Interest on notes and loans receivable, before eliminations	1,059,797	814,552
Net realized and unrealized (loss) gain	<u>(34,807,854)</u>	<u>36,253,765</u>
Total investment return	(30,513,184)	39,059,902
Other income	72,799	162,332
Contributions	15,567,647	32,807,301
Appropriation of endowment assets for expenditure	<u>(23,424,567)</u>	<u>(11,433,131)</u>
Endowment net assets, end of year	\$ <u>254,679,657</u>	\$ <u>292,976,962</u>

Note 10. Fair Value Measurements

The carrying values of cash and cash equivalents, interest and dividends receivable, notes and loans receivable, accounts payable and accrued expenses and grants payable are reasonable estimates of fair value due to the short-term nature of these financial instruments. Investments, liability to annuitants and the interest rate swap (a cash flow hedge) are reported at fair value. The recorded amounts of contributions receivable and other assets approximate fair value. The recorded value of notes payable approximates fair value because the interest rates fluctuate with market interest rates.

The Foundations and Partnership estimate the fair value of financial instruments using available market information and other generally accepted valuation methodologies. Fair value is defined as the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs used to measure fair value are classified into three levels:

- Level 1 – Quoted market prices in active markets for identical assets and liabilities
- Level 2 – Observable market-based inputs or unobservable inputs that are corroborated by market data
- Level 3 – Unobservable inputs in which little or no market data exists

The asset's or liability's fair value measurement level is based on the lowest level of any input that is significant to the fair value measurement.

The Foundations value the liability to annuitants based upon interest rates, yield curves and life expectancy tables using the income technique for the duration of the annuities. The resulting values are generally considered Level 2 valuations.

STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN FOUNDATION,
THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER MASSILLON, LEMMON FOUNDATION,
NEWMARKET PROJECT, INC. AND SCF DEVELOPMENT, LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 10. Fair Value Measurements (Continued)

The Foundations value substantially all of their alternative investments (including Level 2 and Level 3 investments) at amounts reported by the investment managers and as validated through consideration of the audited financial statements of such investments. Accordingly, the Foundations do not use separate quantitative information to value such investments. Furthermore, a portion of the Foundation's investments are measured at net asset value as a practical expedient. The fair values of these investments have been estimated using the net asset value of the Foundation's ownership in the capital. The redemption terms vary based on the investment funds.

The valuation methods used for financial instruments may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. There have been no changes in the methodologies used from 2021 to 2022. Furthermore, while the Foundations and Partnership believe their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy the Foundations' and Partnership's financial assets and liabilities that were accounted for at a fair value on a recurring basis:

	As of December 31, 2022			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash equivalent funds	\$ 11,169,899	\$ -	\$ -	\$ 11,169,899
U.S. Government and agency obligations	1,293,082	-	-	1,293,082
Corporate bonds	1,702,021	-	-	1,702,021
Fixed income	33,115,994	15,725,854	-	48,841,848
Common and preferred stocks:				
Large cap	71,649,567	-	-	71,649,567
All cap	16,015,837	-	-	16,015,837
Small cap	17,809,388	-	-	17,809,388
International	56,830,111	10,798,265	-	67,628,376
Common trust funds	-	358,981	-	358,981
Alternative investments:				
Real estate and infrastructure	8,076,702	-	3,199,785	11,276,487
Long/short hedged equity	2,759,764	-	-	2,759,764
Defense equity	1,536,903	-	-	1,536,903
Multi-strategy hedge	415,685	-	-	415,685
Private debt	-	-	8,821,232	8,821,232
Private equity	1,563,448	-	19,582,327	21,145,775
Commodities funds	<u>456,880</u>	<u>-</u>	<u>697,048</u>	<u>1,153,928</u>
Total investments in the fair value hierarchy	\$ <u>224,395,281</u>	\$ <u>26,883,100</u>	\$ <u>32,300,392</u>	\$ 283,578,773

STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN FOUNDATION,
THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER MASSILLON, LEMMON FOUNDATION,
NEWMARKET PROJECT, INC. AND SCF DEVELOPMENT, LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 10. Fair Value Measurements (Continued)

	As of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Real estate at NAV	\$ -	\$ -	\$ -	\$ 30,183,083
Multi-strategy hedge at NAV	-	-	-	3,212,400
Defense equity at NAV	-	-	-	8,639,055
Private equity at NAV	-	-	-	<u>3,700,706</u>
Total investments				\$ <u>329,314,017</u>
Liability to annuitants	\$ <u>-</u>	\$ <u>2,343,676</u>	\$ <u>-</u>	\$ <u>2,343,676</u>
	As of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash equivalent funds	\$ 16,854,765	\$ -	\$ -	\$ 16,854,765
U.S. Government and agency obligations	2,177,313	-	-	2,177,313
Corporate bonds	6,071,428	-	-	6,071,428
Fixed income	40,120,143	16,830,866	-	56,951,009
Common and preferred stocks:				
Large cap	91,851,194	-	-	91,851,194
All cap	21,862,094	-	-	21,862,094
Small cap	19,367,772	-	-	19,367,772
International	60,887,328	12,033,389	-	72,920,717
Common trust funds	-	619,442	-	619,442
Alternative investments:				
Real estate and infrastructure	7,610,241	-	3,216,970	10,827,211
Long/short hedged equity	950,140	-	-	950,140
Defense equity	3,367,111	-	-	3,367,111
Multi-strategy hedge	867,012	-	-	867,012
Private debt	-	-	7,196,818	7,196,818
Private equity	1,192,150	-	18,415,060	19,607,210
Commodities funds	<u>2,219,741</u>	<u>-</u>	<u>612,364</u>	<u>2,832,105</u>
Total investments in the fair value hierarchy	\$ <u>275,398,432</u>	\$ <u>29,483,697</u>	\$ <u>29,441,212</u>	\$ 334,323,341

STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN FOUNDATION,
THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER MASSILLON, LEMMON FOUNDATION,
NEWMARKET PROJECT, INC. AND SCF DEVELOPMENT, LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 10. Fair Value Measurements (Continued)

	As of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Real estate at NAV	\$ -	\$ -	\$ -	\$ 26,167,043
Multi-strategy hedge at NAV	-	-	-	5,004,309
Defense equity at NAV	-	-	-	11,081,562
Private equity at NAV	-	-	-	<u>3,958,372</u>
Total investments				\$ <u>380,534,627</u>
Interest rate swap	\$ <u>-</u>	\$ <u>64,842</u>	\$ <u>-</u>	\$ <u>64,842</u>
Liability to annuitants	\$ <u>-</u>	\$ <u>2,437,477</u>	\$ <u>-</u>	\$ <u>2,437,477</u>

Additional information on the changes in Level 3 assets is summarized as follows:

	<u>Real Estate</u>	<u>Private Equity</u>	<u>Commodities Funds</u>	<u>Private Debt</u>	<u>Total</u>
Balance at January 1, 2021	\$ 2,413,295	\$ 11,355,608	\$ 586,126	\$ 3,740,742	\$ 18,095,771
Investment income (loss), net of fees	(20,961)	(689,200)	(11,194)	409,367	(311,988)
Net realized/unrealized gains on investments	850,005	6,113,166	43,877	82,621	7,089,669
Purchases	195,857	3,070,320	-	2,964,088	6,230,265
Withdrawals	<u>(221,226)</u>	<u>(1,434,834)</u>	<u>(6,445)</u>	<u>-</u>	<u>(1,662,505)</u>
Balance at December 31, 2021	3,216,970	18,415,060	612,364	7,196,818	29,441,212
Investment income (loss), net of fees	(25,196)	(176,765)	(22,454)	865,702	641,287
Net realized/unrealized gains (losses) on investments	235,057	(180,296)	52,453	(169,444)	(62,230)
Purchases	801,411	3,892,857	54,685	1,967,398	6,716,351
Withdrawals	<u>(1,028,457)</u>	<u>(2,368,529)</u>	<u>-</u>	<u>(1,039,242)</u>	<u>(4,436,228)</u>
Balance at December 31, 2022	\$ <u>3,199,785</u>	\$ <u>19,582,327</u>	\$ <u>697,048</u>	\$ <u>8,821,232</u>	\$ <u>32,300,392</u>

Note 11. Leasing Arrangements

Stark Community Foundation leases office space under an agreement accounted for as an operating lease. The agreement meets the criteria to be accounted for under ASC 842. For the year ended December 31, 2022, expense incurred for the lease was \$12,200. Cash paid against the lease liability under leasing arrangements under ASC 842 was \$8,273 for the year ended December 31, 2022 and is included in operating cash flows.

STARK COMMUNITY FOUNDATION,
 THE HENRY AND LOUISE TIMKEN FOUNDATION,
 THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
 HEALTH FOUNDATION OF GREATER MASSILLON, LEMMON FOUNDATION,
 NEWMARKET PROJECT, INC. AND SCF DEVELOPMENT, LTD.

NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)

Note 11. Leasing Arrangements (Continued)

The following table displays undiscounted cash payments related to the operating lease under ASC 842 as of December 31, 2022, along with a reconciliation to the discounted amount recorded on the balance sheet. Minimum lease payments under non-cancellable leases due within the years ending December 31 are as follows:

2023	\$ 73,200
2024	73,200
2025	73,200
2026	73,200
2027	73,200
Thereafter	<u>353,800</u>
Total undiscounted cash flows	719,800
Impact of present value discount	<u>(121,891)</u>
Operating lease liabilities	\$ <u>597,909</u>

As of December 31, 2022, the weighted average remaining lease term for all operating leases under ASC 842 is 9.76 years. Because Stark Community Foundation generally does not have access to the rate implicit in the lease, Stark Community Foundation utilizes its incremental borrowing rate as the discount rate. The weighted average discount rate associated with operating leases under ASC 842 as of December 31, 2022 is 3.94%.

STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN FOUNDATION,
THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER MASSILLON,
LEMMON FOUNDATION, NEWMARKET PROJECT, INC.
AND SCF DEVELOPMENT, LTD.

Combining Statement of Financial Position

December 31, 2022

	Stark Community Foundation	The Henry and Louise Timken Foundation	The William & Minnette Goldsmith Foundation	Health Foundation of Greater Massillon	Lemmon Foundation	Newmarket Project, Inc.	SCF Development, Ltd.	Eliminations	Combined
Assets									
Cash and cash equivalents	\$ 737,779	\$ 91,412	\$ 9,197	\$ 93,949	\$ 38,520	\$ -	\$ 44,500	\$ -	\$ 1,015,357
Interest, dividends, and other receivables	505,164	6,177	617	6,335	2,607	273,750	-	(273,750)	520,900
Notes and loans receivable, less allowance of \$2,122,783	10,367,545	-	-	-	-	5,999,988	-	(5,999,988)	10,367,545
Contributions receivable, net	1,249,334	-	-	-	-	-	-	-	1,249,334
Prepaid expenses	44,931	-	-	79	-	-	-	-	45,010
Due from affiliated organization	10,716	-	-	-	-	-	-	(10,716)	-
Investments:									
Cash equivalent funds	10,421,164	293,913	29,357	301,412	124,053	-	-	-	11,169,899
U.S. Government and agency obligations	1,293,082	-	-	-	-	-	-	-	1,293,082
Corporate bonds	1,702,021	-	-	-	-	-	-	-	1,702,021
Fixed income	45,552,406	1,291,257	128,975	1,324,204	545,006	-	-	-	48,841,848
Common and preferred stocks	160,765,841	4,842,968	483,731	4,966,536	2,044,092	-	-	-	173,103,168
Common trust funds	358,981	-	-	-	-	-	-	-	358,981
Alternative investments	85,285,091	2,967,619	296,415	3,043,338	1,252,555	-	-	-	92,845,018
	305,378,586	9,395,757	938,478	9,635,490	3,965,706	-	-	-	329,314,017
Property and equipment:									
Land, building and improvements	-	-	-	-	-	320,000	-	-	320,000
Furniture and office equipment	67,830	-	-	-	-	-	-	-	67,830
	67,830	-	-	-	-	320,000	-	-	387,830
Less allowance for depreciation	29,107	-	-	-	-	-	-	-	29,107
	38,723	-	-	-	-	320,000	-	-	358,723
Right-of-use asset - operating	597,909	-	-	-	-	-	-	-	597,909
Other assets	5,967,788	-	-	-	-	-	-	-	5,967,788
Total assets	\$ 324,898,475	\$ 9,493,346	\$ 948,292	\$ 9,735,853	\$ 4,006,833	\$ 6,593,738	\$ 44,500	\$ (6,284,454)	\$ 349,436,583

STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN FOUNDATION,
THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER MASSILLON,
LEMMON FOUNDATION, NEWMARKET PROJECT, INC.
AND SCF DEVELOPMENT, LTD.

Combining Statement of Financial Position

December 31, 2022

	Stark Community Foundation	The Henry and Louise Timken Foundation	The William & Minnette Goldsmith Foundation	Health Foundation of Greater Massillon	Lemmon Foundation	Newmarket Project, Inc.	SCF Development, Ltd.	Eliminations	Combined
Liabilities, net assets, and member's equity									
Liabilities:									
Accounts payable and accrued expenses	\$ 130,177	\$ -	\$ -	\$ 2,500	\$ 10,000	\$ 274,026	\$ 314	\$ (273,750)	\$ 143,267
Liability to annuitants	2,343,676	-	-	-	-	-	-	-	2,343,676
Grants payable	2,018,519	-	-	400,013	-	-	-	-	2,418,532
Due to affiliated organization	-	-	-	-	-	10,716	-	(10,716)	-
Note payable to Stark Community Foundation	-	-	-	-	-	5,999,988	-	(5,999,988)	-
Operating lease liability	597,909	-	-	-	-	-	-	-	597,909
Funds held as agency endowments	89,209,356	-	-	-	-	-	-	-	89,209,356
	94,299,637	-	-	402,513	10,000	6,284,730	314	(6,284,454)	94,712,740
Net assets without donor restrictions	230,598,838	9,493,346	948,292	9,333,340	3,996,833	309,008	-	-	254,679,657
Member's equity	-	-	-	-	-	-	44,186	-	44,186
Total net assets and member's equity	230,598,838	9,493,346	948,292	9,333,340	3,996,833	309,008	44,186	-	254,723,843
Total liabilities, net assets, and member's equity	\$ 324,898,475	\$ 9,493,346	\$ 948,292	\$ 9,735,853	\$ 4,006,833	\$ 6,593,738	\$ 44,500	\$ (6,284,454)	\$ 349,436,583

STARK COMMUNITY FOUNDATION,
THE HENRY AND LOUISE TIMKEN FOUNDATION,
THE WILLIAM AND MINNETTE GOLDSMITH FOUNDATION,
HEALTH FOUNDATION OF GREATER MASSILLON,
LEMMON FOUNDATION, NEWMARKET PROJECT, INC.
AND SCF DEVELOPMENT, LTD.

Combining Statement of Activities

Year Ended December 31, 2022

	Stark Community Foundation	The Henry and Louise Timken Foundation	The William & Minnette Goldsmith Foundation	Health Foundation of Greater Massillon	Lemmon Foundation	Newmarket Project, Inc.	SCF Development, Ltd.	Eliminations	Combined
Revenues and investment activity									
Total contributions	\$ 13,508,794	\$ -	\$ -	\$ 183,477	\$ 4,000,000	\$ -	\$ -	\$ -	\$ 17,692,271
Less: amounts received for agency transactions	2,124,624	-	-	-	-	-	-	-	2,124,624
Net contributions	11,384,170	-	-	183,477	4,000,000	-	-	-	15,567,647
Investment income, net	3,354,134	(3,087)	(2,998)	3,182	(5,009)	-	-	-	3,346,222
Less: investment (loss) for agency transactions, net	111,349	-	-	-	-	-	-	-	111,349
Net investment income	3,242,785	(3,087)	(2,998)	3,182	(5,009)	-	-	-	3,234,873
Rental income	-	-	-	-	-	50	146,687	(47,125)	99,612
Interest on notes and loans receivable	664,381	-	-	-	-	395,416	-	(395,416)	664,381
Other income	72,749	-	-	-	-	-	-	-	72,749
Total net realized and unrealized investment (losses) gains	(43,485,779)	(987,159)	(101,089)	(1,536,253)	11,843	-	-	-	(46,098,437)
Less: investment (losses) on agency transactions	(11,290,583)	-	-	-	-	-	-	-	(11,290,583)
Net realized and unrealized investment (losses) gains	(32,195,196)	(987,159)	(101,089)	(1,536,253)	11,843	-	-	-	(34,807,854)
Total revenues and investment activity	(16,831,111)	(990,246)	(104,087)	(1,349,594)	4,006,834	395,466	146,687	(442,541)	(15,168,592)
Expenses									
Total grants	18,656,966	238,679	47,500	530,888	-	-	-	-	19,474,033
Less: grants made from agency transactions	3,882,730	-	-	-	-	-	-	-	3,882,730
Net grants expense	14,774,236	238,679	47,500	530,888	-	-	-	-	15,591,303
Depreciation	11,042	-	-	-	-	-	36,175	-	47,217
Provision for uncollectible contributions and loans	1,272,549	-	-	-	-	-	-	-	1,272,549
Other expenses	6,136,692	2,051	2,050	7,171	10,001	396,258	(3,750,201)	(442,541)	2,361,481
Less: other expenses from agency transactions	4,550	-	-	-	-	-	-	-	4,550
Net other expenses	6,132,142	2,051	2,050	7,171	10,001	396,258	(3,750,201)	(442,541)	2,356,931
Total expenses	22,189,969	240,730	49,550	538,059	10,001	396,258	(3,714,026)	(442,541)	19,268,000
Change in net assets and member's equity (deficit)	(39,021,080)	(1,230,976)	(153,637)	(1,887,653)	3,996,833	(792)	3,860,713	-	(34,436,592)
Net assets and member's (deficit) at beginning of year	269,619,918	10,724,322	1,101,929	11,220,993	-	309,800	(638,729)	(3,177,798)	289,160,435
Contribution of member's equity	-	-	-	-	-	-	(3,177,798)	3,177,798	-
Net assets and member's equity at end of year	\$ 230,598,838	\$ 9,493,346	\$ 948,292	\$ 9,333,340	3,996,833	\$ 309,008	\$ 44,186	\$ -	\$ 254,723,843