



Paul D. Joyce, CPA  
State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

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May 14, 2025

Board of Directors  
Switzerland County Public Schools Endowment Corporation  
Switzerland County, Indiana

We have reviewed the audit report of the Switzerland County Public Schools Endowment Corporation which was opined upon by Sherman, Barber & Mullikin, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Switzerland County Public Schools Endowment Corporation as of December 31, 2023 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Sherman, Barber & Mullikin prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

The audit report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA  
Deputy State Examiner

**SWITZERLAND COUNTY PUBLIC SCHOOLS  
ENDOWMENT CORPORATION**

AUDITED FINANCIAL STATEMENTS

December 31, 2023

**SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION**

**December 31, 2023**

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**SHERMAN, BARBER & MULLIKIN**  
A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

**Principals**

Kevin W. Mullikin, CPA  
Ben M. Foley, CPA  
Christine D. Dattilo, CPA, CFE  
Tracy L. Wyne, CPA, CFE  
Anna P. Wallace, CPA

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Switzerland County Public Schools Endowment Corporation  
Vevay, Indiana

**Opinion**

We have audited the accompanying financial statements of Switzerland County Public Schools Endowment Corporation (a nonprofit organization), which comprise the Statement of Assets and Net Assets-Modified Cash Basis as of December 31, 2023, and the related Statement of Revenue and Expense-Modified Cash Basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets of Switzerland County Public Schools Endowment Corporation as of December 31, 2023, and its revenue and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Switzerland County Public Schools Endowment Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1; and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is

To the Board of Directors  
Switzerland County Public Schools Endowment Corporation

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Switzerland County Public Schools Endowment Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Switzerland County Public Schools Endowment Corporation'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.

*Sherman, Barber & Mullikin*

Sherman, Barber & Mullikin

Madison, Indiana

September 27, 2024

**SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION**

**Statement of Assets and Net Assets - Modified Cash Basis  
For the Year Ended December 31, 2023**

**Assets**

Cash	\$	159,760
Investments		<u>1,318,007</u>

**Total Assets** \$ 1,477,767

**Net Assets**

Net Assets Without Donor Restrictions	\$	<u>1,477,767</u>
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**Total Net Assets** \$ 1,477,767

**SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION**

**Statement of Revenue and Expense - Modified Cash Basis  
For the Year Ended December 31, 2023**

**Net Assets Without Donor Restrictions**

**Revenues**

County Financial Assistance	\$	607,122
Interest Income		275
Investment Interest Income and Dividends		30,274
Investment Income on Funds		<u>161,121</u>

**Total Revenues** 798,792

**Functional Expenses**

Program Service	664,576
Management and General	<u>15,728</u>

**Total Functional Expenses** 680,304

**Change in Net Assets Without Donor Restrictions** 118,488

**Net Assets, Beginning of Period** 1,359,279

**Net Assets, End of Period** \$ 1,477,767

# SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION

## Notes to Financial Statements December 31, 2023

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Switzerland County Public Schools Endowment Corporation is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Board of Directors, who are responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

The significant accounting policies of the Organization are as follows:

#### Organization

Switzerland County Public Schools Endowment Corporation was incorporated in August of 2000. It is a nonprofit organization managed by an appointed board of directors. No capital stock exists.

The main purpose of the Organization is to provide educational resources to the public schools located in Switzerland County, Indiana. The Organization is substantially supported by revenue sharing amounts received from Switzerland County from the taxes collected from riverboat gaming.

#### Income Taxes

The Organization has been granted an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been granted exemption from Indiana Gross Receipts tax. Accordingly, no provision has been made for income taxes in the financial statements.

#### Basis of Accounting

The accompanying financial statements have been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, the only assets recognized are cash and investments, and no liabilities are recognized. The modified cash basis differs from generally accepted accounting principles primarily because the outstanding obligations for grants unpaid at the date of the financial statements are not included in the financial statements.

#### Financial Statement Presentation

The Organization is required to report information regarding its net assets according to the two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include unrestricted resources which represent the portion of funds that are available for the operating objectives of the corporation. Net assets with donor restrictions consists of donor restricted contributions and grants. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. For 2023, there are no net assets with donor restrictions.

**SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION**

**Notes to Financial Statements  
December 31, 2023**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cost Allocation

The cost of providing programs and activities has been summarized on a functional basis on the Statement of Revenue and Expense. Note 5 presents the natural classification by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited and have been allocated on the basis of estimates of time and effort.

Investments

Investments are recorded at fair value. When acquired by gift, the value established by management is the fair value at the date of acquisition. Interest, dividends, realized gains (losses), and unrealized gains (losses) are reflected as changes in net assets in the period earned or occurred.

Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2. FUNDING SOURCE

The Organization receives funding from Switzerland County. The County receives a portion of gaming revenue as part of a development agreement with a gaming development corporation. Switzerland County then shares a portion of that revenue with the Organization.

NOTE 3. COMMITMENTS

At December 31, 2023, there were grants awarded but not yet disbursed of \$331,261. The events requiring disbursement of the funds had not yet occurred. In accordance with the modified cash basis of accounting, these amounts will be reflected as grants when they are expended.

**SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION**

**Notes to Financial Statements  
December 31, 2023**

NOTE 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair Value is defined as 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. Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets using level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset. Valuation techniques utilized to determine fair value are consistently applied.

Investments are composed of the following assets measured at fair value on a recurrent basis.

<u>December 31, 2023</u>	<u>Fair Value</u>	<u>(Level 1)</u>
Mutual Funds	<u>\$ 1,318,007</u>	<u>\$ 1,318,007</u>

NOTE 5. FUNCTIONAL ALLOCATION OF CASH DISBURSEMENTS

The table below presents cash disbursements by both their nature and their function as of:

<u>December 31, 2023</u>	<u>Program Service</u>	<u>Management and General</u>	<u>Total</u>
Management Fees	\$ -	\$ 11,488	\$ 11,488
Trust Company Fees	-	-	\$ -
Grants	664,576	-	\$ 664,576
Board Fees	-	-	\$ -
Professional Fees	-	3,220	\$ 3,220
Licenses and Fees	-	100	\$ 100
Insurance	-	375	\$ 375
Bank Fees	-	45	\$ 45
Administrative	-	500	\$ 500
Total	<u>\$ 664,576</u>	<u>\$ 15,728</u>	<u>\$ 680,304</u>

**SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION**

**Notes to Financial Statements  
December 31, 2023**

NOTE 6. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the entity's liquidity management, it invests cash in excess of daily requirements in mutual funds. The following reflects the entity's financial assets as of December 31, 2023, reduced by amounts not available for general use because of contractual restrictions within one year.

	<u>12/31/2023</u>
Financial assets, at year-end	\$ 1,477,767
Less those unavailable for general expenditures within one year due to:	
Contractual Restrictions for Grants	<u>(331,261)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,146,506</u>

NOTE 7. RISKS AND UNCERTAINTIES

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

NOTE 8. ECONOMIC DEPENDENCY

The Organization receives substantially all of its support through revenue sharing of gaming revenues in Switzerland County. The reduction or elimination of this support would substantially impact the activities of the Organization.

NOTE 9. GOVERNMENT FUNDS RECEIVED

During the year ended December 31, 2023 the Organization received and expended (on a cash basis) State and Local Government funds as follows:

	<u>Revenue</u>	<u>Expenses</u>
Switzerland County	\$ 607,122	\$ 668,816
Total Government Funds	<u>\$ 607,122</u>	<u>\$ 668,816</u>

**SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION**

**Notes to Financial Statements  
December 31, 2023**

NOTE 10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 27, 2024, which was the date the financial statements were available to be issued.