



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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February 7, 2023

Board of Directors
Switzerland County Public Schools Endowment Corporation
P.O. Box 222
Vevay, IN 47043

We have reviewed the audit report of Switzerland County Public Schools Endowment Corporation which was opined upon by Sherman, Barber & Mullikin, Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Switzerland County Public Schools Endowment Corporation as of December 31, 2020 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 State Board of Accounts.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

**SWITZERLAND COUNTY PUBLIC SCHOOLS
ENDOWMENT CORPORATION**

AUDITED FINANCIAL STATEMENTS

December 31, 2020
and
December 31, 2019

SHERMAN, BARBER & MULLIKIN
CERTIFIED PUBLIC ACCOUNTANTS
210 West Third Street
Madison, Indiana

SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION

December 31, 2020 and 2019

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SHERMAN, BARBER & MULLIKIN

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Principals

Kevin W. Mullikin, CPA
Ben M. Foley, CPA
Christine D. Dattilo, CPA

Tracy L. Wyne, CPA
Shaun A. King, CPA

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

We have audited the accompanying financial statements of Switzerland County Public Schools Endowment Corporation (a nonprofit corporation), which comprise the Statement of Assets and Net Assets-Modified Cash Basis as of December 31, 2020 and December 31, 2019, and the related Statement of Revenue and Expense-Modified Cash Basis for the years then ended, and the related notes to the financial

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
Switzerland County Public Schools Endowment Corporation
Page Two

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets of the Switzerland County Public Schools Endowment Corporation as of December 31, 2020 and December 31, 2019, and its revenue and expenses for the years then ended, in accordance with the modified cash basis of accounting described in Note 1.

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 that matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of State and Local Assistance is presented for purposes of additional analysis as required by the Indiana State Board of Accounts and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Sherman, Barber & Mullikin

Sherman, Barber & Mullikin
Madison, Indiana

July 13, 2021

SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION

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

	<u>2020</u>	<u>2019</u>
Assets		
Cash	\$ 3,520	\$ 26,112
Investments	<u>1,540,088</u>	<u>1,642,740</u>
Total Assets	<u>\$ 1,543,608</u>	<u>\$ 1,668,852</u>
Net Assets		
Net Assets Without Donor Restrictions	<u>1,543,608</u>	<u>1,668,852</u>
Total Net Assets	<u>\$ 1,543,608</u>	<u>\$ 1,668,852</u>

SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION

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

	<u>2020</u>	<u>2019</u>
Net Assets Without Donor Restrictions		
Revenues		
County Financial Assistance	\$ 547,318	\$ 729,489
Interest Income	96	213
Investment Interest Income and Dividends	60,283	73,181
Investment Income on Funds	<u>54,440</u>	<u>156,176</u>
Total Revenues	662,137	959,059
Functional Expenses		
Program Service	762,858	830,404
Management and General	<u>24,523</u>	<u>28,993</u>
Total Functional Expenses	<u>787,381</u>	<u>859,397</u>
Change in Net Assets Without Donor Restrictions	(125,244)	99,662
Net Assets, Beginning of Period	<u>1,668,852</u>	<u>1,569,190</u>
Net Assets, End of Period	<u>\$ 1,543,608</u>	<u>\$ 1,668,852</u>

SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION

Notes to Financial Statements December 31, 2020 and 2019

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

Income Taxes

The Corporation has been granted an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation 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.

SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION

Notes to Financial Statements December 31, 2020 and 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

The Corporation 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 2020, there are no net assets with donor restrictions.

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.

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.

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.

NOTE 2. FUNDING SOURCE

The Corporation 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 Corporation.

SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION

**Notes to Financial Statements
December 31, 2020 and 2019**

NOTE 3. COMMITMENTS

At December 31, 2020 and 2019, there were grants awarded but not yet disbursed of \$712,117 and \$801,847, respectively. 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.

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, 2020</u>	<u>Fair Value</u>	<u>(Level 1)</u>
Mutual Funds	<u>\$ 1,540,088</u>	<u>\$ 1,540,088</u>
<u>December 31, 2019</u>	<u>Fair Value</u>	<u>(Level 1)</u>
Mutual Funds	<u>\$ 1,642,740</u>	<u>\$ 1,642,740</u>

SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION

**Notes to Financial Statements
December 31, 2020 and 2019**

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, 2020</u>	<u>Program Service</u>	<u>Management and General</u>	<u>Total</u>
Management Fees	\$ -	\$ 12,117	\$ 12,117
Trust Company Fees	-	259	\$ 259
Grants	762,858	-	\$ 762,858
Board Fees	-	3,406	\$ 3,406
Professional Fees	-	8,647	\$ 8,647
Licenses and Fees	-	-	\$ -
Bank Fees	-	30	\$ 30
Administrative	-	64	\$ 64
Total	\$ 762,858	\$ 24,523	\$ 787,381

<u>December 31, 2019</u>	<u>Program Service</u>	<u>Management and General</u>	<u>Total</u>
Management Fees	\$ -	\$ 12,938	\$ 12,938
Trust Company Fees	-	151	\$ 151
Grants	830,404	-	\$ 830,404
Board Fees	-	7,125	\$ 7,125
Professional Fees	-	8,665	\$ 8,665
Bank Fees	-	30	\$ 30
Administrative	-	22	\$ 22
Licenses and Fees	-	62	\$ 62
Total	\$ 830,404	\$ 28,993	\$ 859,397

SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION

**Notes to Financial Statements
December 31, 2020 and 2019**

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, 2020 and 2019, reduced by amounts not available for general use because of contractual restrictions within one year.

	<u>12/31/2020</u>	<u>12/31/2019</u>
Financial assets, at year-end	\$ 1,543,608	\$ 1,668,852
Less those unavailable for general expenditures within one year due to:		
Contractual Restrictions for Grants	<u>(712,117)</u>	<u>(801,847)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 831,491</u>	<u>\$ 867,005</u>

NOTE 7. RISKS AND UNCERTAINTIES

The Corporation 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 Corporation 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 Corporation.

SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION

**Notes to Financial Statements
December 31, 2020 and 2019**

NOTE 9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 13, 2021, which was the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

SWITZERLAND COUNTY PUBLIC SCHOOLS ENDOWMENT CORPORATION

Schedule of State and Local Financial Assistance

Switzerland County

For the year ended:

December 31, 2020	\$	547,318
December 31, 2019	\$	729,489

This amount has been reflected in accordance with the modified cash basis of accounting.