Grand Rapids Community Foundation

Financial Report

June 30, 2021

GRAND RAPIDS COMMUNITY FOUNDATION

OFFICERS AND BOARD OF TRUSTEES

June 30, 2021

Officers

Kathleen Vogelsang	Chair
Kyle S. Caldwell	Vice Chair
Renee Williams	Board Representative
Diana R. Sieger	President and Secretary
Stan Vander Roest	Chief Financial Officer and Treasurer
Ashley René Lee	Vice President
Kate Luckert Schmid	Vice President
Marilyn W. Zack	Vice President

Board of Trustees

Name	Term Expires December 31
Kyle S. Caldwell	2021
Ken Fawcett	2024
Thomas G. Kyros	2023
Emily J. Loeks	2024
Brandy Lovelady Mitchell	2024
Ana Ramirez-Saenz	2024
Richard A. Roane	2024
Carlos Sanchez	2021
Kathleen Vogelsang	2021
Daniel Williams	2023
Renee Williams	2022

	June 30
Noah Chun, Youth Trustee	2021

Contents

Plante & Moran, PLLC
Suite 300
750 Trade Centre Way
Portage, MI 49002
Tel: 269.567.4500
Fax: 269.567.4501
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Grand Rapids Community Foundation

We have audited the accompanying financial statements of Grand Rapids Community Foundation (the "Foundation"), which comprise the statement of financial position as of June 30, 2021 and 2020 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Rapids Community Foundation as of June 30, 2021 and 2020 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Notes 4 and 11 to the financial statements, the financial statements include alternative investments valued at $79,357,359 (20 percent of net assets) and $91,707,744 (29 percent of net assets) at June 30, 2021 and 2020, respectively, whose fair values have been estimated at net asset value by management based on information provided by the fund managers or the general partners. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

September 23, 2021

PRAXITY™
Empowering Business Globally

Statement of Financial Position

June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 21,262,731	$ 15,918,806
Investments (Notes 4 and 11)	386,013,943	312,345,032
Receivables:		
Split-interest agreements receivable	4,713,711	3,208,406
Gifts and pledges receivable	5,955,253	552,390
Notes receivable (Note 5)	2,760,259	2,758,184
Other assets:		
Beneficial interest in perpetual trusts	2,405,795	1,997,341
Prepaid expenses	133,841	3,000
Reinsurance contracts	1,088,188	1,056,056
Cash surrender value life insurance	846,809	791,876
Property and equipment - Net (Note 6)	3,196,720	3,314,534
Total assets	**$ 428,377,250**	**$ 341,945,625**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 87,513	$ 103,485
Grants and scholarships payable (Note 7)	6,112,486	3,352,032
Charitable gift annuities payable	1,663,548	1,646,200
Funds held on behalf of nonprofit endowments (Note 8)	21,508,617	16,798,435
Total liabilities	29,372,164	21,900,152
Net Assets		
Without donor restrictions:		
Undesignated	43,692,890	37,421,627
Board designated (Note 10)	326,546,254	263,932,000
With donor restrictions (Note 9)	28,765,942	18,691,846
Total net assets	399,005,086	320,045,473
Total liabilities and net assets	**$ 428,377,250**	**$ 341,945,625**

Statement of Activities and Changes in Net Assets

Years Ended June 30, 2021 and 2020

	2021 Without Donor Restrictions	2021 With Donor Restrictions	2021 Total	2020 Without Donor Restrictions	2020 With Donor Restrictions	2020 Total
Revenue, Gains, and Other Support						
Investment income - Net of investment expenses	$ 4,865,388	$ 193,530	$ 5,058,918	$ 5,482,677	$ 222,241	$ 5,704,918
Realized gains (losses) on sale of investments	25,934,781	899,773	26,834,554	(864,724)	(17,120)	(881,844)
Change in fair value of investments	56,246,263	2,557,106	58,803,369	(14,092,348)	(864,366)	(14,956,714)
Bequests and gifts	8,258,607	7,975,240	16,233,847	19,759,492	1,522,170	21,281,662
Change in fair value of charitable gift annuities and reinsurance contracts	(62,162)	-	(62,162)	193	-	193
Change in fair value of split-interest agreements	-	490,509	490,509	-	(199,332)	(199,332)
Less net revenue, gains, and other support associated with nonprofit activity (Note 8)	(5,279,809)	-	(5,279,809)	(3,041)	-	(3,041)
Total revenue, gains, and other support	89,963,068	12,116,158	102,079,226	10,282,249	663,593	10,945,842
Expenses						
Program services:						
Grants and scholarships authorized	18,983,109	-	18,983,109	13,487,488	-	13,487,488
Charitable and philanthropic	1,551,225	-	1,551,225	1,541,177	-	1,541,177
Community initiatives and program expenses	402,561	-	402,561	597,888	-	597,888
Support services:						
Management and general	1,314,999	-	1,314,999	1,195,902	-	1,195,902
Development and marketing	1,256,895	-	1,256,895	1,441,013	-	1,441,013
Fund management	180,451	-	180,451	191,669	-	191,669
Less grants related to nonprofit activity (Note 8)	(569,627)	-	(569,627)	(839,409)	-	(839,409)
Total expenses	23,119,613	-	23,119,613	17,615,728	-	17,615,728
Increase (Decrease) in Net Assets - Before assets released from restrictions	66,843,455	12,116,158	78,959,613	(7,333,479)	663,593	(6,669,886)
Assets Released from Restrictions	2,042,062	(2,042,062)	-	2,339,979	(2,339,979)	-
Increase (Decrease) in Net Assets	68,885,517	10,074,096	78,959,613	(4,993,500)	(1,676,386)	(6,669,886)
Net Assets - Beginning of year	301,353,627	18,691,846	320,045,473	306,347,127	20,368,232	326,715,359
Net Assets - End of year	**$ 370,239,144**	**$ 28,765,942**	**$ 399,005,086**	**$ 301,353,627**	**$ 18,691,846**	**$ 320,045,473**

See notes to financial statements.

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services				Support Services				
	Grants and Scholarships	Charitable and Philanthropic	Community Initiatives and Program Expenses	Total Program Services	Management and general	Development and Marketing	Fund Management	Total Support Services	Total
Salaries and wages	$ -	$ 880,470	$ -	$ 880,470	$ 674,647	$ 683,251	$ 107,779	$ 1,465,677	$ 2,346,147
Payroll taxes	-	68,755	-	68,755	52,682	53,354	8,416	114,452	183,207
Recruitment and benefits	-	233,725	-	233,725	223,594	181,372	28,610	433,576	667,301
Total salaries and related expenses	-	1,182,950	-	1,182,950	950,923	917,977	144,805	2,013,705	3,196,655
Grants and scholarships	18,983,109	-	-	18,983,109	-	-	-	-	18,983,109
Component fund program expenses	-	-	66,251	66,251	-	-	-	-	66,251
Education project initiatives	-	-	336,310	336,310	-	-	-	-	336,310
Conferences	-	5,881	-	5,881	4,506	4,564	720	9,790	15,671
Office expenses	-	57,990	-	57,990	44,434	45,001	7,099	96,534	154,524
Occupancy	-	51,719	-	51,719	27,974	31,618	4,027	63,619	115,338
Insurance and dues/subscriptions	-	22,685	-	22,685	35,074	17,604	2,777	55,455	78,140
Equipment maintenance and depreciation	-	51,194	-	51,194	39,227	39,727	6,267	85,221	136,415
Board of trustees expenses	-	-	-	-	13,296	-	-	13,296	13,296
Other professional fees	-	32,744	-	32,744	25,090	29,870	4,008	58,968	91,712
Audit, tax, and accounting	-	-	-	-	46,850	-	-	46,850	46,850
Legal	-	5,956	-	5,956	4,564	4,622	729	9,915	15,871
Scholarship program administration	-	10,312	-	10,312	-	-	-	-	10,312
Grant making expenses	-	37,339	-	37,339	-	-	-	-	37,339
Community outreach	-	10,610	-	10,610	-	-	-	-	10,610
Fund development activities	-	-	-	-	-	42,053	-	42,053	42,053
Publications - Annual report, newsletters, and brochures	-	1,306	-	1,306	61,349	61,360	160	122,869	124,175
General public relations	-	80,539	-	80,539	61,712	62,499	9,859	134,070	214,609
Less grants related to nonprofit activity	(569,627)	-	-	(569,627)	-	-	-	-	(569,627)
Total functional expenses	**$ 18,413,482**	**$ 1,551,225**	**$ 402,561**	**$ 20,367,268**	**$ 1,314,999**	**$ 1,256,895**	**$ 180,451**	**$ 2,752,345**	**$ 23,119,613**

See notes to financial statements.

Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services				Support Services				
	Grants and Scholarships	Charitable and Philanthropic	Community Initiatives and Program Expenses	Total Program Services	Management and General	Development and Marketing	Fund Management	Total Support Services	Total
Salaries and wages	$ -	$ 887,048	$ -	$ 887,048	$ 639,780	$ 754,176	$ 116,264	$ 1,510,220	$ 2,397,268
Payroll taxes	-	70,135	-	70,135	50,584	59,629	9,192	119,405	189,540
Recruitment and benefits	-	213,463	-	213,463	153,960	181,488	27,978	363,426	576,889
Total salaries and related expenses	-	1,170,646	-	1,170,646	844,324	995,293	153,434	1,993,051	3,163,697
Grants and scholarships	13,487,488	-	-	13,487,488	-	-	-	-	13,487,488
Component fund program expenses	-	-	99,319	99,319	-	-	-	-	99,319
Education project initiatives	-	-	498,569	498,569	-	-	-	-	498,569
Conferences	-	16,649	-	16,649	12,008	14,155	2,182	28,345	44,994
Office expenses	-	54,319	-	54,319	39,178	46,183	7,120	92,481	146,800
Occupancy	-	38,332	-	38,332	19,564	25,176	3,179	47,919	86,251
Insurance and dues/subscriptions	-	10,322	-	10,322	30,961	8,776	1,353	41,090	51,412
Equipment maintenance and depreciation	-	57,700	-	57,700	41,616	49,057	7,563	98,236	155,936
Board of trustees expenses	-	-	-	-	16,277	-	-	16,277	16,277
Other professional fees	-	33,761	-	33,761	24,350	33,372	4,425	62,147	95,908
Audit, tax, and accounting	-	-	-	-	43,900	-	-	43,900	43,900
Legal	-	731	-	731	527	622	96	1,245	1,976
Scholarship program administration	-	13,756	-	13,756	-	-	-	-	13,756
Grant-making expenses	-	44,538	-	44,538	-	-	-	-	44,538
Community outreach	-	6,444	-	6,444	-	-	-	-	6,444
Fund development activities	-	-	-	-	-	133,660	-	133,660	133,660
Publications - Annual report, newsletters, and brochures	-	2,616	-	2,616	56,704	57,041	343	114,088	116,704
General public relations	-	91,363	-	91,363	66,493	77,678	11,974	156,145	247,508
Less grants related to nonprofit activity	(839,409)	-	-	(839,409)	-	-	-	-	(839,409)
Total functional expenses	**$ 12,648,079**	**$ 1,541,177**	**$ 597,888**	**$ 14,787,144**	**$ 1,195,902**	**$ 1,441,013**	**$ 191,669**	**$ 2,828,584**	**$ 17,615,728**

See notes to financial statements.

Statement of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ 78,959,613	$ (6,669,886)
Adjustments to reconcile increase (decrease) in net assets to net cash and cash equivalents from operating activities:		
Depreciation	117,814	135,532
Change in fair value of split-interest agreement receivable	(490,509)	199,332
Change in fair value of charitable gift annuities payable and reinsurance contracts	64,421	(193)
Change in fair value of investments	(58,394,915)	14,915,596
Realized (gain) loss on sale of investments	(26,834,554)	881,844
Change in fair value of beneficial interest in perpetual trusts	(408,454)	41,118
Change in cash surrender value of life insurance	(54,933)	(32,263)
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Gifts and pledges receivable	(5,402,863)	(256,330)
Prepaid expenses	(138,791)	3,000
Funds held as nonprofit endowments	4,710,182	(836,368)
Other payables	(15,972)	103,217
Grants and scholarships payable	2,760,454	957,854
Net cash and cash equivalents (used in) provided by operating activities	(5,128,507)	9,442,453
Cash Flows from Investing Activities		
Net sales (purchases) of investments	11,560,558	(903,162)
Additions to furniture and equipment	-	(19,759)
Proceeds from reinsurance contracts	158,462	158,887
Repayment on notes receivable	105,875	95,822
Advances of notes receivable	(100,000)	(640,000)
Proceeds from split-interest agreements	-	731,066
Net cash and cash equivalents provided by (used in) investing activities	11,724,895	(577,146)
Cash Flows from Financing Activities		
Payments on gift annuities	(250,862)	(382,212)
Proceeds from gift annuities	13,195	272,618
Contributions subject to split-interest agreements	(1,014,796)	-
Net cash and cash equivalents used in financing activities	(1,252,463)	(109,594)
Net Increase in Cash and Cash Equivalents	5,343,925	8,755,713
Cash and Cash Equivalents - Beginning of year	15,918,806	7,163,093
Cash and Cash Equivalents - End of year	**$ 21,262,731**	**$ 15,918,806**

See notes to financial statements.

Note 1 - Nature of Business

Grand Rapids Community Foundation (the "Foundation") was established in October 1922 upon recommendation of a committee appointed by the Association of Commerce (now the Grand Rapids Area Chamber of Commerce) by a resolution adopted jointly by the Michigan Trust Company (now Fifth Third Bank) and Grand Rapids Trust Company (now Bank of America). The purpose of Grand Rapids Community Foundation is to accept gifts and bequests and administer the resulting earnings for charitable and educational uses that, in the opinion of the board of trustees, promote the welfare of persons residing in, or institutions situated in, the city of Grand Rapids, Michigan and surrounding communities.

Effective April 12, 1989, Grand Rapids Community Foundation was incorporated.

Since November 1930, when funds first became available, grants totaling $244,298,123 and scholarships (in addition to scholarship loans) totaling $21,025,885 have been awarded by the Foundation.

Note 2 - Significant Accounting Policies

Basis of Accounting

The accounting policies of the Foundation conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Foundation considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk

The Foundation maintains cash balances at one bank. Throughout the year, the balances exceeded amounts insured by the Federal Deposit Insurance Corporation. The Foundation evaluates the financial institutions with which it deposits funds; however, it may not be practical to insure all cash deposits.

Investments

Investments in marketable equity securities and debt securities are valued at their fair values in the statement of financial position. Alternative investments and certain international equities and fixed-income investments are carried at fair value, which is estimated based on net asset value per share (or its equivalent) of the investment company. Unrealized gains and losses are included in the statement of activities and changes in net assets. Realized gain or loss on the sale of investments is the difference between the proceeds received and the original cost of the specific investment sold.

Risks and Uncertainties

The Foundation 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 financial position.

Note 2 - Significant Accounting Policies (Continued)

Split-interest Agreements Receivable

The Foundation is the sole or partial beneficiary of 13 charitable remainder trusts where the Foundation does not act as trustee. The Foundation has recorded an asset at the estimated present value of the revenue to be received from the trusts. Revenue to be received from the trusts is based on the Foundation's ownership percentage in the underlying trust investments, which are valued at fair value. Subsequent adjustments in the estimated present value of the revenue to be received from the trusts are recorded in the current year as revenue.

Gifts and Pledges Receivable

Unconditional gifts and pledges are reported as revenue when granted or received. Unconditional gifts and pledges that are expected to be collected within one year are recorded at net realizable value, while those that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Unconditional gifts and pledges receivable as of June 30, 2021 are expected to be collected as follows: $509,552 in less than one year, $2,445,701 during the years ending June 30, 2023 through 2026, and $3,000,000 during the years ending June 30, 2027 through 2031. The Foundation has not recorded a provision for doubtful accounts since it is the opinion of management that those receivables are collectible in full. In addition, conditional promises to give are not included as revenue until barriers are overcome.

Notes Receivable

The Foundation records notes receivable that are related to the Foundation's mission at face value and meets regularly with organizations to ensure payment terms are being met. Management reviews all the Foundation's notes as of June 30 and determines if an allowance for doubtful accounts, based on specific assessment of each account, is necessary. All amounts deemed uncollectible are charged against grant expense for that year. There was no allowance for doubtful accounts at June 30, 2021 and 2020.

Beneficial Interest in Perpetual Trust

A beneficial interest in a perpetual trust is an arrangement in which a donor establishes and funds a perpetual trust for the benefit of one or more nonprofit beneficiaries. The assets are administered and managed by an independent third party. Under the terms of these arrangements, the Foundation has the irrevocable right to receive the investment income earned on the trust assets in perpetuity. The value of the Foundation's interest in the trust is based on the fair value of the underlying assets of the trust.

Property and Equipment

Property and equipment are stated at their estimated fair values at the date donated or at cost if purchased. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Useful lives range from 3 to 40 years.

Charitable Gift Annuities Payable

Charitable gift annuities represent gifts that are given to the Foundation with the condition that a specified payment be made to the donor over his or her life. A liability is established based on the present value of the payments to be made. This liability is recalculated annually based on changes in the interest rate, life expectancy assumptions, and payments made. Changes in the liability are recorded in the current year as revenue. The Foundation acquires annuities (reinsurance contracts) to fund certain of these arrangements.

Note 2 - Significant Accounting Policies (Continued)

Grants and Scholarships

Grants and scholarships are charged to operations and recognized as liabilities when authorized by the board of trustees, regardless of the year in which they are paid. It is generally a present practice for the board to authorize grants to the extent of income earned on investments, subject to the limitation of a spending rule calculation.

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Community Foundation Classification of Net Assets without Donor Restrictions

The bylaws of the Foundation include a variance provision and powers of modification, giving the board of trustees the power to vary the use of funds. Based on these provisions, some contributions received by the Foundation are reported as net assets without donor restrictions.

Federal Tax Status

The Internal Revenue Service has ruled that the Foundation is a public charity, as described in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code. Consequently, the Foundation is exempt from federal income tax and certain excise taxes imposed on private foundations.

Retirement Plan

The Foundation has a simplified employee benefit plan that covers substantially all employees. The Foundation contributes a discretionary amount each year, as determined by the board of trustees. Contributions are allocated to employee accounts based on compensation.

The Foundation's contributions for the years ended June 30, 2021 and 2020 were $203,191 and $195,407, respectively.

Functional Allocation of Expenses

The Foundation classifies its expenses based on the following categories:

Grants and Scholarships

See policy above.

Charitable and Philanthropic Expenses

These operating expenses are associated with processing the Foundation's grant applications, philanthropic services (services to various nonprofit or community organizations, foundations, or the field of philanthropy), and special project expenses.

Note 2 - Significant Accounting Policies (Continued)

Community Initiatives and Program Expenses

Those expenses that cover activities that could be carried out by a grantee but that the Foundation chooses to conduct as a program with its own or others' resources. Currently, these initiatives are focused on K-12 education in the city of Grand Rapids and the Catalyzing Community Giving initiative, which supports communities of color in using philanthropy to become agents of their own change. These are expenses for services or program materials that are paid to persons/organizations that are not not-for-profits. These include items such as consulting fees for a project or general operating expenses of a fund.

Management and General Expenses

These expenses benefit the Foundation as a whole and cannot be directly assigned to any other category.

Development and Marketing Expenses

These expenses are associated with acquiring and marketing foundation assets through endowment, donor-related, or other foundation activity.

Fund Management Expenses

These expenses are associated with managing the assets of the Foundation. This category includes all financial management (staff time), legal expenses, or other related expenses that are directly attributable to managing the funds of the Foundation.

The costs of providing services are reported on a functional basis. Costs are allocated between the various program and support services on an actual basis, where available, or based upon reasonable methods. Categories not allocated on an actual basis include payroll taxes, recruitment and benefits, conferences, other professional fees, general legal, office expenses, certain occupancy costs, equipment maintenance and depreciation, general public relations, and insurance and dues/subscriptions. These categories are allocated proportionally with salaries, which are based on actual time and effort. Although the methods of allocation used are considered appropriate, other methods could be used that would provide different amounts.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including September 23, 2021, which is the date the financial statements were available to be issued.

Adoption of New Accounting Pronouncement

As of July 1, 2020, the Foundation adopted FASB ASU No. 2018-13, *Fair Value Measurement (Topic 820)*, which removed disclosure requirements related to transfers between Level 1 and Level 2 fair value measurements and disclosures of the changes in unrealized gains and losses for recurring Level 3 fair value measurements in Note 11. The Foundation adopted the new standard on a retrospective basis. The standard did not require a restatement of prior year amounts.

Note 3 - Liquidity and Availability of Resources

The Foundation's financial assets available for general use expenditures within one year of June 30 are as follows:

	2021	2020
Total assets as of June 30	$ 428,377,250	$ 341,945,625
Less amounts not available for general expenditures within one year:		
Property and equipment - Net	3,196,720	3,314,534
Funds held on behalf of nonprofit endowments	21,508,617	16,798,435
Reinsurance contracts	1,088,188	1,056,056
Cash surrender value life insurance	846,809	791,876
Other assets	133,841	3,000
Investments with donor restrictions	28,765,942	18,691,846
Investments in board-designated endowments	326,546,254	263,932,000
Endowment assets appropriated for expenditure	(23,855,810)	(24,737,367)
Financial assets available to meet cash needs for general expenditures within one year	$ 70,146,689	$ 62,095,245

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in investments or cash equivalents. The Foundation understands that there could be unexpected liquidity needs. While there are board-designated net assets, these funds are earmarked for certain initiatives (see Note 10 for disclosure regarding board-designated net assets). In addition, the Foundation has variance power over a majority of contributions received (see Note 2), which could be drawn upon in the event of unexpected liquidity needs. While board-designated endowments may be drawn upon at the discretion of the board, it is not the intention of the board to exercise this power. In addition, both the board-designated and donor-restricted endowments contain investments with lock-up provisions that would reduce the total investments that could be made available (see Note 11 for disclosures about investments).

Note 4 - Investments

Investments consist of the following, stated at fair value:

	2021	2020
Bonds and fixed-income mutual funds	$ 46,925,432	$ 45,867,237
U.S. equities stock and mutual funds	194,266,652	114,353,259
International stock and mutual funds	65,464,500	60,416,792
Alternative investments	79,357,359	91,707,744
Total investments	$ 386,013,943	$ 312,345,032

Note 5 - Notes Receivable

Notes receivable at June 30 consist of the following program-related notes:

	2021	2020
Note maturing in November 2024 with no annual installments, paying interest quarterly at a fixed rate of 2.00 percent	$ 200,000	$ 200,000
Note maturing in January 2024 with quarterly installments of $21,319, paying interest at a fixed rate of 4.00 percent through January 2024	222,752	297,245
Note maturing in September 2024 with quarterly installments of $2,412.07, paying interest at a fixed rate of 3.50 percent	31,628	37,939
Note maturing in January 2025 with no annual installments, paying interest semiannually at a fixed rate of 2.75 percent	500,000	500,000
Note maturing in November 2023 with quarterly installments of $7,125, paying interest at a fixed rate of 3.00 percent through November 2023	705,879	723,000
Note maturing in December 2023 with no annual installments, paying interest quarterly at a fixed rate of 3.00 percent	500,000	500,000
Note maturing in May 2025 with no annual installments, paying interest quarterly at a fixed rate of 3.00 percent	500,000	500,000
Note maturing in March 2022 with no annual installments and no interest	100,000	-
Total	$ 2,760,259	$ 2,758,184

Note 6 - Property and Equipment

The cost of property and equipment consists of the following:

	2021	2020
Land	$ 200,000	$ 200,000
Buildings	4,309,986	4,309,986
Furniture and fixtures	803,866	803,866
Computer equipment and software	496,362	496,362
Total cost	5,810,214	5,810,214
Accumulated depreciation	2,613,494	2,495,680
Net property and equipment	$ 3,196,720	$ 3,314,534

Depreciation expense for the years ended June 30, 2021 and 2020 was $117,814 and $135,532, respectively.

Note 7 - Grants and Scholarships Payable

As of June 30, 2021, the board of trustees authorized the unconditional payment of certain grants in future periods as follows:

2022	$	1,949,320
2023		2,545,583
2024		1,196,583
2025		361,000
Thereafter		60,000
Total	$	6,112,486

Note 8 - Funds Held on Behalf of Nonprofit Endowments

The Foundation has adopted the accounting standard *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. This statement establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both to another entity that is specified by the donor. This statement specifically requires that, if a not-for-profit organization (NPO) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as nonprofit endowments.

The Foundation maintains variance power and legal ownership of nonprofit endowment funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with the statement, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the NPOs.

At June 30, 2021 and 2020, the Foundation was the owner of nonprofit endowment funds, of which $21,508,617 and $16,798,435, respectively, is reported as a liability in the accompanying financial statements. The following table summarizes activity during the year in those funds for which there is a corresponding liability:

	2021	2020
Nonprofit endowment fund balances at July 1	$ 16,798,435	$ 17,634,803
Amounts raised	447,847	631,577
Investment income	314,220	354,093
Unrealized and realized investment gains (losses)	4,596,772	(915,604)
Grants	(569,627)	(839,409)
Fees	(79,030)	(67,025)
Nonprofit endowment fund balances at June 30	$ 21,508,617	$ 16,798,435

Note 9 - Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30 are available for the following purposes:

	2021	2020
Not subject to appropriation or expenditure:		
Community welfare and programs (Note 10)	$ 4,354,699	$ 4,354,699
Scholarships (Note 10)	113,515	113,515
Beneficial interests in perpetual trusts	2,405,795	1,997,341
Total not subject to appropriation or expenditure	6,874,009	6,465,555
Purpose restrictions:		
Other program funds	851,934	671,516
Scholarships	178,615	123,208
Special projects	349,710	349,710
Total purpose restrictions	1,380,259	1,144,434
Time restrictions:		
Endowment earnings (Note 10)	9,842,710	7,321,061
Split-interest agreements receivable	4,713,711	3,208,406
Pledges receivable	5,955,253	552,390
Total time restrictions	20,511,674	11,081,857
Total	$ 28,765,942	$ 18,691,846

Note 10 - Donor-restricted and Board-designated Endowments

The Foundation's endowment funds consist of a donor-restricted endowment and board-designated net assets. The board-designated net assets consist of designated endowments that would be classified as donor-restricted endowments except that the Foundation has variance power of these assets. Therefore, the board of trustees treats these funds as designated endowments. The net assets associated with the donor-restricted and board-designated endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions, as well as variance power.

Interpretation of Relevant Law

The Foundation is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of trustees appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of trustees of the Foundation had interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Foundation and the donor-restricted endowment fund

Note 10 - Donor-restricted and Board-designated Endowments (Continued)

- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

	Endowment Net Asset Composition by Type of Fund as of June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 326,546,254	$ -	$ 326,546,254
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	4,468,214	4,468,214
Accumulated investment gains	-	9,842,710	9,842,710
Total	$ 326,546,254	$ 14,310,924	$ 340,857,178

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 263,932,000	$ 11,789,275	$ 275,721,275
Investment return:			
Investment income	4,963,366	214,794	5,178,160
Net appreciation (realized and unrealized)	69,920,426	3,173,153	73,093,579
Total investment return	74,883,792	3,387,947	78,271,739
Appropriation of endowment assets for expenditure	(12,269,538)	(866,298)	(13,135,836)
Endowment net assets - End of year	$ 326,546,254	$ 14,310,924	$ 340,857,178

	Endowment Net Asset Composition by Type of Fund as of June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 263,932,000	$ -	$ 263,932,000
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	4,468,214	4,468,214
Accumulated investment gains	-	7,321,061	7,321,061
Total	$ 263,932,000	$ 11,789,275	$ 275,721,275

Note 10 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 275,032,251	$ 12,839,821	$ 287,872,072
Investment return:			
Investment income	5,555,663	254,576	5,810,239
Net depreciation (realized and unrealized)	(13,213,250)	(669,969)	(13,883,219)
Total investment return	(7,657,587)	(415,393)	(8,072,980)
Appropriation of endowment assets for expenditure	(3,442,664)	(635,153)	(4,077,817)
Endowment net assets - End of year	$ 263,932,000	$ 11,789,275	$ 275,721,275

Underwater Endowment Funds

As of June 30, 2021 and 2020, there were no donor-restricted funds with deficiencies.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period, as well as board-designated funds.

Under this policy, as approved by the board of trustees, the Foundation has three objectives: (1) to preserve and grow the assets of the Foundation by focusing on total investment returns from a diversified portfolio of investments; (2) to balance long-term growth with appropriate risk and liquidity; and (3) to comply with applicable laws, rules, and regulations.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation of domestic equity, foreign equity, fixed-income funds, and alternative investments, with performance benchmarks based on each asset class.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value over the prior 16 quarters through the fiscal year end preceding the fiscal year in which the distribution is planned. The expendable amount will never be less than a floor amount of 4.0 percent of the current fair value or more than a ceiling amount of 5.75 percent of current fair value. In establishing this policy, the Foundation considered the long-term expected rate of return on its endowment. The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. The governing board did not appropriate for expenditure from underwater donor-restricted endowment funds during 2021 and 2020.

Note 11 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2021 and 2020 and the valuation techniques used by the Foundation to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Foundation applies guidance that allows for investments valued at net asset value (NAV) per share (or its equivalent) as a practical expedient. Investments measured at fair value using net asset value per share (or its equivalent) as a practical expedient are no longer classified in the fair value hierarchy above.

For the years ended June 30, 2021 and 2020, there were no transfers between levels of the fair value hierarchy.

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2021				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at Net Asset Value (NAV)	Balance at June 30, 2021
Investments:					
Fixed income	$ 46,925,432	$ -	$ -	$ -	$ 46,925,432
U.S. equities	194,266,652	-	-	-	194,266,652
International equities	41,806,364	-	-	23,658,136	65,464,500
Alternatives	-	-	-	79,357,359	79,357,359
Subtotal investments	282,998,448	-	-	103,015,495	386,013,943
Level 3 assets:					
Beneficial interests in perpetual trusts	-	-	2,405,795	-	2,405,795
Split-interest agreements receivable	-	-	4,713,711	-	4,713,711
Subtotal Level 3 assets	-	-	7,119,506	-	7,119,506
Total assets	$ 282,998,448	$ -	$ 7,119,506	$ 103,015,495	$ 393,133,449

Note 11 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2020				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Measured at Net Asset Value (NAV)	Balance at June 30, 2020
Investments:					
Fixed income	$ 45,867,237	$ -	$ -	$ -	$ 45,867,237
U.S. equities	110,741,169	3,612,090	-	-	114,353,259
International equities	36,795,244	6,096,145	-	17,525,403	60,416,792
Alternatives	-	-	-	91,707,744	91,707,744
Subtotal investments	193,403,650	9,708,235	-	109,233,147	312,345,032
Level 3 assets:					
Beneficial interests in perpetual trusts	-	-	1,997,341	-	1,997,341
Split-interest agreements receivable	-	-	3,208,406	-	3,208,406
Subtotal Level 3 assets	-	-	5,205,747	-	5,205,747
Total assets	$ 193,403,650	$ 9,708,235	$ 5,205,747	$ 109,233,147	$ 317,550,779

Beneficial interests in perpetual trusts and split-interest agreement receivables are categorized as Level 3 assets. The fair value is based on the percentage of the trust designated to the Foundation applied to the total fair value of the trust, which is based on quoted market prices unless the facts and circumstances indicate that the fair value would be different from the present value of estimated future distributions. Changes in the fair value of the underlying trust asset, as determined by the trustees that hold and manage these assets, are recognized in the statement of activities and changes in net assets in the period in which they occur. Significant increases (or decreases) in any of those inputs in isolation would result in a significantly lower (or higher) fair value measurement.

There were no transfers into or out of the Level 3 assets during the years ended June 30, 2021 and 2020. Additionally, there were no purchases or issuances of beneficial interests in perpetual trusts. The Foundation entered into two new split-interest agreements during the year ended June 30, 2021 and none during the year ended June 30, 2020.

The following tables summarize the valuation methods and inputs used to determine fair value at June 30, 2021 and 2020 for assets measured at fair value on a recurring basis using unobservable inputs (Level 3 inputs):

	Fair Value at June 30, 2021	Valuation Technique	Unobservable Inputs	Range of Inputs
Assets:				
Beneficial interest in perpetual trusts	$ 2,405,795	Trust investment statement	Market value of trust assets	$126,334- $1,453,838
Split-interest agreements receivable	4,713,711	Discounted cash flow	Discount rate	3%
			Life expectancy of beneficiaries	3-38 years
			Market value of trust assets	$103,143- $2,130,869
			Expected investment return	0%-6%

Note 11 - Fair Value Measurements (Continued)

	Fair Value at June 30, 2020	Valuation Technique	Unobservable Inputs	Range of Inputs
Assets:				
Beneficial interest in perpetual trusts	$ 1,997,341	Trust investment statement	Market value of trust assets	$100,751-$1,236,391
Split-interest agreements receivable	3,208,406	Discounted cash flow	Discount rate	3%
			Life expectancy of beneficiaries	3-39 years
			Market value of trust assets	$89,713-$1,106,758
			Expected investment return	0%-6%

Investments in Entities that Calculate Net Asset Value per Share

The Foundation holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	June 30, 2021	June 30, 2020	June 30, 2021		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Long/Short equity (a)	$ 10,281,983	$ 22,316,788	$ -	Quarterly	Quarterly
Commodities (b)	8,738,880	9,058,997	-	Monthly/Daily	5 days
Multistrategy (c)	38,436,502	44,708,337	4,002,542	Annually on December 31	100 days
Timber (d)	1,966,564	3,102,057	-	N/A	N/A
Private equity (e)	6,252,841	4,818,250	9,374,902	N/A	N/A
Real estate (f)	117,050	141,841	294,118	N/A	N/A
International equity (g)	23,658,136	17,525,403	-	Monthly	2-10 days
Capital appreciation (h)	10,956,355	7,561,474	-	Monthly	5 days
Private debt (i)	2,607,184	-	750,080	N/A	N/A
Total	$ 103,015,495	$ 109,233,147	$ 14,421,642		

(a) Long/Short equity: The investment approach where investment managers combine buying positions in stocks that are expected to increase in value with selling positions in stocks that are expected to decrease in value. Although most managers maintain net long positions, market exposure can vary widely among managers and through time, depending on the level of long and short exposures. Managers attempt to reduce volatility by either diversifying or hedging positions across various regions, industries, and sectors.

(b) Commodities: An approach that invests in commodities, which include sources of energy such as oil or natural gas, metals such as gold, and agricultural products such as wheat. Investments are generally made in the form of futures contracts or mutual funds, and they do not involve actual holding of the physical commodities themselves. Commodity investing is basically a hedge against inflation where rises in prices are benefited. Commodity investing as we define it here differs in that it is predominantly based on assuming long positions and does not involve short selling.

Note 11 - Fair Value Measurements (Continued)

(c) Multistrategy: An investment approach that attempts to profit regardless of the overall direction of the stock or bond market. This is accomplished by using highly flexible investment strategies that permit the use of short selling and margin. While these techniques are widely perceived as risky, many managers have successfully used them to achieve solid returns with relatively low volatility. For example, while short selling is certainly risky on its own, when paired with traditional long equity positions, the result can be a relatively low-risk portfolio. Multistrategies can also be described with names such as absolute return, market neutral, convertible arbitrage, and merger arbitrage.

(d) Timber: An approach that invests in timberland, which entails forests and the land on which they are grown. The returns are generated through timber sales, forest management, and land appreciation. Timber managers typically invest in forests globally, but the geographic focus is often in the U.S. south, northwest, and northeast, along with forests in South America, New Zealand, and Australia. Timberland generally requires a long-term investment, making it a suitable investment for institutional investors' time horizons of perpetuity. Timber offers additional diversification and strong returns with moderate risk.

(e) Private equity: Private equity covers a broad class of investments, which generally involve taking an equity position in a privately held company or privatizing a publicly traded company. Private equity managers can be broadly classified into three groups: buyouts, venture capital, and special situations. Buyout transactions usually involve acquiring relatively mature businesses, while venture capital transactions involve providing capital to newer businesses. Special situations refer to investments in equity or debt securities of financially stressed companies. This could include various forms of investment, such as mezzanine debt and distressed investments.

(f) Real estate: This strategy involves generating returns predominately through the identification of undervalued or mispriced real estate assets or real estate-related companies. Investments would be expected to be made through either public or private equity securities, convertible notes or warrants, or other acquired or originated debt securities. The exposure within this asset class would be expected to be predominately long-only exposure and generally will be maintaining a long exposure to direct real estate assets or real estate-related companies and securities.

(g) International equity: This strategy is similar to long/short equity except that managers use international securities.

(h) Capital appreciation: This strategy's objective seeks to create capital appreciation by investing all of its investable assets in the Master Fund. The Master Fund seeks to achieve its investment objective principally by (i) investing in undervalued publicly listed companies and (ii) adding value to the companies in which it invests by affecting change.

(i) Private debt - Private investment vehicles that contain assets or strategies such as direct lending, mezzanine, opportunistic credit, stressed, and distressed investments. Direct lending utilizes primarily floating rate debt to facilitate changes through leveraged buyouts or recapitalizations, finance acquisitions, or enable growth. Mezzanine investments tend to be fixed-rate subordinated debt obligations made to noninvestment grade borrowers. Opportunistic credit involves using various credit-linked opportunities, such as distressed debt, performing and nonperforming loans, structured products, and hard assets. Distressed investments for control have the intent to take equity control of the companies that have typically defaulted on debt obligations, whereas distressed (noncontrol) investments focus on companies that may have defaulted, or are in need of financial restructuring.

Approximately $6,500,000 is invested in illiquid funds as of June 30, 2021. The illiquid funds are made up of timber, real estate, and private equity. The availability of funds is based on when the underlying direct funds believe there is an attractive exit point in the investment. Based on the percentage of ownership in each fund, the Foundation will receive distributions when deals are closed. Generally speaking, it takes about 2 to 4 years for the private equity funds to deploy capital and then roughly 5 to 9 years to return it to investors. For timber and real estate, it takes upwards of 10 to 15 years after the capital is deployed to return it to investors as a result of the nature of the investment/business.