COMMUNITY
GIVING

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JUNE 30, 2022 AND 2021

COMMUNITYGIVING

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
CommunityGiving
St. Cloud, Minnesota

Opinion

We have audited the accompanying consolidated financial statements of COMMUNITYGIVING (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of COMMUNITYGIVING as of June 30, 2022 and 2021, and the changes in its net assets and its 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. 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 COMMUNITYGIVING and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement made by a reasonable user based on the consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of COMMUNITYGIVING's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about COMMUNITYGIVING'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.

Miller, Welle, Heiser & Co., Ltd.

MILLER, WELLE, HEISER & CO., LTD.
Certified Public Accountants

St. Cloud, Minnesota
November 1, 2022

COMMUNITYGIVING

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	2022	2021
ASSETS:		
Cash and cash equivalents	$ 4,068,136	$ 3,724,079
Other receivables	940,677	983,812
Unconditional promises to give	46,650	43,525
Prepaid expenses	50,523	64,836
Investments	177,005,186	181,589,036
Irrevocable trust investments	7,985,324	9,800,266
Property and equipment, net	737,946	705,985
Other assets	2,268,780	2,114,488
TOTAL ASSETS	$ 193,103,222	$ 199,026,027
LIABILITIES:		
Accounts payable	$ 88,622	$ 29,322
Accrued expenses	138,729	130,906
Grant awards payable	136,277	141,200
Due on investment	20,000	50,000
Agency funds	30,893,267	33,178,179
Deferred gift liabilities for split-interest agreements	2,703,178	3,731,698
TOTAL LIABILITIES	33,980,073	37,261,305
NET ASSETS:		
Without donor restrictions		
Undesignated	86,092,570	84,026,236
Quasi-endowment	28,115,657	28,856,319
Designated by the Board	12,421,700	14,131,297
Total net assets without donor restrictions	126,629,927	127,013,852
With donor restrictions		
Charitable remainder trusts and irrevocable plan gifts	7,985,324	9,800,266
Endowment	24,507,898	24,950,604
Total net assets with donor restrictions	32,493,222	34,750,870
TOTAL NET ASSETS	159,123,149	161,764,722
TOTAL LIABILITIES AND NET ASSETS	$ 193,103,222	$ 199,026,027

See accompanying notes to financial statements.

COMMUNITYGIVING

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Contributions, net	$ 31,796,437	$ 2,753,641	$ 34,550,078
Interest and dividend earnings	3,577,551	99,147	3,676,698
Investment earnings, realized and unrealized gains (losses)	(17,439,118)	(4,309,910)	(21,749,028)
Rental/Building income	52,175	-	52,175
Other income, special events	104,670	-	104,670
Change in value of trusts	-	(800,526)	(800,526)
Net change in value of life insurance	(59,430)	-	(59,430)
Net assets released from restrictions	-	-	-
Total revenue and support	18,032,285	(2,257,648)	15,774,637
GRANTS AND EXPENSES:			
Grants and program expenditures	16,493,261	-	16,493,261
Administrative expenses	999,471	-	999,471
Fundraising and development	923,478	-	923,478
Total grants and expenses	18,416,210	-	18,416,210
Change in net assets	(383,925)	(2,257,648)	(2,641,573)
Net assets as of beginning of year	127,013,852	34,750,870	161,764,722
Net assets as of end of year	$ 126,629,927	$ 32,493,222	$ 159,123,149

See accompanying notes to financial statements.

COMMUNITYGIVING

CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Contributions, net	$ 21,325,927	$ 1,033,192	$ 22,359,119
Interest and dividend earnings	2,417,992	129,401	2,547,393
Investment earnings, realized and unrealized gains (losses)	25,482,904	5,340,158	30,823,062
Rental/Building income	60,200	-	60,200
Other income, special events	1,080	-	1,080
Change in value of trusts	93,289	866,485	959,774
Net change in value of life insurance	(237,238)	-	(237,238)
Net assets released from restrictions	-	-	-
Total revenue and support	49,144,154	7,369,236	56,513,390
GRANTS AND EXPENSES:			
Grants and program expenditures	14,829,542	-	14,829,542
Administrative expenses	983,815	-	983,815
Fundraising and development	794,021	-	794,021
Total grants and expenses	16,607,378	-	16,607,378
Change in net assets	32,536,776	7,369,236	39,906,012
Net assets as of beginning of year	94,477,076	27,381,634	121,858,710
Net assets as of end of year	$ 127,013,852	$ 34,750,870	$ 161,764,722

See accompanying notes to financial statements.

COMMUNITYGIVING

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			
	Grants & Program Expenditures	Administrative Expenses	Fundraising & Development	Total
Grants	$ 15,671,945	$ -	$ -	$ 15,671,945
Other expenses	130,896	-	-	130,896
Payroll costs	523,055	759,018	678,321	1,960,394
Office expenses	48,965	68,331	61,066	178,362
Building expenses	35,756	51,650	46,158	133,564
Administrative expenses	31,888	47,963	73,133	152,984
Depreciation	12,018	17,076	15,261	44,355
Professional fees	9,136	13,247	11,838	34,221
Dues & subscriptions	10,113	14,495	12,954	37,562
Advertising	7,309	10,628	9,498	27,435
Development & marketing	6,708	9,558	8,542	24,808
Insurance	5,472	7,505	6,707	19,684
Totals	$ 16,493,261	$ 999,471	$ 923,478	$ 18,416,210

	2021			
	Grants & Program Expenditures	Administrative Expenses	Fundraising & Development	Total
Grants	$ 14,071,000	$ -	$ -	$ 14,071,000
Other expenses	153,344	-	-	153,344
Payroll costs	470,211	769,967	627,804	1,867,982
Office expenses	38,369	59,707	48,684	146,760
Building expenses	31,123	50,538	41,206	122,867
Administrative expenses	17,762	29,039	15,533	62,334
Depreciation	8,470	13,650	11,129	33,249
Professional fees	8,356	13,489	10,998	32,843
Dues & subscriptions	9,872	15,915	12,976	38,763
Advertising	10,749	17,429	14,210	42,388
Development & marketing	4,057	6,993	5,701	16,751
Insurance	4,606	7,088	5,780	17,474
Interest expense	1,623	-	-	1,623
Totals	$ 14,829,542	$ 983,815	$ 794,021	$ 16,607,378

See accompanying notes to financial statements.

COMMUNITYGIVING

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (2,641,573)	$ 39,906,012
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	44,355	33,249
Net realized (gain) loss on investments	(8,309,809)	(5,504,123)
Net unrealized (gain) loss on investments	30,050,819	(25,081,997)
Adjustment of liability for split-interest agreements	(1,028,520)	191,175
(Increase) decrease in:		
Grants receivable	-	60,000
Other receivables	43,135	(109,727)
Unconditional promises to give	(3,125)	(2,915)
Prepaid expenses	14,313	(6,753)
Increase (decrease) in:		
Accounts payable	59,300	(63,806)
Accrued expenses	7,823	21,975
Grant awards payable	(4,923)	(230,784)
Due on investment	(30,000)	(30,000)
Agency funds	(2,284,912)	7,957,963
Net cash provided (used) by operating activities	15,916,883	17,140,269
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	3,116,342	16,162,086
Purchase of investments	(20,273,502)	(30,838,859)
Purchase of property and equipment	(76,316)	(67,344)
(Increase) decrease in other assets	(154,292)	218,763
Net cash provided (used) by investing activities	$ (17,387,768)	$ (14,525,354)

See accompanying notes to financial statements.

COMMUNITYGIVING

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in irrevocable trust investments	$ 1,814,942	$ (1,018,306)
Payments on notes payable	-	(77,904)
Net cash provided (used) by financing activities	1,814,942	(1,096,210)
CHANGE IN CASH AND CASH EQUIVALENTS	344,057	1,518,705
BEGINNING CASH AND CASH EQUIVALENTS	3,724,079	2,205,374
ENDING CASH AND CASH EQUIVALENTS	$ 4,068,136	$ 3,724,079

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

During the years ended June 30, 2022 and 2021 the Foundation entered into the following non-cash investing and financing transactions.

	2022	2021
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ -	$ 3,895
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Noncash change in investments	$ -	$ -

See accompanying notes to financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Nature of Activities

CommunityGiving (the Foundation) is a non-private foundation, tax exempt corporation under Section 501(c)(3) of the Internal Revenue Code. It is a publicly supported philanthropic institution governed by a board of private citizens chosen to be representatives of the public interest and for their knowledge of the community. It administers individual funds contributed or bequeathed to it by individuals, families, other agencies, corporations and other organizations in the Central Minnesota area, which includes the operating divisions of Alexandria Area Community Foundation, Brainerd Lakes Area Community Foundation, Community Foundation for Carver County, Central Minnesota Community Foundation, and Willmar Area Community Foundation.

B. Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation, CMCF Properties I, LLC, and RealEstateGiving, LLC. All significant inter-company accounts and transfers have been eliminated in consolidation.

D. Change in Accounting Principle

The Foundation adopted FASB ASU 2020-07, Presentation and Disclosures by *Not-for-Profit Entities for Contributed Nonfinancial Assets.* The standard requires nonprofits to expand their financial statement presentation and disclosures of contributed nonfinancial assets, including in-kind contributions. The standard did not have a significant impact on the Foundation as there were no nonfinancial asset contributions that are subject to recognition under GAAP for the years ending June 30, 2022 and 2021.

E. Description of Net Assets

Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

Without Donor Restriction is defined as that portion of net assets that has no use or time restrictions. The bylaws of the Foundation include a variance provision giving the Board of Directors (the “Board”) the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgement of the Board (without the necessity of the approval of any other party), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. Based on that provision, the Foundation classified contributions, except as noted below, as without donor restriction for financial statement presentation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Description of Net Assets (Continued)

With Donor Restriction is defined as that portion of net assets that consist of a restriction on the specific use or the occurrence of a certain future event. Contributions unconditionally promised, including irrevocable planned gifts, which are scheduled to be received more than one year in the future, are recorded at fair value, classified as with donor restriction until the funds are received, and are discounted at a rate commensurate with the risks involved. Net assets consisting of the initial fair value of the gifts where the donor has specified that the assets donated are to be retained in an endowment, providing a permanent source of revenue for charitable purposes are classified as with donor restriction. The accumulation of assets, above historic gift value, in donor restricted endowment funds is classified as with donor restriction until appropriated for use based on the Foundation’s spending policy.

F. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Cash and Cash Equivalents

The Foundation considers checking accounts to be cash equivalents. The Foundation maintains cash in bank deposit accounts at high credit quality financial institutions. Money market funds held with brokerage firms are included in investments.

H. Other Receivables

Other receivables consist of beneficial interests in charitable trusts of which the Foundation is not trustee. The beneficial interests in charitable lead trusts are valued at the present value of future benefits to be received. The beneficial interests in charitable remainder trusts are valued at the present value of the expected future benefit.

I. Unconditional Promises to Give

Unconditional promises to give the Foundation cash or other assets in the future are recorded as contribution revenue and contributions receivable. If management expects the cash from the contribution receivable to be received more than one year in the future, the contributions revenue and receivable are discounted for the time value of money (i.e., net present value).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

J. Investments

The Foundation carries its investments at fair value in accordance with generally accepted accounting principles for not-for-profit organizations. Investments consist primarily of money market funds, bonds, stocks, and mutual funds. Investments with readily determinable fair values are reported at fair value. Investments with no readily determinable fair value are carried at cost or estimated fair value, if lower. The Investment Committee of the Foundation has the primary responsibility for directing and monitoring the investment of the Foundation’s funds in accordance with the Foundation’s investment policy.

K. Fair Value Reporting

The Foundation follows FASB ASC 820, *Fair Value Measurements and Disclosures*, which provides clarification and guidance regarding reporting of financial instruments at fair value. In accordance with FASB ASC 820, fair value is defined as the price that the Foundation would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the investment or liability. FASB ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the Foundation’s investments. The inputs are summarized in the three broad levels listed below:

- Level 1 – valuations based on quoted prices in active markets for identical assets or liabilities.

- Level 2 – valuations based on quoted prices in markets that are not active or for which all significant inputs are observable.

- Level 3 – valuations based on inputs that are unobservable and include situations where there is little, if any, market activity. The inputs into the determination of fair value require significant management judgment or estimation.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls into is based on the lowest level input that is significant to the fair value measurement.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

K. Fair Value Reporting (Continued)

Fair values of assets and liabilities of the Foundation measured on a recurring basis at June 30, 2022 are as follows:

	Fair Value	Quoted Prices in Active Markets For Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate stocks	$ 6,297,866	$ 6,297,866	$ -	$ -
Corporate bonds	5,484,682	5,484,682	-	-
Gov't obligations	632,104	632,104	-	-
Mutual funds	144,519,873	144,519,873	-	-
Money markets	14,990,499	14,990,499	-	-
Other investments	5,080,162	44,906	-	5,035,256
Total investments	$ 177,005,186	$ 171,969,930	$ -	$ 5,035,256
Assets held in charitable trusts and gift annuities	$ 7,985,324	$ 7,985,324	$ -	$ -
Beneficial interests in charitable trusts	$ 940,677	$ -	$ -	$ 940,677
Liabilities under split-interest agreements	$ 2,703,178	$ -	$ -	$ 2,703,178

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

K. Fair Value Reporting (Continued)

Fair values of assets and liabilities of the Foundation measured on a recurring basis at June 30, 2021 are as follows:

	Fair Value	Quoted Prices in Active Markets For Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Corporate stocks	$ 5,894,065	$ 5,894,065	$ -	$ -
Corporate bonds	7,234,649	7,234,649	-	-
Gov't obligations	125,154	125,154	-	-
Mutual funds	157,281,344	157,281,344	-	-
Money markets	7,038,123	7,038,123	-	-
Other investments	4,015,701	28,206	-	3,987,495
Total investments	$ 181,589,036	$ 177,601,541	$ -	$ 3,987,495
Assets held in charitable trusts and gift annuities	$ 9,800,266	$ 9,800,266	$ -	$ -
Beneficial interests in charitable trusts	$ 983,812	$ -	$ -	$ 983,812
Liabilities under split-interest agreements	$ 3,731,698	$ -	$ -	$ 3,731,698

L. Property and Equipment

Land, building and equipment are carried at cost or appraised value for donated assets. Depreciation is computed using the straight-line method over a useful life period of 5-39 years.

Repairs and maintenance are charged to expense as incurred. Renewals and improvements, which extend the useful life of assets, are capitalized and depreciated over future periods.

M. Other Assets

Other assets are recorded at cost or donated fair market value adjusted to net present value or fair value. Other assets consist of several items, including other assets of trusts, cash surrender value of life insurance, purchased annuities, real estate holdings, interest in closely held companies, and donations of securities that intend to be liquidated immediately.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

N. Due on Investment

The Foundation acquired an investment in an investment partnership, for money down and for an irrevocable commitment. Under this agreement the Foundation owed the investment partnership $20,000 and $50,000 at June 30, 2022 and 2021, respectively.

O. Agency Funds

FASB ASC 958-605, formerly FASB 136, requires the Foundation, which accepts cash or other financial assets from a donor and agrees to use those assets on behalf of the donor, to recognize the fair value of those assets as a liability.

P. Split-Interest Agreements

Split-interest agreements are agreements between the Foundation and donors in which the donors make gifts to the Foundation, but the Foundation is not the sole beneficiary. The Foundation receives either a lead interest (distributions during the term of the agreement with any remaining assets going to an individual or individuals designated by the donor) or a remainder interest (distribution of assets remaining at the end of the agreement with distributions going to an individual or individuals designated by the donor during the term of the agreement). Assets held in charitable trusts, assets held in charitable gift annuities, or beneficial interests in charitable trusts qualify as split-interest agreements.

Q. Deferred Gift Liabilities for Split-Interest Agreements

When the Foundation is the trustee of charitable gift annuities and charitable remainder trusts (split-interest agreements) in which the Foundation has a future interest, the full market value of the trusts' assets are shown as an asset of the Foundation with an offsetting liability (deferred gift liabilities for split-interest agreements) for the net present value of the expected payments to be made to the income beneficiary. The present value of the estimated future payments to be distributed during the beneficiary's expected life is calculated using a discount rate between 7% and 9% based on the year the gift was received.

R. Net Asset Classifications

The State of Minnesota adopted UPMIFA effective August 1, 2008. The Foundation has adopted FASB ASC 958-205-45 starting with the fiscal year ending June 30, 2009. The Board of Directors, on the advice of legal counsel, has determined that the majority of the Foundation's net assets do not meet the definition of endowment under UPMIFA. The Foundation is governed subject to the governing documents for CommunityGiving and most contributions are subject to the terms of the governing documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

R. Net Asset Classifications (Continued)

Under the terms of the governing documents, the Board of Directors has the ability to distribute as much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not classified as with donor restriction are classified as without donor restriction net assets for financial statement purposes.

Donor restriction net assets subject to UPMIFA consist of the corpus of irrevocable charitable trusts, lead trusts, restricted contributions receivable, and the remaining portion of donor-restricted endowment funds. The corpus represents the fair value of original gifts where the donor has indicated the gifts be retained permanently. The value of assets in excess of the original gifts in donor-restricted endowment funds are classified as with donor restriction net assets until appropriated for expenditure by the Foundation.

S. Advertising

Advertising costs are expensed when incurred. Advertising costs for the years ended June 30, 2022 and 2021 were $27,435 and $42,388, respectively.

T. Functional Allocation of Expenses

The costs of providing the Foundation’s various programs and supporting services have been summarized on a functional basis. Costs that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other costs have been allocated among the program and supporting services benefited based on time spent on these functions by employees as estimated by management.

U. Endowment Investment and Spending Policies

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. The Foundation’s spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is 7% annually, net of investment fees. Actual returns in any given year may vary from this amount.

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 that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

U. Endowment Investment and Spending Policies (Continued)

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds, for grant making and administration. The current spending policy is to distribute an amount equal to 4% of a moving five-year average. The spending policy has a floor of 3% and a ceiling of 5% of current market value. Accordingly, over the long term, the Foundation expects current spending policy to allow its endowment assets to grow at an average rate of 3% annually.

V. Uncertainty for Income Taxes

The Foundation is subject to the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Management evaluated the tax positions for the Foundation and each of the consolidated entities and concluded that the Foundation had taken no uncertain income tax positions that require adjustments to the consolidated financial statements to comply with the provisions of this guidance. The Foundation's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed.

W. Date of Management's Review

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 1, 2022 the date the financial statements were available to be issued.

NOTE 2 RISKS AND UNCERTAINTIES:

On January 30, 2020, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The pandemic continues to have significant effects on global markets, supply chains, businesses, non-profits, and communities. Specific to the Foundation, the pandemic may impact various aspects of its June 30, 2023 year end operations and financial results, including additional costs to the Foundation, investment declines, and the potential for loss of revenue due to reduction in charitable giving. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of the pandemic is unknown and cannot be reasonably estimated at this time.

NOTE 3 LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Foundation's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, assets held for others, endowments and accumulated earnings net of appropriations within one year and Board designated endowments. These Board designations could be drawn upon if the Board approves that action.

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Foundation's financial assets due within one year of the consolidated statements of financial position date for general expenditures are as follows:

	2022	2021
Financial assets		
Cash and cash equivalents	$ 4,068,136	$ 3,724,079
Accounts and other receivables	940,677	983,812
Unconditional promises to give	46,650	43,525
Prepaid expenses	50,523	64,836
Investments	177,005,186	181,589,036
Irrevocable trust investments	7,985,324	9,800,266
Other assets	2,268,780	2,114,488
Total financial assets	192,365,276	198,320,042
Less those unavailable for general expenditure within one year, due to:		
Accounts and other receivables collectible beyond one year	(757,229)	(800,364)
Irrevocable trust investments collectible beyond one year	(7,458,438)	(9,276,157)
Other assets available beyond one year	(2,217,278)	(2,105,594)
Investments not convertible to cash within next 12 months	(1,806,614)	(1,535,719)
Financial assets held for others	(30,893,267)	(33,178,179)
Investments in quasi endowments appropriated beyond one year	(27,008,934)	(27,937,797)
Perpetual endowments appropriated beyond one year	(31,496,361)	(29,708,793)
Investments in board designated administrative funds appropriated beyond one year	(12,025,268)	(13,812,660)
Investments in donor advised funds net of estimated appropriations	(70,715,087)	(73,000,842)
Financial assets due within one year to meet needs for general expenditures	$ 7,986,800	$ 6,963,937

NOTE 4 OTHER RECEIVABLES:

The following is a summary of other receivables as of June 30, 2022 and 2021:

	2022	2021
Charitable remainder trusts	$ 940,677	$ 983,812

NOTE 5 UNCONDITIONAL PROMISES TO GIVE:

Unconditional promises to give at June 30, 2022 and 2021 are as follows:

	2022	2021
Receivable in one to five years	$ 50,000	$ 50,000
Allowance for doubtful receivables	-	-
Total unconditional promises to give	$ 50,000	$ 50,000
Less discounts to net present value	(3,350)	(6,475)
Net unconditional promises to give	$ 46,650	$ 43,525

Discount rate used on the long-term promise to give was 7.18%.

NOTE 6 PROPERTY AND EQUIPMENT:

The following is a summary of property and equipment as of June 30, 2022 and 2021:

	2022	2021
Land	$ 109,941	$ 109,941
Building and improvements	828,374	826,968
Office equipment	255,506	251,081
	$ 1,193,821	$ 1,187,990
Less: Accumulated depreciation	(455,875)	(482,005)
Net property and equipment	$ 737,946	$ 705,985

Depreciation expense for the years ended June 30, 2022 and 2021 amounted to $44,355 and $33,249, respectively.

NOTE 7 OTHER ASSETS:

The following is a summary of other assets as of June 30, 2022 and 2021:

	2022	2021
Other assets	$ 62,608	$ 50,001
Real estate	1,297,000	1,297,000
Unamortized annuities	10	6,681
Cash surrender value of life insurance	909,162	760,806
	$ 2,268,780	$ 2,114,488

NOTE 8 GRANT AWARDS PAYABLE:

Grants payable consist of amounts awarded, but not paid.

NOTE 9 RETIREMENT PLAN:

The Foundation has a 403b Thrift Savings Plan covering all employees who qualify as to length of service of one year and at least 1,000 hours. Participants in the plan may elect to contribute funds to the plan through a salary reduction agreement. The Foundation, at the discretion of the Board, can provide matching contributions and an employer base contribution. The contributions to the plan were $107,676 and $105,342 for the years ended June 30, 2022 and 2021, respectively.

NOTE 10 DEFICIENCIES IN DONOR-RESTRICTED ENDOWMENT FUNDS:

FASB ASC 958-605 requires the Foundation to disclose the total amount of deficiencies for donor-restricted endowments funds, when the fair value of the endowments assets falls below the amount the donor requires to be maintained in perpetuity. There were no deficiencies at June 30, 2022 and 2021.

NOTE 11 CHANGES IN ENDOWMENT NET ASSETS:

The following is a summary of the changes in endowment net assets as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	$ 28,856,319	$ 34,750,870	$ 63,607,189
Contributions, net	4,117,924	2,753,641	6,871,565
Interest and dividends	761,251	906,142	1,667,393
Investment earnings, realized and unrealized	(4,138,952)	(5,738,798)	(9,877,750)
Amounts appropriated for expenditures	(1,232,332)	(1,254,252)	(2,486,584)
Fund change transfers	(248,553)	-	(248,553)
Other changes	-	1,075,619	1,075,619
Endowment Net Assets, End of Year	$ 28,115,657	$ 32,493,222	$ 60,608,879

The following is a summary of the changes in endowment net assets as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	$ 22,324,937	$ 27,381,634	$ 49,706,571
Contributions, net	1,108,683	1,033,192	2,141,875
Interest and dividends	476,554	665,907	1,142,461
Investment earnings, realized and unrealized	6,291,638	7,104,054	13,395,692
Amounts appropriated for expenditures	(1,345,493)	(1,079,706)	(2,425,199)
Fund change transfers	-	-	-
Other changes	-	(354,211)	(354,211)
Endowment Net Assets, End of Year	$ 28,856,319	$ 34,750,870	$ 63,607,189

NOTE 12 RELATED PARTY TRANSACTIONS:

The Foundation had the following transactions with related parties:

The Foundation has entered into a Supporting Organization agreement with Granite Charitable to provide services from staff and other overhead expenses. Payments from Granite Charitable for the year ended June 30, 2022 and 2021 amounted to $50,354 and $30,000.

NOTE 13 CONCENTRATION OF CREDIT RISK:

The Foundation places its cash with a financial institution. At times the amount on deposit exceeds the insured limit of the institution and exposes the Foundation to a credit risk.

NOTE 14 RECENT ACCOUNTING PRONOUNCEMENTS:

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the Statement of Financial Position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the Statement of Activities. The new standard is effective for fiscal years beginning after December 15, 2021. The Foundation is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.