

Jackson Community Foundation

Financial Statements

December 31, 2023 and 2022



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Independent Auditors' Report

Management and the Board of Trustees
Jackson Community Foundation
Jackson, Michigan

Opinion

We have audited the accompanying financial statements of Jackson Community Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023, and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jackson Community Foundation as of December 31, 2023, and 2022, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jackson Community Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Jackson Community Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jackson Community Foundation'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.

Yeo & Yeo, P.C.

Ann Arbor, Michigan
March 18, 2024

Jackson Community Foundation
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 380,825	\$ 521,280
Contributions receivable	18,158	30,841
Prepaid expenses	2,634	4,297
Total current assets	401,617	556,418
Investments	44,620,479	38,027,641
Equipment, net	37,889	48,331
Right of use asset - operating lease, net	219,261	259,047
Beneficial interests in trust	4,288,068	3,054,522
Total assets	\$ 49,567,314	\$ 41,945,959
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 3,619	\$ 4,024
Grants payable	26,976	11,958
Accrued payroll	15,169	14,864
Operating lease obligation, current portion	39,547	38,214
Total current liabilities	85,311	69,060
Long-term liabilities		
Assets held for others (agency)	2,238,721	1,944,681
Operating lease obligation, net of current portion	183,670	223,217
Total long-term liabilities	2,422,391	2,167,898
Total liabilities	2,507,702	2,236,958
Net assets		
Without donor restrictions	41,169,885	35,174,923
With donor restrictions	5,889,727	4,534,078
Total net assets	47,059,612	39,709,001
Total liabilities and net assets	\$ 49,567,314	\$ 41,945,959

See Accompanying Notes to the Financial Statements

Jackson Community Foundation
Statements of Activities
Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains (losses), and other support						
Contributions	\$ 3,469,679	\$ 601,536	\$ 4,071,215	\$ 3,594,123	\$ 80,287	\$ 3,674,410
Change in value of beneficial interest	-	659,064	659,064	-	(865,155)	(865,155)
Net investment return	5,238,107	203,240	5,441,347	(6,045,007)	(245,772)	(6,290,779)
Miscellaneous income	47,950	-	47,950	51,040	-	51,040
Total revenues, gains (losses), and other support	<u>8,755,736</u>	<u>1,463,840</u>	<u>10,219,576</u>	<u>(2,399,844)</u>	<u>(1,030,640)</u>	<u>(3,430,484)</u>
Net assets released from restrictions						
Restrictions satisfied by payments and time	<u>108,191</u>	<u>(108,191)</u>	<u>-</u>	<u>559,884</u>	<u>(559,884)</u>	<u>-</u>
Expenses						
Program services						
Grants	2,094,867	-	2,094,867	2,018,556	-	2,018,556
Other program services	252,993	-	252,993	267,134	-	267,134
Management and general	374,941	-	374,941	308,301	-	308,301
Fundraising	146,164	-	146,164	113,368	-	113,368
Total expenses	<u>2,868,965</u>	<u>-</u>	<u>2,868,965</u>	<u>2,707,359</u>	<u>-</u>	<u>2,707,359</u>
Change in net assets	5,994,962	1,355,649	7,350,611	(4,547,319)	(1,590,524)	(6,137,843)
Net assets - beginning of year	<u>35,174,923</u>	<u>4,534,078</u>	<u>39,709,001</u>	<u>39,722,242</u>	<u>6,124,602</u>	<u>45,846,844</u>
Net assets - end of year	<u>\$ 41,169,885</u>	<u>\$ 5,889,727</u>	<u>\$ 47,059,612</u>	<u>\$ 35,174,923</u>	<u>\$ 4,534,078</u>	<u>\$ 39,709,001</u>

See Accompanying Notes to the Financial Statements

Jackson Community Foundation
Statements of Cash Flows
December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Cash received from contributors	\$ 4,071,215	\$ 3,674,410
Miscellaneous income received	47,950	51,040
Interest and dividends received	1,022,454	764,452
Proceeds from sale of donated securities	2,103,932	2,585,500
Grants paid	(2,079,849)	(2,010,876)
Payments for payroll and contracted services	(600,773)	(542,853)
Payments for investment fees	(134,968)	(135,219)
Payments to vendors	(161,677)	(136,382)
	4,268,284	4,250,072
Cash flows from investing activities		
Purchase of long-term investments	(9,805,842)	(16,851,770)
Proceeds from maturity or sales of long-term investments	5,397,103	12,557,700
	(4,408,739)	(4,294,070)
Change in cash and cash equivalents	(140,455)	(43,998)
Cash and cash equivalents - beginning of year	521,280	565,278
Cash and cash equivalents - end of year	\$ 380,825	\$ 521,280

See Accompanying Notes to the Financial Statements

Jackson Community Foundation
Statements of Functional Expenses
Years Ended December 31, 2023 and 2022

	2023				2022			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Grants	\$ 2,094,867	\$ -	\$ -	\$ 2,094,867	\$ 2,018,556	\$ -	\$ -	\$ 2,018,556
Payroll and contracted services								
Salaries and wages	140,081	196,512	78,064	414,657	141,885	163,029	62,736	367,650
Employee benefits	21,303	20,817	6,433	48,553	14,220	12,973	3,974	31,167
Payroll taxes	13,732	13,419	4,147	31,298	12,697	11,584	3,548	27,829
Contracted services	35,663	70,602	-	106,265	58,614	57,593	-	116,207
Total payroll and contracted services	<u>210,779</u>	<u>301,350</u>	<u>88,644</u>	<u>600,773</u>	<u>227,416</u>	<u>245,179</u>	<u>70,258</u>	<u>542,853</u>
Office-related expenses								
Rent	13,289	21,005	8,574	42,868	14,103	20,513	8,120	42,736
Depreciation	2,733	4,321	1,764	8,818	2,893	4,208	1,666	8,767
Insurance	3,863	6,105	2,492	12,460	1,518	2,208	874	4,600
Equipment maintenance	331	323	98	752	752	686	196	1,634
Telephone	2,421	2,366	715	5,502	2,258	2,062	589	4,909
Office expenses	3,623	3,541	1,071	8,235	3,729	3,405	974	8,108
Postage and shipping	5	842	-	847	546	929	482	1,957
Custodial	744	1,176	480	2,400	792	1,152	456	2,400
Total office-related expenses	<u>27,009</u>	<u>39,679</u>	<u>15,194</u>	<u>81,882</u>	<u>26,591</u>	<u>35,163</u>	<u>13,357</u>	<u>75,111</u>
Other expenses								
Advertising/Marketing	-	-	19,556	19,556	-	-	15,354	15,354
Entertainment	5,997	-	15,277	21,274	-	419	7,070	7,489
Trustee/staff development	-	2,280	-	2,280	1,386	4,449	-	5,835
Bank service fees	-	3,298	-	3,298	-	3,803	-	3,803
Outside printing	-	-	6,154	6,154	2,846	686	3,000	6,532
Conferences and meetings	8,777	8,281	1,004	18,062	7,459	2,363	4,154	13,976
Professional dues	-	15,243	335	15,578	-	15,385	175	15,560
Travel	431	3,186	-	3,617	1,436	854	-	2,290
Miscellaneous	-	1,624	-	1,624	-	-	-	-
Total other expenses	<u>15,205</u>	<u>33,912</u>	<u>42,326</u>	<u>91,443</u>	<u>13,127</u>	<u>27,959</u>	<u>29,753</u>	<u>70,839</u>
Total expenses	<u>\$ 2,347,860</u>	<u>\$ 374,941</u>	<u>\$ 146,164</u>	<u>\$ 2,868,965</u>	<u>\$ 2,285,690</u>	<u>\$ 308,301</u>	<u>\$ 113,368</u>	<u>\$ 2,707,359</u>

See Accompanying Notes to the Financial Statements

Jackson Community Foundation
Notes to the Financial Statements
December 31, 2023 and 2022

Note 1 - Summary of Significant Accounting Policies

Nature of Activities

Jackson Community Foundation (the "Foundation") is a public foundation under Internal Revenue Code Section 501(c)(3) that receives and administers gifts and bequests which are used to support a variety of programs for the benefit of local area residents. The Foundation currently has six community needs priorities for its grant making that include: Financial Stability, Culture of Education, Healthy People, Environmental Quality, Economic Prosperity, and Art, Culture & Recreation.

Basis of Accounting

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

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets restricted by the donor are recognized as released from restriction when the assets are placed in service.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents except for temporary investment funds considered to be part of the investment portfolio. As of December 31, 2023, \$68,877 of the \$419,222 bank balance was in excess of the amount insured by the FDIC.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions include the lines described on the statement of activities as contributions. All amounts stated are expected to be collected within one year.

Investments

Investments are stated at fair value. Donated investments are reflected as contributions at their fair values at date of receipt. Investment income is reported net of direct investment expenses.

During the years ended December 31, 2023 and 2022, the Foundation received donated securities that were sold when received in the amount of \$2,103,932 and \$2,585,500, respectively.

Jackson Community Foundation
Notes to the Financial Statements
December 31, 2023 and 2022

Equipment

The Foundation follows the practice of capitalizing all expenditures in excess of \$2,500 for equipment at cost; the fair value of donated fixed assets is similarly capitalized.

Furniture and equipment are stated at cost or fair market value at the date received. Major improvements are capitalized while ordinary maintenance and repairs are expensed.

The Foundation evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Gifts of land, buildings, equipment, and other long-lived assets are also reported as revenue without donor restrictions and net assets, unless subject to time restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Leases

The Foundation leases office space. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Operating leases are contracts that allow for the use of the underlying asset but there is no ownership transfer at the end of the lease.

Right of use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Right of use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Foundation's lease terms may include options to extend or terminate the lease when it is reasonably certain that option will be exercised. The weighted-average discount rate is based on the discount rate implicit in the lease. The Foundation has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Foundation has applied the risk-free rate option to the related asset. Operating lease expense for lease payments is recognized on a straight-line basis over the lease term.

Beneficial Interest in Trusts

The Foundation is party to a split-interest agreement that began in 2012, a second in 2014, and a third in 2023 that began upon the donor's deaths. The agreements create trusts in which the Foundation has a remainderman interest. The trustees are required to pay a specified amount each year to the designated beneficiaries until their death. For the 2012 split-interest agreement, the beneficiaries will each receive \$50,000 per year. For the 2014 split-interest agreement, the beneficiary will receive the earnings of the trust each year (18% and 14.52% at December 31, 2023 and 2022, respectively). For the 2023 split-interest agreement, the beneficiaries receive 5% of the trust's fair value annually. Upon the death of the beneficiaries for the 2012 and 2014 trusts, 100% of the remaining funds become the property of the Foundation. Upon the death of the beneficiaries for the 2023 trust, 5% of the remaining funds become the property of the Foundation.

The Foundation is not the trustee for these agreements and therefore, the present value of the Foundation's interest is determined by taking the market value of the trust assets at December 31 less the present value of future distributions to the beneficiaries (adjusted for the Foundation's respective remainder beneficiary percentage). The present value of future distributions is computed based on the normal life expectancy of the beneficiaries for each split-interest agreement. It

Jackson Community Foundation
Notes to the Financial Statements
December 31, 2023 and 2022

also is based on the U.S. Department of Social Security life expectancy tables, using an average of the rates of return for 2023, 2022, and 2021 for the 2012 and 2014 trusts and the applicable federal interest rate for the 2023 trust.

The Foundation is a 5% beneficiary of a perpetual trust that began in 2023. The agreement created a private foundation that distributes 5% of the trust's assets annually in perpetuity. The Foundation will never receive the assets of the trust. At the date the Foundation received notice of the beneficial interest, a contribution with donor restrictions of a perpetual nature was recorded in the statement of activities, and a beneficial interest in perpetual trust was recorded in the statement of financial position at the fair value of the underlying trust assets adjusted for the Foundation's 5% interest.

Trust	2023				
	Fair Market Value	Present Value of Future Distributions	Contributions	Change in Beneficial Interest	Beneficial Interest in Trust
2012 Split-interest trust	\$ 4,350,739	\$ 1,428,598	\$ -	\$ 704,868	\$ 2,922,141
2014 Split-interest trust	1,366,310	574,865	-	(45,804)	791,445
2023 Split-interest trust	1,402,033	1,019,702	19,117	-	19,117
2023 Perpetual trust	11,107,306	N/A	555,365	-	555,365
Total	18,226,388	3,023,165	574,482	659,064	4,288,068

Trust	2022				
	Fair Market Value	Present Value of Future Distributions	Contributions	Change in Beneficial Interest	Beneficial Interest in Trust
2012 Split-interest trust	\$ 3,923,125	\$ 1,705,852	\$ -	\$ (1,454,120)	\$ 2,217,273
2014 Split-interest trust	1,196,662	359,413	-	588,965	837,249
Total	5,119,787	2,065,265	-	(865,155)	3,054,522

The change in beneficial interest is recorded on the statement of activities. The beneficial interests in trusts are recorded as an asset and net assets with donor restrictions for the years ended December 31, 2023 and 2022.

Grants Payable

The Foundation recognizes grants as expenses at the time recipients are entitled to receive them. Generally, this occurs when the board of trustees approves a specific grant, pursuant to grant-authorization policies established by the board of trustees. Unconditional grants approved but not yet disbursed are reported as grants payable in the statement of financial position. Conditional grants approved but contingent upon fulfillment of certain specified conditions by the grantee are not recorded until the conditions have been met.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Assets Held for Others

Donor designations for specific organizations made by the beneficiary organizations are recognized as a liability to the specified organization.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated and the method of allocation include the following:

Expense	Method and Allocation
Salaries and benefits	Time and effort
Equipment rental	Time and effort
Telephone	Time and effort
Insurance	Square footage
Depreciation	Square footage
Rental expense	Square footage

Jackson Community Foundation
Notes to the Financial Statements
December 31, 2023 and 2022

Income Tax Status

The Foundation is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation, as described in Section 509(a). The Foundation files information returns in the U.S. Federal and Michigan jurisdiction.

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.

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.

Date of Management's Review

Management has evaluated subsequent events through March 18, 2024, which is the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2023	2022
Cash and cash equivalents	\$ 380,825	\$ 521,280
Contributions receivable	18,158	30,841
Investments	44,620,479	38,027,641
Beneficial interests in trust	4,288,068	3,054,522
Total financial assets - end of year	\$ 49,307,530	\$ 41,634,284
Less: Financial assets unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions	(5,889,727)	(4,534,078)
Board designated endowment, net spendable portion	(34,402,197)	(29,475,833)
Assets held for others (agency)	(2,238,721)	(1,944,681)
Financial assets available to meet cash needs for general expenditures within one year	\$ 6,776,885	\$ 5,679,692

The board-designated endowment is subject to an annual spending rate of 5% of the average of 12 rolling quarters up to the December 31st balance of the prior year. Although the Foundation does not intend to spend from this board-designated endowment, these amounts could be made available, if necessary, to cover any unexpected expenses above the normal amount appropriated for general expenditures as part of our annual operating budget and grant making budget.

As part of the liquidity management plan, the Foundation strives to maintain liquid assets of .5% of total assets. This amounts to approximately 3 months of expenditures, including small grants. The Foundation's investment policy statement states 60% allocation to equity, therefore, a minimum of 60% of investment assets have same day liquidity, if needed. If necessary, the board would have to approve any need above and beyond normal expenditures already approved in the annual budgets, for both operating and grant making. The Foundation has no defined finite liabilities.

Jackson Community Foundation
Notes to the Financial Statements
December 31, 2023 and 2022

Note 3 - Investments

The fair value of marketable debt and equity securities consisted of the following at December 31:

	Fair Value	
	2023	2022
Available for sale		
Mutual funds	\$ 21,370,644	\$ 19,806,730
Equities	11,979,741	8,999,407
Fixed income	2,348,237	809,822
Mixed assets	156,540	146,856
Other (alternative) investments	6,779,430	6,778,285
U.S. Government obligations	12,155	4,820
Total available for sale	\$ 42,646,747	\$ 36,545,920

The investment account also includes cash and money market funds of \$1,973,732 and \$1,481,721 as of December 31, 2023 and 2022, respectively.

Note 4 - Equipment

Major classes of assets and related accumulated depreciation thereon are summarized as follows as of December 31:

	2023	2022	Estimate Useful Life
Furniture and fixtures	\$ 67,478	\$ 72,474	5 - 10 years
Less: accumulated depreciation	(29,589)	(24,143)	
	\$ 37,889	\$ 48,331	

Note 5 - Funds Held for Others

The Foundation has adopted guidance to record transfers of assets to a not-for-profit organization that holds contributions for others. Accounting standards specifically require 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 the donor or another entity that is specified by the donor.

The standard 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.

In accordance with accounting standards, a liability has been established for a portion of the fair value of the funds, which is generally equivalent to the present value of future payments which may be made to NPO.

Jackson Community Foundation
Notes to the Financial Statements
December 31, 2023 and 2022

The following table summarizes activity in such funds as of December 31:

	<u>2023</u>	<u>2022</u>
Funds held as agency - beginning of year	\$ 1,944,681	\$ 2,349,217
Gifts, memorials, and bequests	84,674	-
Net investment return	263,352	(370,384)
Grants and administrative expenses	(53,986)	(27,531)
Transfer (to)/from nonagency fund	<u>-</u>	<u>(6,621)</u>
Funds held as agency - end of year	<u>\$ 2,238,721</u>	<u>\$ 1,944,681</u>

Note 6 - Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following fund types at December 31:

	<u>2023</u>	<u>2022</u>
Advised	\$ 6,144,726	\$ 5,723,737
Discretionary	5,354,710	4,744,024
Designated	12,720,082	10,352,333
Field of interest	2,158,202	1,928,502
Named	7,186,039	6,549,140
Agency - Third party	1,579,860	1,399,782
Scholarship	<u>6,026,266</u>	<u>4,477,405</u>
	<u>\$ 41,169,885</u>	<u>\$ 35,174,923</u>

Note 7 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes and periods at December 31:

	<u>2023</u>	<u>2022</u>
Subject to the passage of time		
Beneficial interest in non-perpetual trusts	\$ 3,732,703	\$ 3,054,522
Subject to expenditure for specified purpose:		
Special project funds	239,683	235,889
Youth advisory council	1,175,537	1,079,684
Scholarship funds	186,439	163,983
Not subject to appropriation:		
Beneficial interest in perpetual trust	<u>555,365</u>	<u>-</u>
	<u>\$ 5,889,727</u>	<u>\$ 4,534,078</u>

Note 8 - Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Expiration of time restrictions	\$ -	\$ 295,884
Satisfaction of purpose restrictions		
Special project funds	23,814	173,200
Youth advisory council	61,671	67,796
Scholarship funds	<u>22,706</u>	<u>23,004</u>
	<u>\$ 108,191</u>	<u>\$ 559,884</u>

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Note 9 - Designated Endowments

The Foundation's net assets without donor restrictions include amounts designated as endowments whereby the Foundation has variance power over those assets. Therefore, the Board of Trustees treats these funds as designated endowments and they are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in endowment net assets for the year ended December 31, 2023 are as follows:

	Without Donor Restrictions
Beginning of year - January 1, 2023	\$ 30,430,899
Contributions	3,294,940
Distributions	(2,535,411)
Net investment return	4,624,747
End of year - December 31, 2023	\$ 35,815,175

The changes in endowment net assets for the year ended December 31, 2022 are as follows:

	Without Donor Restrictions
Beginning of year - January 1, 2022	\$ 34,079,502
Contributions	3,799,555
Distributions	(2,358,911)
Net investment return	(5,089,247)
End of year - December 31, 2022	\$ 30,430,899

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for its net assets that attempt to provide a predictable stream of funding to programs supported by its net assets while seeking to maintain its

purchasing power. Under this policy, as approved by the board of trustees, the primary objective of the investments will be to provide for long-term growth of principal and income without undue exposure to risk to enable the Foundation to make grants on a continuing and reasonably consistent basis. Therefore, the Foundation's endowment assets are invested in a manner to produce an average rate of return of the Consumer Price Index (CPI) plus 5 percent annually.

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The annual amount available for distribution from any endowed fund is 5% of the average of 12 rolling quarters up to the December 31st balance of the prior year. This spendable will be available after January 1st of the current year. Each fund's annual spendable balance is net of the Foundation's administrative service fee. Any spendable balance left as of December 31st of the current year will be moved back into the accumulated earnings account of the fund unless otherwise communicated to the Foundation. New funds will not have a spendable amount until 4 full quarters are invested with the Foundation unless otherwise determined at inception of fund.

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Note 10 - Fair Value Measurements

The following tables represent information about the Foundation's assets and liabilities measured at fair value on a recurring basis at December 31, 2023 and 2022, and the valuation techniques used by the Foundation to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities 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 and liabilities 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 or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in the 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 or liability.

Disclosures concerning assets and liabilities measured at fair value on a recurring basis are as follows as of December 31, 2023:

	Balance at December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable inputs (Level 3)
Assets				
Mutual funds	\$ 21,370,644	\$ 21,370,644	\$ -	\$ -
Equities	11,979,741	11,979,741	-	-
Fixed income	2,348,237	2,348,237	-	-
Mixed assets	156,540	156,540	-	-
Other (alternative) investments	6,779,430	-	-	6,779,430
U.S. Government obligations	12,155	12,155	-	-
Beneficial interests in trust	<u>4,288,068</u>	<u>-</u>	<u>-</u>	<u>4,288,068</u>
	<u>\$ 46,934,815</u>	<u>\$ 35,867,317</u>	<u>\$ -</u>	<u>\$ 11,067,498</u>
Liabilities				
Assets held for others	<u>\$ 2,238,721</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,238,721</u>

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Disclosures concerning assets and liabilities measured at fair value on a recurring basis are as follows as of December 31, 2022:

	Balance at December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable inputs (Level 3)
Assets				
Mutual funds	\$ 19,806,730	\$ 19,806,730	\$ -	\$ -
Equities	8,999,407	8,999,407	-	-
Fixed income	809,822	809,822	-	-
Mixed assets	146,856	146,856	-	-
Other (alternative) investments	6,778,285	-	-	6,778,285
U.S. Government obligations	4,820	4,820	-	-
Beneficial interests in trust	<u>3,054,522</u>	<u>-</u>	<u>-</u>	<u>3,054,522</u>
	<u>\$ 39,600,442</u>	<u>\$ 29,767,635</u>	<u>\$ -</u>	<u>\$ 9,832,807</u>
Liabilities				
Assets held for others	<u>\$ 1,944,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,944,681</u>

Changes in level 3 assets and liabilities measured at fair value on a recurring basis are:

	Other (alternative) investments	Beneficial Interests in Trust	Assets Held for Others
December 31, 2021	\$ 5,306,885	\$ 3,919,677	\$ 2,349,217
Agency activity (see Note 5)	-	-	(404,536)
Purchases	2,504,133	-	-
Sales	(1,109,343)	-	-
Net investment return	<u>76,610</u>	<u>(865,155)</u>	<u>-</u>
December 31, 2022	6,778,285	3,054,522	1,944,681
Agency activity (see Note 5)	-	-	294,040
Purchases	152,865	-	-
Contributions	-	574,482	-
Sales	(339,322)	-	-
Net investment return (loss)	<u>187,602</u>	<u>659,064</u>	<u>-</u>
December 31, 2023	<u>\$ 6,779,430</u>	<u>\$ 4,288,068</u>	<u>\$ 2,238,721</u>

The Foundation invests in several alternative investments that are considered Level 3.

CQS ABS is a relative value hedge fund that invests primarily in securitized credit sub-sectors in the U.S. and Europe. The Fund is multi-strategy in nature, spanning the entirety of the capital structure, investing across corporate credit, structured credit, ABS, convertibles, equities, loan, special situation, and multi-asset. The strategy is fundamentally based and is constructed based on both bottom-up credit research and top-down macro-informed views. The manager employs a relative value framework to invest in the most attractive risk/reward opportunities. The Fund employs a dynamic hedging approach that seeks to insulate the portfolio from large credit market shocks while minimizing hedging costs.

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CQS Directional Opportunities Fund (CQS DOF) is a high conviction, credit-oriented, directional hedge fund with an open mandate. The three primary strategy allocations are structured credit (excluding ABS), corporate credit, and global macro. The Fund approach is focused on identifying themes and harvesting mispricing's across global asset markets, utilizing an investment team that is experienced in assessing complexity across the capital structure.

Summit Partners Sustainable Opportunities Fund is a global equity long/short fund investing in disruptive, market-driven solutions to global sustainable. The Fund focuses on companies that provide sustainable solutions and increased efficiencies but will opportunistically invest in select companies that fit into a broader efficiency theme of “doing more with less.” The portfolio management team takes medium to long-term positions to capitalize as sustainable companies grow, continually benefitting from declining cost curves while traditional energy companies must react to the shift in consumer values and shrinking natural resources. Flexible mandate to opportunistically invest in stocks with limited sustainable thesis has enabled the Fund to generate strong returns, even in challenging markets.

The AG Mortgage Value Fund is an open-end investment company incorporated in the British Virgin Islands that opportunistically invests in a diversified portfolio of residential mortgage backed securities and asset-backed securities, special situations, and secured asset-based loans. The AG Fund conducts its investment program by investing substantially all of its assets in AG Mortgage Value Partners Holdings, L.P., a Cayman Islands exempted limited partnership (the “AG Intermediate Fund”), which in turn invests substantially all of its capital in AG Mortgage Value Partners Master Fund, L.P., a Cayman Islands exempted limited partnership (the “AG Master Fund”), although the AG Fund may invest a portion of its assets directly rather than through the AG Master Fund. References to the investment objectives of the AG Fund herein shall be deemed to include the AG Intermediate Fund and the AG Master Fund unless the context otherwise requires. The AG Fund, the AG Intermediate Fund, and the AG Master Fund commenced operations in May 2009.

Blackstone Real Estate Income Trust “BREIT” is a non-exchange traded, perpetual life real estate investment trust (“REIT”) that acquires primarily stabilized income-oriented commercial real estate in the United States and to a lesser extent real estate-related securities. The fund is externally managed by BX REIT Advisors L.L.C. (the “Adviser”), a subsidiary of The Blackstone Group L.P. (“Blackstone”). The fund is the sole general partner of BREIT Operating Partnership L.P. (“BREIT OP”), a Delaware limited partnership, and we own all or substantially all of our assets through BREIT OP. The objective is to bring Blackstone’s leading real estate investment platform with an institutional fee structure to individual investors.

The Abbey Capital Daily Futures Fund (ACDFF) provides access to a daily traded diversified multi-manager futures funds, blending trend-following and non-trend following investment strategies. The Fund focuses on generating absolute returns with exposure to a range of global markets and sectors including foreign exchange, commodities, equity indices, bonds, and interest rate futures. The Firm was founded in 2000 and currently manages over \$4 billion in assets. Abbey’s primary line of business is the management of multi-manager alternative investment portfolios with a focus on managed futures, foreign exchange, and global macro strategies.

Renaissance RIEF’s investment objective is to achieve over the long term a risk-adjusted return that, on a gross basis, exceeds that of the Standard & Poor’s 500 Index (with dividends reinvested) (the “Index”). RIEF seeks to achieve this return with lower volatility than the Index and a relatively low beta. In particular, RIEF seeks (i) a higher Sharpe ratio than the Index, (ii) a beta to the Index of 0.4 or lower, and (iii) the generation of most returns as alpha relative to the Index. Furthermore, RIEF seeks over the long term to provide a higher absolute rate of return than the Index. RIEF is not a “tracking fund” and seeks to provide diversification from the Index. RIEF invests in a widely diversified portfolio consisting almost exclusively of listed global (i.e. U.S. and non-U.S.) equity securities that are publicly traded on U.S. securities exchanges. RIEF actively trades its portfolio of equity securities on a daily basis utilizing predictive signals that are long term in nature. RIEF also is permitted to invest in stock index futures and stock index options

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under circumstances in which Renaissance believes that rapid risk reduction is necessary.

Blue Owl Credit Income Corporation (ORCIC) is a perpetual non-traded business development company that offers the potential to generate income by originating loans to, and making debt investments in, U.S. middle market companies. The Fund will look to capture the illiquidity premium in private loans relative to the liquid non-investment grade market, balanced against potential investor liquidity needs. ORCIC will focus on senior (first and second) loans to companies, with 80-95% target (10-20% in liquid bank loans, used as a liquidity management tool). ORCIC will follow the general process of lending to sponsor-backed middle market companies, accompanied by similar portfolio level leverage, that has been used by the direct lending team since the Firm's inception. The Firm, Blue Owl, is an industry-leading lending platform to middle and upper-middle market business with 90+ investment professionals and over \$65 billion in AUM. The Firm was founded in 2016 by Doug Ostrover, Marc Lipschultzand, Craig Packer, senior executives from GSO/Blackstone, KKR and Goldman Sachs, who each have more than 30 years of industry experience. Blue Owl's sole line of business is direct lending and have sourced more than 7,400 investment opportunities from over 640 private equity sponsors and originated over \$69 billion with a loan loss averaging 0.05% per annum since inception.

Starwood Real Estate Income Trust (SREIT) is a perpetually offered, monthly NAV, non-traded real estate investment trust ("REIT") that seeks to invest primarily in stabilized income-oriented commercial real estate in the United States and to a lesser extent Europe. The Fund expects to maintain a minimum allocation of 80% to real estate properties and up to 20% in real estate-related debt securities, cash, or cash equivalents. Starwood has a broad deal-sourcing network and one of the largest in-house real estate asset management teams in the industry. SREIT will seek to leverage the broader platform and capabilities of Starwood Capital, which has acquired \$115 billion of assets across all major property types since the Firm's inception. Starwood Capital is a private investment firm with a primary focus on global real estate. The Firm was founded by its current CEO and

Chairman Barry Sternlicht. Founded in 1991, Starwood Capital is one of the world's leading private real estate firms having sponsored 16 private opportunistic real estate funds and 8 public companies since its inception. The Firm maintains 16 offices worldwide and has approximately 4,000 employees.

Trend Macro is a discretionary global macro fund, looking to take advantage of directional moves in markets. The investment universe is broad, made up of rates, credit, FX and equity indices in both developed and emerging markets. The approach is fundamental and involves deep research based on understanding the drivers of global markets through economic analysis, network contacts with important decision makers and on the ground research in covered regions. It is based on team work and consensus among researchers. The portfolio is typically made up of 5-15 different ideas that are diverse and relatively uncorrelated. The goal is to generate strong returns with moderate volatility and no correlation to traditional asset classes by investing in very liquid securities. Themes or ideas typically have a time horizon of a few months or quarters but the team can be tactical if necessary. The approach is one of investing rather than trading. The Firm was founded in May 2011 by Ashwin Vasan, its CIO. Ashwin has managed large pools of fiduciary capital and has navigated economic cycles in both developed and emerging markets since 1992. The senior members of the investment team average 22 years of experience and have worked with Ashwin at Trend and preceding organizations for an average of 10 years. The Firm consists of a team of 19 people with offices in Boca Raton, FL and Greenwich, CT.

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Beneficial interests in trust categorized as Level 3 assets consist of three beneficial interests in a charitable remainder trust and one beneficial interest in a perpetual trust. The Foundation estimates the fair value of these assets based upon the fair value of the assets in the trust. Qualitative information is as follows:

	Fair Value at year end	Valuation Techniques	Unobservable Input	Range
Beneficial interests in trust	\$ 2,922,141	Discounted cash flow	Average of the rates of return for 2023, 2022, 2021 for each trust	4.52%
			Life expectancy of beneficiaries	4.5 - 13.3 years
	791,445	Discounted cash flow	Average of the rates of return for 2023, 2022, 2021 for each trust	6.69%
			Life expectancy of beneficiaries	7.9 years
	19,117	Discounted cash flow	Applicable Federal Interest Rate	5.03%
Life expectancy of beneficiaries			18 - 23 years	
555,365	Market approach	Practical expedient	N/A	

Assets held for others characterized as a Level 3 liability consists of agency endowment funds established by not-for-profit organizations with their own funds, for which the Foundation reports a liability for the market value. The Foundation estimates the fair value of these assets held for others at the fair value of the underlying assets unless the facts and circumstances indicate the fair value would be different.

Note 11 - Retirement Plan

The Foundation sponsored a SIMPLE IRA plan for substantially all employees through December 31, 2022. The plan provided for the Foundation to make a required matching contribution. The matching contribution totaled 3% for the year ended December 31, 2022. The contributions to the plan amounted to \$10,152 for the year ended December 31, 2022.

The Foundation entered into a Safe Harbor 401(k) plan for substantially all employees starting January 1, 2023. The plan provides for the Foundation to make a required matching contribution. The matching contribution totaled 100% of all salary deferrals that do not exceed 5% of compensation for the year ended December 31, 2023. The contributions to the plan amounted to \$20,918 for the year ended December 31, 2023.

Note 12 - Contributed Nonfinancial Assets

The Foundation received non-specialized services from approximately 141 and 154 volunteers in the years ending December 31, 2023 and 2022, respectively. No revenue was recognized for these services as the criteria to record such revenue was not met. These services were utilized to support the Foundation's main program of strengthening the community through awarding grants.

Note 13 - Operating Lease

The Foundation leases office space at various terms under a long-term non-cancelable operating lease agreement. The lease expires on April 15, 2024 and provides for two 5-year renewal options. The Foundation includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The operating lease provides for increases in future minimum annual rental payments.

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For the year ended December 31, 2022, the total operating lease cost was \$42,736 and the cash paid for amounts included in the measurement of lease liabilities for operating cash flows from operating leases was \$40,552. The remaining lease term as of December 31, 2022 was 6.3 years and was recorded at a discount rate of 1.30%.

For the year ended December 31, 2023, the total operating lease cost was \$42,936 and the cash paid for amounts included in the measurement of lease liabilities for operating cash flows from operating leases was \$41,364. The remaining lease term as of December 31, 2023 is 5.3 years and was recorded at a discount rate of 1.30%. The future minimum lease payments under noncancelable operating leases are listed below as of December 31, 2023:

2024	\$	42,192	
2025		43,035	
2026		43,896	
2027		44,774	
2028		45,669	
Thereafter		11,474	
Total lease payments		231,040	
Less interest		(7,823)	
Present value of lease liabilities	\$	223,217	