# THE JEWISH COMMUNITY FOUNDATION OF THE WEST

## FINANCIAL STATEMENTS
**December 31, 2023 and 2022**

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Jewish Community Foundation of the West
Sacramento, California

**Opinion**

We have audited the accompanying financial statements of The Jewish Community Foundation of the West (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 The Jewish Community Foundation of the West 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 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 The Jewish Community Foundation of the West 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 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 The Jewish Community Foundation of the West's ability to continue as a going concern within one year after the date that the 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 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 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 The Jewish Community Foundation of the West'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 The Jewish Community Foundation of the West'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.

Propp Christensen Caniglia LLP

December 12, 2024
Roseville, California

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

ASSETS

| | 2023 | 2022 |
|---|---|---|
| Assets: | | |
| Cash and cash equivalents | $ 4,708,065 | $ 1,172,475 |
| Investments | 13,374,897 | 11,699,487 |
| Prepaid expenses and other assets | 32,998 | 139,288 |
| Total assets | $ 18,115,960 | $ 13,011,250 |

LIABILITIES AND NET ASSETS

| | 2023 | 2022 |
|---|---|---|
| Liabilities: | | |
| Accounts payable and accrued expenses | $ 12,123 | $ 17,880 |
| Grants payable | 2,900 | 14,872 |
| Funds held for others | 3,406,669 | 3,093,803 |
| Total liabilities | 3,421,692 | 3,126,555 |
| Net assets: | | |
| Without donor restrictions: | | |
| Undesignated | 237,600 | 238,882 |
| Designated for donor advised funds | 7,279,712 | 3,583,141 |
| With donor restrictions: | | |
| Endowments | 7,176,956 | 6,062,672 |
| Total net assets | 14,694,268 | 9,884,695 |
| Total liabilities and net assets | $ 18,115,960 | $ 13,011,250 |

The accompanying notes are an integral part of these financial statements.

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2023 and 2022

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and revenue: | | | | | | |
| Donations, pledges and support | $ 4,036,131 | $ 448,599 | $ 4,484,730 | $ 603,846 | $ 1,305,781 | $ 1,909,627 |
| Account fees | 159,711 | - | 159,711 | 144,654 | - | 144,654 |
| Net return on investments | 447,198 | 896,915 | 1,344,113 | (462,848) | (803,729) | (1,266,577) |
| Net assets released from restrictions | 231,230 | (231,230) | - | 252,858 | (252,858) | - |
| Total support and revenue | 4,874,270 | 1,114,284 | 5,988,554 | 538,510 | 249,194 | 787,704 |
| Expenses: | | | | | | |
| Program services | 1,110,858 | - | 1,110,858 | 1,120,016 | - | 1,120,016 |
| Management and general | 68,123 | - | 68,123 | 61,762 | - | 61,762 |
| Total expenses | 1,178,981 | - | 1,178,981 | 1,181,778 | - | 1,181,778 |
| Change in net assets | 3,695,289 | 1,114,284 | 4,809,573 | (643,268) | 249,194 | (394,074) |
| Net assets, beginning of year | 3,822,023 | 6,062,672 | 9,884,695 | 4,465,291 | 5,813,478 | 10,278,769 |
| Net assets, end of year | $ 7,517,312 | $ 7,176,956 | $ 14,694,268 | $ 3,822,023 | $ 6,062,672 | $ 9,884,695 |

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2023 and 2022

| | Program Services | Management and General | 2023 Total |
|---|---|---|---|
| Grants awarded | $ 864,487 | $ - | $ 864,487 |
| Professional administrative fees | 127,139 | - | 127,139 |
| Salary | 89,366 | 29,076 | 118,442 |
| Other | 29,866 | 39,047 | 68,913 |
| Total expenses | $ 1,110,858 | $ 68,123 | $ 1,178,981 |

| | Program Services | Management and General | 2022 Total |
|---|---|---|---|
| Grants awarded | $ 913,052 | $ - | $ 913,052 |
| Professional administrative fees | 109,543 | - | 109,543 |
| Salary | 68,440 | 22,726 | 91,166 |
| Other | 28,981 | 39,036 | 68,017 |
| Total expenses | $ 1,120,016 | $ 61,762 | $ 1,181,778 |

The accompanying notes are an integral part of these financial statements.

THE JEWISH COMMUNITY FOUNDATION OF THE WEST

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| Reconciliation of change in net assets to net cash provided by (used in) operating activities: | | |
| Change in net assets | $ 4,809,573 | $ (394,074) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Net realized (gain) loss on investments | (1,385,516) | 1,319,591 |
| Net unrealized loss on investments | 363,217 | 318,504 |
| Donated securities | (793,692) | (396,898) |
| Contributions restricted for permanent endowment | (448,599) | (1,305,781) |
| Changes in operating assets and liabilities: | | |
| Prepaid expenses and other assets | 106,290 | (91,418) |
| Accounts payable and accrued expenses | (5,757) | 3,345 |
| Grants payable | (11,972) | (14,379) |
| Funds held for others | 312,866 | (762,474) |
| Net cash provided by (used in) operating activities | 2,946,410 | (1,323,584) |
| Cash flows from investing activities: | | |
| Purchase of investments | (7,783,138) | (3,812,076) |
| Proceeds from sale of investments | 7,923,719 | 4,109,892 |
| Net cash provided by investing activities | 140,581 | 297,816 |
| Cash flows from financing activities: | | |
| Contributions restricted for permanent endowment | 448,599 | 1,305,781 |
| Change in cash and cash equivalents | 3,535,590 | 280,013 |
| Cash and cash equivalents, beginning of year | 1,172,475 | 892,462 |
| Cash and cash equivalents, end of year | $ 4,708,065 | $ 1,172,475 |

NOTE 1: ORGANIZATION

The Jewish Community Foundation of the West (the "Foundation") was incorporated on January 4, 2000, under the laws of the State of California with the purpose to enhance charitable giving; facilitate philanthropy both locally and worldwide; and build permanent financial resources to strengthen organizations and programs that serve the Jewish families of Northern California.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Foundation is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

*Basis of Accounting*
The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Internally, the Foundation accounts and reports for its operations in individual funds, each established according to their nature and objective. While separate accounts are maintained for each fund, the funds have been combined in these financial statements. The funds of the Foundation are maintained as follows:

*Administrative Fund* – Administrative funds represent a portion of expendable resources that are available for the Foundation's operations.

*Endowment Fund* – Endowment funds represent funds that are subject to restriction of gift instruments requiring that the principal be invested in perpetuity.

*Donor Advised Funds* – Donor advised funds are available for disbursement at the recommendation of the donor subject to approval by the Board of Directors.

*Basis of Presentation*
The Foundation presents its financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, Subtopic 210 (FASB ASC 958-210), *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASC 958-210, the Foundation is required to report information regarding its financial position and activities according to the following two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to stipulations.

Net assets with donor restrictions - Net assets that are subject to donor stipulations that will be met by actions of the Foundation or the passage of time. Net assets with donor restrictions include funds to be expended for charitable purposes at the recommendation of the donor or management and in conjunction with approval by the Foundation's Board of Directors. Net assets with donor restrictions also include endowment funds that are subject to donor stipulations and must be maintained permanently by the Foundation. A portion of investment income and realized investment gains of the endowment funds are expendable for charitable purposes at the recommendation of the donor or management in conjunction with approval by the Foundation's Board of Directors. The Foundation retains a variance provision that allows the Board to modify a donor’s restrictions. Based on that provision, the Foundation classifies contributions otherwise restricted by donors and their related activity, except as noted above, as net assets without donor restrictions for financial statement presentation.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Basis of Presentation (Continued)*
Revenues and gains and losses on investments are reported as changes in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as changes in net assets without donor restrictions. Expirations of donor restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

The Foundation recognizes revenue from contracts in accordance with the provisions of FASB ASC Topic 606, *Revenue from Contracts with Customers* (FASB ASC 606), which was retrospectively adopted with no change to change in net assets or net assets. The majority of the Foundation's revenue is derived from account fees based on predetermined rates for managing various donor funds and are recognized periodically as the fees are earned.

*Program and Functional Expenses*
The costs of providing program services have been summarized on a functional basis in the statement of functional expenses. Costs specifically identified with programs or fundraising are directly allocated to those functions. All costs not identifiable with a specific program or fundraising activity, but indispensable to the conduct of such programs and activities and to the Foundation's existence, are included as management and general expenses. Expenses that benefit more than one function of the Foundation are allocated among the functions based generally on the amount of time and effort spent by personnel on each function.

*Donations and Grants Received*
Donations and grants received are measured at their fair value and reported as an increase in net assets. Donations to donor advised funds are subject to variance power and give 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 judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as released from restriction.

*Cash and Cash Equivalents*
For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Additionally, in accordance with FASB ASC 958-230-55, cash receipts restricted to long term purposes by donor stipulation are reported in the statement of cash flows as financing activities. In accordance with FASB ASC 230, *Statement of Cash Flows*, the statement of cash flows presents the total change in cash, including restricted cash, during the year.

*Concentrations*
The Foundation maintains cash in bank deposit accounts, which at times, may exceed federally insured limits. These accounts are insurable by the Federal Deposit Insurance Corporation up to $250,000 per bank for each category of legal ownership. The Foundation has not experienced any losses in such accounts and management believes the Foundation is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Concentrations (Continued)*
Certain money market accounts and short-term investments are covered under the Securities Investor Protection Corporation (SIPC) up to $500,000 on securities and $250,000 on cash balances. The Foundation's custodian of securities carries an additional private brokerage insurance of up to $1.9 million.

During the years ended December 31, 2023 and 2022, the Foundation had six major contributors that accounted for approximately 85% and 60% of the Foundation's total contributions, respectively. Management believes that the Foundation is not exposed to any significant concentration of risk in the near term.

*Property and Equipment*
Property and equipment consist of office equipment and is stated at cost. The Foundation provides for depreciation over the estimated useful lives of the assets using the straight-line method. The estimated useful lives of the equipment range from three to seven years.

*Investments*
The Foundation has adopted FASB ASC Topic 958, Subtopic 320, *Not-for-Profit Entities – Investments–Debt and Equity Securities* (FASB ASC 958-320). Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Investments in securities are reported at fair value based on quoted market prices for marketable equity securities and money market mutual funds. Changes in fair value are recorded as unrealized gains (losses). Realized gains (losses) are recorded upon the sale of the investments. Investment gains pertaining to certain restricted net assets are recorded as with donor restrictions or without donor restrictions in accordance with the applicable gift instruments, with the exception of certain donor advised funds where the Board retains variance power over the use of those funds. Interest income is recognized under the accrual basis and dividend income is recognized on the ex-dividend date.

Investments are exposed to various risks such as interest rate, market and credit risks. It is reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect the amounts reported.

The Foundation adopted Accounting Standards Update (ASU) 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, ASC (ASC 326), on January 1, 2023. This ASU implemented the current expected credit loss (“CECL”) methodology and aims to provide more timely recognition of credit losses. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset based on historical experience, current conditions, and reasonable forecasts and generally applies to financial assets measured at amortized cost.

Additionally, CECL changed the reporting for available for sale debt securities. ASU 2016-13 now requires credit losses to be presented as an allowance for credit losses rather than as a write-down on available for sale debt securities if management does not intend to sell and does not believe that it is more likely than not, they will be required to sell.

The Foundation adopted ASC 326 and additional related subsequent amendments using the prospective transition approach for debt securities for which other-than-temporary impairment had been recognized prior to January 1, 2023.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Investments (Continued)*
As of December 31, 2023, the Foundation did not have any other than-temporarily impaired investment securities. Therefore, the Foundation determined that an allowance for credit losses on available for sale securities was not necessary.

*Investment Pools*
The Foundation maintains investment pools, consisting of the resources of various endowments and managed funds, to increase its investment flexibility. The endowment funds are accounted for using the "market value unit method." Under this method, each donor fund is assigned a number of units based on the relationship of the market value of all investments at the time of entry in the pool. Pooled assets are valued and new unit values are calculated monthly.

*Funds Held for Others*
The Foundation receives and distributes assets under certain agency and intermediary arrangements. FASB ASC 958-605 (formerly SFAS No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*), 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. FASB ASC 958-605 specifically requires that if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself or its affiliate as a beneficiary of that fund, the community foundation could account for the transfer of such assets as a liability. The liability has been established at the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the not-for-profit organizations reflected under funds held for others on the accompanying statement of financial position.

*Tax Status*
The Foundation is exempt from federal income tax under Section 501(c)(3), and is not a private foundation under Section 170(b)(1)(A)(vi) of the Internal Revenue Code (IRC). The Foundation is exempt from state income tax under Section 170(b)(1)(A)(vi) of the California Revenue and Taxation Code. After they are filed, the Foundation's income tax returns remain subject to examination by taxing authorities generally three years for federal returns and four years for state returns.

*Use of Estimates*
The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Fair Value Measurements*
The Foundation has implemented the provisions of FASB ASC Topic 820, Subtopic 10 (FASB ASC 820-10), which defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements for fair value measurements.

The Foundation follows the guidance in FASB ASU no. 2018-13 *Fair Value Measurement* (Topic 820): *Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU modifies the disclosure requirements on fair value measurements in Topic 820, *Fair Value Measurement*.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Fair Value Measurements (Continued)*
The objective of these disclosure requirements is to provide financial statement users with information about assets and liabilities measured at fair value regarding (1) the valuation techniques and inputs used to develop fair value measurements, including the related judgments and assumptions made, (2) the uncertainty in the fair value measurements as of the reporting date, and (3) how changes in the measurements impact the performance of the Foundation.

FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Foundation determines the fair values of its assets and liabilities based on the fair value hierarchy established in FASB ASC 820-10. The standard describes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an on-going basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the Foundation's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Foundation's own data.

The following methods and assumptions were used by the Foundation in estimating the fair value of its financial instruments: Fair values, which are the amounts reported in the statement of financial position, are based on quoted market prices. There have been no changes in the methodology used as of December 31, 2023 and 2022.

The Foundation has adopted the provisions of FASB ASC 825 as revised by ASU 2016-01, Financial Instruments–Overall (subtopic 825-10): *Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-01 enhances the reporting model for financial instruments by providing financial statement users with more decision-useful information.

*Leases*
The Foundation presents its leases in accordance with the provisions of FASB ASC 842, *Leases*. Leases with an initial term of 12 months or less, which are not expected to be renewed beyond one year, have not been recorded on the statement of financial position and are recognized as lease expense on a straight-line basis over the lease term.

*Reclassifications*
The presentation of the 2022 statement of financial position was reclassified, with no effect to total net assets, to conform to the 2023 presentation.

*Subsequent Events*
Events and transactions have been evaluated for potential recognition or disclosure through December 12, 2024, the date that the financial statements were available to be issued.

## NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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. The Foundation's financial assets available within one year of the balance sheet date for general expenditures are as follows:

| | 2023 | 2022 |
|---|---|---|
| Cash and cash equivalents | $ 4,708,065 | $ 1,172,475 |
| Investments | 13,374,897 | 11,699,487 |
| Financial assets | 18,082,962 | 12,871,962 |
| Less those unavailable for general expenditures within one year, due to: | | |
| Board designations for donor advised funds | (7,279,712) | (3,583,141) |
| Funds held for others | (3,406,669) | (3,093,803) |
| Endowments | (7,176,956) | (6,062,672) |
| Financial assets available to meet cash needs for general expenditures within one year | $ 219,625 | $ 132,346 |

## NOTE 4: CASH, INVESTMENTS, AND FAIR VALUE

The Foundation holds and invests funds for operations and a variety of different purposes and third-party entities. Total cash and investments at December 31, 2023 and 2022 are as follows:

| | Cash | Investments | Total |
|---|---|---|---|
| At December 31, 2023: | | | |
| Invested accounts: | | | |
| Foundation operations | $ 102,477 | $ 117,148 | $ 219,625 |
| Donor advised | 4,001,747 | 3,277,965 | 7,279,712 |
| Endowments held for others | 85,214 | 1,503,091 | 1,588,305 |
| Donor advised held for others | 87,846 | 1,730,518 | 1,818,364 |
| Endowments | 430,781 | 6,746,175 | 7,176,956 |
| | $ 4,708,065 | $ 13,374,897 | $ 18,082,962 |
| At December 31, 2022: | | | |
| Invested accounts: | | | |
| Foundation operations | $ - | $ 132,346 | $ 132,346 |
| Donor advised | 184,085 | 3,399,056 | 3,583,141 |
| Endowments held for others | 115,358 | 1,335,696 | 1,451,054 |
| Donor advised held for others | 108,233 | 1,534,516 | 1,642,749 |
| Endowments | 764,803 | 5,297,869 | 6,062,672 |
| | $ 1,172,479 | $ 11,699,483 | $ 12,871,962 |

NOTE 4: CASH, INVESTMENTS, AND FAIR VALUE (CONTINUED)

*Cash and Cash Equivalents, and Investments (Unrestricted)*
The Foundation maintains unrestricted cash and investments included in the investment pools.

*Donor Advised (Unrestricted)*
Donor advised funds are available for disbursement at the recommendation of the donor subject to approval by the Board of Directors. The Board maintains variance power over these recommendations and the Foundation considers these funds to be without donor restrictions.

*Endowments Held for Others (Restricted)*
These assets represent endowment funds owned by other organizations who have chosen to have the Foundation invest those funds on their behalf. These are offset by the funds held for others liability.

*Donor Advised Held for Others (Restricted)*
These assets represent unrestricted funds owned by other organizations who have chosen to have the Foundation invest those funds on their behalf. These are offset by the funds held for others liability.

*Endowment (Restricted)*
Endowment funds represent funds that are subject to restriction of gift instruments requiring that the principal be invested in perpetuity.

The Foundation's assets may be invested in one or more or some combination of the following portfolios:

*Portfolio A – Growth Fund:* The primary objective of Portfolio A is a growth-oriented portfolio focused on total return. The target asset allocation for this portfolio is currently 75% equities, 15% fixed income, and 10% alternative investments.

*Portfolio B – Balanced Fund:* The primary objective of Portfolio B is a balanced portfolio focused on total return. The target asset allocation for this portfolio is currently 40% equities, 43% fixed income, 15% alternative investments, and 2% cash and cash equivalents.

*Portfolio C – Short Term Fund:* The primary objective of Portfolio C is a primary emphasis on preservation of principal with a secondary focus on income. The target asset allocation for this portfolio is currently 50% fixed income and 50% cash and cash equivalents.

*Portfolio D – Preservation of Principal:* The primary objective of Portfolio D is preservation of principal. The target asset allocation for this portfolio is currently 100% cash and cash equivalents.

*Portfolio E – ESG Growth Fund:* The primary objective of Portfolio E is a growth-oriented portfolio focused on total return. The target asset allocation for this portfolio is currently 65% equities, 18% fixed income, 15% alternative investments and 2% cash and cash equivalents.

*Portfolio F – Aggressive Growth Fund:* The primary objective of Portfolio F is an aggressive growth-oriented portfolio focused on total return. The target asset allocation for this portfolio is currently 100% equities.

NOTE 4: CASH, INVESTMENTS, AND FAIR VALUE (CONTINUED)

*Portfolio G – ESG Balanced Fund:* The primary objective of Portfolio G is a balanced portfolio focused on total return. The target asset allocation for this portfolio is currently 40% equities, 43% fixed income, 15% alternative investments, and 2% cash and cash equivalents. The investments in this portfolio will be selected based on the premise that positive environmental, social and governance factors will lead to outperformance over time.

The Foundation also holds assets in a sweep account which is used for operations and for the initial receipt and sale of donated securities.

Investments are carried at fair value and consist of the following at December 31, 2023 and 2022:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Cost | Fair Value | Cost | Fair Value |
| Portfolio A | $ 10,077,711 | $ 11,839,425 | $ 9,549,325 | $ 10,021,630 |
| Portfolio B | 1,817,217 | 1,910,691 | 1,766,268 | 1,676,677 |
| Portfolio C | 408,298 | 412,984 | 176,193 | 173,457 |
| Portfolio D | 1,329,631 | 1,329,630 | 636,981 | 636,981 |
| Portfolio E | 51,686 | 50,845 | 70,746 | 61,227 |
| Sweep Account | 2,539,387 | 2,539,387 | 301,990 | 301,990 |
| | 16,223,930 | 18,082,962 | 12,501,503 | 12,871,962 |
| Less cash | (4,708,065) | (4,708,065) | (1,172,475) | (1,172,475) |
| Total investments | $ 11,515,865 | $ 13,374,897 | $ 11,329,028 | $ 11,699,487 |

The following is a summary of net return on investments as of December 31, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Dividends and interest | $ 413,915 | $ 508,358 |
| Net realized and unrealized gain (loss) | 1,351,178 | (2,271,955) |
| Adjustments to funds held for others | (420,980) | 497,020 |
| Net return on investments | $ 1,344,113 | $ (1,266,577) |

Level 1 investments are measured at fair value based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.

As of December 31, 2023 and 2022, the Organization's Level 1 investments are $13,374,897 and $11,699,487, respectively.

## NOTE 5: FUNDS HELD FOR OTHERS

The Foundation holds and invests funds on behalf of other 501(c)(3) nonprofit organizations. These funds are shown on the accompanying balance sheets as organization endowments and organization donor advised funds. The offset to these assets is recorded in a funds held for others liability account. Activity within the funds for the years ended December 31, 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|---|---|
| Balance, January 1, | $ 3,093,803 | $ 3,856,277 |
| Deposits | 67,360 | 141,540 |
| Interest and dividends | 92,101 | 136,840 |
| Net realized and unrealized gain (loss) on investments | 328,878 | (633,860) |
| Investment fees | (32,571) | (35,114) |
| Distributions | (142,902) | (371,880) |
| Balance, December 31, | $ 3,406,669 | $ 3,093,803 |

## NOTE 6: ENDOWMENTS

At December 31, 2023 and 2022, the Foundation had endowment funds of $7,176,956 and $6,062,672, respectively, that are required to be maintained in perpetuity.

The Board of Directors interprets the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets 1) the original value of gifts donated to the perpetual endowment, 2) the original value of subsequent gifts to the perpetual endowment, and 3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination of whether to invest or appropriate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Endowment funds are maintained in pooled investment portfolios. Interest, dividends, and realized and unrealized gains and losses in the investment pools are allocated monthly to the endowment funds in proportion to each fund's share in the investment pools. The spending policy for the endowment funds allows for an annual appropriation equal to four percent of the individual account balance, based on a three-year trailing average. If those funds are not disbursed before the end of the fiscal year, they are retained as permanently restricted and subject to appropriation in the subsequent period.

NOTE 6: ENDOWMENTS (CONTINUED)

Endowment fund activity for the years ended December 31, 2023 and 2022 are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Balance at December 31, 2021 | $ - | $ 5,813,478 | $ 5,813,478 |
| Contributions | - | 1,305,781 | 1,305,781 |
| Interest and dividends | - | 223,960 | 223,960 |
| Net realized and unrealized loss | - | (1,027,689) | (1,027,689) |
| Disbursements | (252,858) | - | (252,858) |
| Net assets released from restriction | 252,858 | (252,858) | - |
| Balance at December 31, 2022 | - | 6,062,672 | 6,062,672 |
| Contributions | - | 448,599 | 448,599 |
| Interest and dividends | - | 186,480 | 186,480 |
| Net realized and unrealized gain | - | 710,435 | 710,435 |
| Disbursements | (231,230) | - | (231,230) |
| Net assets released from restriction | 231,230 | (231,230) | - |
| Balance at December 31, 2023 | $ - | $ 7,176,956 | $ 7,176,956 |