ARKANSAS COMMUNITY FOUNDATION, INC.

COMBINED FINANCIAL STATEMENTS

JUNE 30, 2021 and 2020

WITH

INDEPENDENT AUDITOR'S REPORT

CONTENTS

HoganTaylor LLP
CPAs + ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Arkansas Community Foundation, Inc.

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Arkansas Community Foundation, Inc. and its combined affiliate, which comprise the combined statements of financial position as of June 30, 2021 and 2020, the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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

Opinion

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

Hogan Taylor LLP

Little Rock, Arkansas
November 10, 2021

ARKANSAS COMMUNITY FOUNDATION, INC.

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 32,963,249	$ 17,358,724
Certificates of deposit	751,644	1,857,533
Due from broker (Note 3)	582,538	582,538
Contributions receivable (Notes 3 and 4)	3,551,296	2,690,361
Investments at fair value (Note 4)	507,827,837	386,531,529
Investments at cost (Note 5)	3,571,492	3,988,603
Beneficial interests in charitable trusts, net of unamortized discounts of $1,486,519 and $839,550 for 2021 and 2020, respectively (Notes 3 and 4)	7,711,699	6,993,561
Annuity insurance contracts receivable, net of unamortized discounts of $7,415 and $1,381 for 2021 and 2020, respectively (Notes 3, 4, and 6)	177,511	193,656
Cash surrender value of life insurance	537,654	497,126
Loan receivables (Note 3)	2,750,151	2,000,000
Property and equipment (Note 7)	435,595	770,856
Other assets	136,419	79,308
Total assets	$ 560,997,085	$ 423,543,795
Liabilities and Net Assets		
Liabilities:		
Scholarships and other payables	$ 925,384	$ 1,364,578
Annuity contracts payable (Notes 4 and 6)	395,590	448,990
Agency arrangement liabilities (Note 4)	49,815,928	39,479,551
Total liabilities	51,136,902	41,293,119
Net assets:		
Net assets without donor restrictions:		
Undesignated	25,755,949	20,885,853
Field of interest	42,859,701	33,687,424
Donor advised	256,862,880	228,791,390
Donor designated	167,903,350	84,658,432
Total net assets without donor restrictions	493,381,880	368,023,099
Net assets with donor restrictions	16,478,303	14,227,577
Total net assets	509,860,183	382,250,676
Total liabilities and net assets	$ 560,997,085	$ 423,543,795

ARKANSAS COMMUNITY FOUNDATION, INC.

COMBINED STATEMENT OF ACTIVITIES

Year ended June 30, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Support:			
Contributions	$ 94,367,743	$ 3,834,830	$ 98,202,573
Less amounts received on behalf of agency arrangement liabilities	(1,941,191)	-	(1,941,191)
Net contributions raised	92,426,552	3,834,830	96,261,382
Revenue:			
Interest and dividends	6,196,469	-	6,196,469
Realized and unrealized gains on investments, net	73,185,339	-	73,185,339
Change in value of beneficial interests in charitable trusts	(1,406)	551,087	549,681
Net revenue before allocation of investment income to agency arrangement liabilities	79,380,402	551,087	79,931,489
Less amount allocated to agency arrangement liabilities	(9,659,126)	-	(9,659,126)
Net revenue	69,721,276	551,087	70,272,363
Net assets released from restrictions	2,135,191	(2,135,191)	-
Net support and revenue	164,283,019	2,250,726	166,533,745
Expenses:			
Grants and scholarships	35,085,086	-	35,085,086
Less amounts distributed on behalf of agency arrangement liabilities	(851,146)	-	(851,146)
Net grants and scholarships	34,233,940	-	34,233,940
Other program expenses	2,703,295	-	2,703,295
Management and general	1,034,124	-	1,034,124
Fundraising and development	952,879	-	952,879
Total expenses	38,924,238	-	38,924,238
Change in net assets	125,358,781	2,250,726	127,609,507
Net assets, beginning of year	368,023,099	14,227,577	382,250,676
Net assets, end of year	$ 493,381,880	$ 16,478,303	$ 509,860,183

See notes to combined financial statements.

ARKANSAS COMMUNITY FOUNDATION, INC.

COMBINED STATEMENT OF ACTIVITIES

Year ended June 30, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Support:			
Contributions	$ 29,342,824	$ 1,318,833	$ 30,661,657
Less amounts received on behalf of agency arrangement liabilities	(1,844,855)	-	(1,844,855)
Net contributions raised	27,497,969	1,318,833	28,816,802
Revenue:			
Interest and dividends	9,543,622	-	9,543,622
Realized and unrealized gains on investments, net	771,375	-	771,375
Change in value of beneficial interests in charitable trusts	40,261	899,636	939,897
Net revenue before allocation of investment income to agency arrangement liabilities	10,355,258	899,636	11,254,894
Less amount allocated to agency arrangement liabilities	(106,236)	-	(106,236)
Net revenue	10,249,022	899,636	11,148,658
Net assets released from restrictions	3,633,856	(3,633,856)	-
Net support and revenue	41,380,847	(1,415,387)	39,965,460
Expenses:			
Grants and scholarships	53,092,015	-	53,092,015
Less amounts distributed on behalf of agency arrangement liabilities	(1,259,120)	-	(1,259,120)
Net grants and scholarships	51,832,895	-	51,832,895
Other program expenses	2,994,958	-	2,994,958
Management and general	933,792	-	933,792
Fundraising and development	1,061,226	-	1,061,226
Total expenses	56,822,871	-	56,822,871
Loss on disposal of property and equipment	1,095,000	-	1,095,000
Total expenses and losses	57,917,871	-	57,917,871
Change in net assets	(16,537,024)	(1,415,387)	(17,952,411)
Net assets, beginning of year	384,560,123	15,642,964	400,203,087
Net assets, end of year	$ 368,023,099	$ 14,227,577	$ 382,250,676

ARKANSAS COMMUNITY FOUNDATION, INC.

COMBINED STATEMENTS OF CASH FLOWS

Years ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	$ 127,609,507	$ (17,952,411)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Contributions of investments and other assets	(62,658,130)	(1,779,411)
Depreciation	72,682	77,150
Realized and unrealized gains on investments, net	(73,185,339)	(771,375)
Change in value of beneficial interests in charitable trusts	(558,942)	(939,898)
Change in value of cash surrender value of life insurance	(40,528)	(21,501)
Loss on disposal of property and equipment	72,167	1,095,000
Changes in:		
Contributions receivable	(860,935)	3,020,549
Due from broker	-	3,534,399
Beneficial interests in charitable trusts	498,437	409,914
Loan receivables	(750,151)	-
Other assets	(57,111)	(60,308)
Scholarships and other payables	(439,194)	(1,128,705)
Agency arrangement liabilities	10,336,377	336,846
Net cash provided by (used in) operating activities	38,840	(14,179,751)
Cash Flows from Investing Activities		
Purchase of property and equipment	(10,088)	(19,191)
Purchase of certificates of deposit	(244,990)	(755,165)
Purchase of investments	(97,774,033)	(71,765,135)
Proceeds from sale of property and equipment	200,500	2,400,000
Sale of investments	112,072,817	73,468,699
Maturity of certificates of deposit	1,350,879	-
Net purchases and payments received from annuity insurance contracts receivable	41,197	117,524
Net receipts from and payments on annuity contracts payable	(70,597)	(83,594)
Net cash provided by investing activities	15,565,685	3,363,138
Net change in cash and cash equivalents	15,604,525	(10,816,613)
Cash and cash equivalents, beginning of year	17,358,724	28,175,337
Cash and cash equivalents, end of year	$ 32,963,249	$ 17,358,724

See notes to combined financial statements.

Note 1 – Organization

Arkansas Community Foundation, Inc. was incorporated in 1976 as the only statewide community foundation in Arkansas and today is one of the ten largest foundations and grant makers in the state of Arkansas. Arkansas Community Foundation, Inc. was established by a number of civic and philanthropic leaders from throughout Arkansas with leadership and initial resources from the Winthrop Rockefeller Foundation, and is organized exclusively for charitable, benevolent, scientific, religious, and educational purposes for the benefit of the people of Arkansas. Over 2,300 charitable funds have been developed through both statewide efforts and 29 county-level affiliate offices directly serving 48 counties.

Note 2 – Summary of Significant Accounting Policies

Combination and basis of presentation

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and include the accounts of Arkansas Community Foundation, Inc. and its affiliated supporting organization, Arkansas Gift Foundation, Inc. (collectively, the Foundation). Arkansas Community Foundation, Inc. was established under the provisions of Section 509(a)(1) of the Internal Revenue Code (the Code). Arkansas Gift Foundation, Inc. was organized under the provisions of Section 509(a)(3) of the Code as a tax-exempt organization whose sole purpose is to further the mission of the Foundation. The net assets of the affiliated supporting organization totaled approximately $199,000 and $480,000 as of June 30, 2021 and 2020, respectively. All significant inter-organizational transactions and accounts have been eliminated in the accompanying combined financial statements.

Cash and cash equivalents

For purposes of the accompanying combined statements of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Concentrations

At times throughout the year, the Foundation typically maintains its bank accounts at levels in excess of Federal Deposit Insurance Corporation insured limits. Management believes that its policies are adequate to minimize potential credit risk. 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 possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the Foundation's account balances.

The Foundation received contributions from one organization totaling approximately 57% and 12% of its contributions during the years ended June 30, 2021 and 2020, respectively. Additionally, three different organizations comprised 82% of the Foundation's contributions receivable as of June 30, 2021. For the year ended June 30, 2020, four different organizations comprised 83% of the Foundation's contributions receivable.

Contributions receivable

Unconditional promises to give cash and other assets are reported at fair value on the date the promise is received, which is then treated as cost. The gifts are reported as net assets with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets. Bequests are recorded as revenue at the time an irrevocable right to the gift has been established and the proceeds are measurable.

Investments at fair value

The Foundation carries its investments at fair value determined primarily by quoted prices on the last day of the fiscal year, with interest, dividends, and realized and unrealized gains and losses recognized in the accompanying combined statements of activities. Investment activity is recorded as of the trade date. Investments are maintained both individually and in various pools. Income resulting from pooled investments is allocated to the various fund groups based on the fair value of each fund's assets as a percentage of the total fair value of all assets invested in the pool, calculated on a daily basis. Thus, additional contributions to, and expenses of, individual funds are taken into consideration as of the day of receipt or payment.

Beneficial interests in charitable trusts

The Foundation is the irrevocable beneficiary of charitable remainder and charitable lead trusts for which the Foundation does not act as trustee. The Foundation reflects the present value of the future benefits to be received from the trusts as assets in the accompanying combined statements of financial position.

Fair value of financial instruments

The estimated fair value of the Foundation's short-term financial instruments, including cash and cash equivalents, receivables, and payables arising in the ordinary course of business, approximate their individual carrying amounts based on the nature of the financial instrument and due to the relatively short periods of time between origination and expected realization for receivables and payables.

Fair value measurements

The Foundation follows a framework for measuring fair value under U.S. GAAP and establishing disclosures about fair value measurements. This framework applies to all financial instruments that are being measured and recognized at fair value on a recurring and nonrecurring basis.

Investments at cost

Investments at cost consist primarily of investments in interests of closely held companies and real estate held-for-sale, and are carried at cost or appraised value as of the date of contribution as no readily determinable fair value was available at year-end and a reasonable estimate of fair value could not be made without incurring excessive costs.

Spending policy

The state of Arkansas has enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which was approved by the Uniform Law Commission to serve as a guideline for states to use in enacting legislation. UPMIFA requires not-for-profit organizations with donor-restricted endowed funds to follow certain standards when making investment and spending policy decisions. Management and the board of directors of the Foundation have determined that the Foundation's net assets do not meet the definition of a donor-restricted endowment under UPMIFA. The Foundation has adopted investment and spending policies for endowment assets designed to support current and future needs of the communities it serves. The Foundation has adopted a spending policy to determine the annual amount of grants available for distribution from funds held as endowments. The current spending policy was developed and approved by the board of directors of the Foundation.

Annuity insurance contracts receivable

The values of the annuity insurance contracts receivable are determined based on the present value of the remaining annuity payments to be received.

Cash surrender value of life insurance

The Foundation is the beneficiary of three life insurance policies. These life insurance policies are reflected at their cash surrender values at fiscal year-end.

Property and equipment

Property and equipment are recorded at cost, if purchased, and at fair value on the date of receipt, if contributed. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The Foundation capitalizes property and equipment purchases that exceed $1,000.

Property classified as held-for-sale includes only those properties available for immediate sale in their present condition and for which management believes that it is probable that a sale of the property will be completed within one year. Properties held-for-sale are carried at the lower of cost or fair value less estimated selling costs. No depreciation expense is recognized on properties held-for-sale once they have been classified as such.

Annuity contracts payable

The values of the annuity contracts payable were determined based on the present value of the remaining annuity payments to be made.

Agency arrangement liabilities

Agency arrangement liabilities represent obligations of the Foundation to distribute assets received from a resource provider within the guidelines specified by the resource provider. As these assets were transferred by not-for-profit organizations to the Foundation and the not-for-profit organizations specified themselves or an affiliate as the beneficiary of those assets, the transfer of such assets is accounted for as a liability regardless of any variance power retained by the Foundation. The liability has been established at the fair value of the funds.

All financial activity related to these funds for the years ended June 30, 2021 and 2020, is segregated in the accompanying combined financial statements.

Net assets classification

The Foundation classifies net assets as follows:

Net assets without donor restrictions include all net assets not classified as net assets with donor restrictions, including those with donor-imposed designations as a result of variance power, which gives the Foundation the ability to modify donor restrictions in cases where those restrictions are unable to be fulfilled or are inconsistent with the charitable needs of the community. Contributions with restrictions met in the same reporting period are reported as increases in net assets without donor restrictions.

Net assets without donor restrictions are comprised of the following categories of donor designations:

Undesignated – Net assets without donor restrictions categorized as undesignated are the result of contributions made by donors who do not specify the charitable causes or charitable organizations to be benefited by the grant distributions, leaving the grant making decisions to the Foundation. The amount classified as undesignated includes grant making funds for both statewide and local affiliate distribution.

Field of interest – Net assets without donor restrictions categorized as field of interest are the result of contributions made to support an area of interest specified by the donor, such as education, the arts, the environment, youth services, or to support a specific geographic area, such as a county or town.

Donor advised – Net assets without donor restrictions categorized as donor advised are the result of contributions made by donors who provide suggestions to the Foundation regarding the spending of grant distributions.

Donor designated – Net assets without donor restrictions categorized as donor designated are the result of contributions made to provide annual grants to specific public charities named by the donor.

Net assets with donor restrictions are the result of grant funds designated for spending in a future year or that are subject to donor-imposed stipulations that will be met by action of the Foundation, contributions of beneficiary interests in charitable trusts of which the use by the Foundation is limited to future time periods, and multi-year pledged contributions. As the stipulated time restrictions set forth under the grants, beneficial interests in charitable trusts, and pledge agreements are met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying combined statements of activities as net assets released from restriction.

Administrative fees

The Foundation's operating costs are funded through administrative fees charged to its funds. The majority of administrative fees charged by the Foundation range from 0.5% – 2%; however, the fees increase up to 5% for scholarship funds and 10% for special project funds. For endowed and supporting organization funds, the rates are applied to the average market value. For non-endowed funds, the rates are applied to the amount of each gift. The Foundation has established a minimum annual fee of $100 for endowed funds and $500 for term endowed funds. Special project funds have a minimum fee of $500.

Income taxes

The Foundation is a publicly supported organization exempt from federal income taxation under Section 501(c)(3) of the Code and is classified as other than a private foundation. The Foundation is also exempt from state income taxes under similar provisions of state law. Accordingly, no provision for income taxes is included in the accompanying combined financial statements.

Functional expenses

The expenses of providing various programs and support services have been categorized on a functional basis in the statements of activities. Natural expenses have been allocated between program, management and general, and development based on an analysis of personnel time utilized for the related activities and on a specific review of direct expenses.

Program expenses are the operating expenses associated with processing grants and performing various philanthropic services, maintaining relationships with current donors, special projects, or other activities that have a programmatic focus.

Management and general expenses are those activities that are not identifiable with a specific program or development activity but are necessary in the conduct of such activities and to the Foundation's existence. These expenses include Foundation management, board oversight and accounting expenses, as well as any expenses that are not considered to be program or development expenses.

Development expenses are those expenses associated with identifying and soliciting new donors, cultivating and working with donor advisors in securing gifts, public awareness, outreach, marketing the Foundation's donor services, and other fundraising activities.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes. Actual results could differ from those estimates.

Adopted accounting pronouncements

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. An entity is permitted to early adopt any removed or modified disclosures and delay adoption of the additional disclosures until their effective date. The Foundation adopted this new standard on July 1, 2020, and it had no material effect on the combined financial statements.

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 balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Foundation is currently evaluating the impact of this new standard on its combined financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 amends the FASB's current guidance on the measurement of impairment of financial instruments such as loans and held-to-maturity debt securities. ASU 2016-13 requires the implementation of an impairment model (known as the current expected credit loss (CECL) model) that is based on expected losses rather than the incurred loss model required by existing guidance. ASU 2016-13 requires entities to recognize as an allowance an estimate of expected credit losses, which the FASB believes will result in more timely recognition of such losses. Upon adoption, ASU 2016-13 will require a cumulative effect adjustment to retained earnings as of the beginning of the earliest period presented. ASU 2016-13 is effective for years beginning after December 15, 2022. Early adoption is permitted for years beginning after December 15, 2018. The Foundation is currently evaluating the impact of this new standard on its combined financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This standard requires that a not-for-profit present contributed nonfinancial assets as a separate line item in the statement of activities. Further, disclosure must be included that disaggregates the types of contributed nonfinancial assets. This update should be applied on a retrospective basis and is effective for the fiscal year ended June 30, 2023. Early adoption is permitted. The Foundation is currently evaluating the impact of this new standard on its combined financial statements.

Subsequent events

The Foundation has evaluated subsequent events for recognition and disclosure through November 10, 2020, the date the combined financial statements were available to be issued.

Note 3 – Due from Broker, Contributions Receivable, Beneficial Interests in Charitable Trusts, Annuity Insurance Contracts Receivable, and Loan Receivables

Contributions receivable and amounts due from broker are all due within one year as of June 30, 2021, and therefore are not discounted. At June 30, 2021, beneficial interests in charitable trusts consisted of amounts due under four charitable lead trusts and two charitable remainder trusts. At June 30, 2020, beneficial interests in charitable trusts consisted of amounts due under three charitable lead trusts and two charitable remainder trusts.

The Foundation's receivables and beneficial interests in charitable trusts are expected to be collected as follows as of June 30:

	2021	2020
Due from broker	$ 582,538	$ 582,538
Contributions receivable	3,551,296	2,690,361
Beneficial interests in charitable trusts	9,198,218	7,833,111
Annuity insurance contracts receivable	184,926	195,037
Loan receivables	2,750,151	2,000,000
Total receivables before unamortized discount	16,267,129	13,301,047
Less: Unamortized discount on beneficial interest in charitable trusts and annuity insurance contracts receivable	(1,493,934)	(840,931)
Net receivables	$ 14,773,195	$ 12,460,116
Amount due in:		
Less than one year	$ 4,673,685	$ 3,224,294
One to five years	4,615,932	2,260,381
More than five years	6,977,512	7,816,372
Total	$ 16,267,129	$ 13,301,047

Beneficial interests in charitable trusts and annuity insurance contracts receivable are discounted, as applicable, at the Daily Treasury Yield Curve Rate. The rate used for contributions receivable is determined at the date of the contribution. The rate used for beneficial interests in charitable trusts, annuity insurance contracts receivable, and the related unamortized discount is adjusted annually. The resulting gain or loss from the adjustment to the unamortized discount is reflected in the accompanying combined statements of activities under net assets with donor restrictions as a change in value of beneficial interests in charitable trusts. The Foundation uses the allowance method to estimate uncollectible receivables. There were no receivables estimated to be uncollectible at June 30, 2021 or 2020.

Loan receivables

The loan receivables balance consists of six community investment loans. Other receivables are stated at the amount of the unpaid principal, less allowance for losses, if deemed necessary. Management determines the allowance for losses by evaluating the recipients' financial condition as well as current economic conditions. No allowance for losses was deemed necessary at June 30, 2021 or 2020.

The loan receivables balance as of June 30, 2021 and 2020, are as follows:

	Interest Rate	Maturity	2021	2020
Southern Bancorp Community Partners, payable in quarterly interest-only installments beginning on June 30, 2015, with remaining interest and principal due in full at maturity.(a)	1.50%	6/30/2025	$ 1,000,000	$ 1,000,000
Communities Unlimited, Inc., payable in quarterly interest-only installments beginning on June 30, 2016, with remaining interest and principal due in full at maturity.(b)	1.50%	6/30/2026	1,000,000	750,000
FORGE, Inc., payable in quarterly interest-only installments beginning on March 31, 2017, with remaining interest and principal due in full at maturity.(c)	2.00%	12/31/2026	250,000	250,000
Hope Federal Credit Union, payable starting on December 29, 2020, and due in full at maturity.(d)	0.50%	12/29/2022	200,151	-
Peoples Trust, payable in monthly interest-only installments for the first six months beginning on February 23, 2021, with remaining interest and principal paid monthly and due in full at maturity.(e)	0.75%	2/23/2023	200,000	-
PYT Funds, Inc., payable in monthly interest-only installments for the first eight months beginning on April 15, 2021, with remaining interest and principal paid monthly and due in full at maturity.(f)	2.00%	3/15/2025	100,000	-
Total loan receivables			$ 2,750,151	$ 2,000,000

(a) Southern Bancorp Community Partners, a 501(c)(3) financial development and lending organization, uses the money to expand its revolving loan fund to provide small business loans, micro-loans and consumer loans in underserved communities in Arkansas and Mississippi.

(b) Communities Unlimited, Inc., a 501(c)(3) community development and lending organization, uses the money to fund a revolving loan fund that supports entrepreneurship, homeownership, and economic opportunities. Communities Unlimited, Inc. may make draws on the loan balance in $250,000 increments not to exceed $1,000,000.

(c) FORGE, Inc., a 501(c)(3) community-based revolving loan fund primarily serving the state of Arkansas, uses the money to support start-up businesses, families in need, and small farmers.

(d) Hope Federal Credit Union uses the funds to make loans to families and businesses experiencing ongoing economic hardship as a result of the COVID-19 pandemic. The Foundation made a loan capital deposit in an amount of $100,000, which shall be on hold in a 24-month certificate of deposit earning 0.50%. Over a two-year period, Hope Federal Credit Union will use this deposit to make loan through the program. Additionally, the Foundation made a security deposit of $100,000, which shall be on hold in a 24-month certificate of deposit earning 0.10%.

(e) People Trust is a 501(c)(3) non-profit Certified Community Development Financial Institution that offers personal loans to low and moderate-income communities.

(f) PYT Funds Inc. is a 501(c)(3) nonprofit that connects families and banks to provide innovative solutions to finance higher education.

Note 4 – Fair Value of Financial Instruments

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories based on the lowest level of input that is significant to the fair value measurement:

Level 1 – Valuations for assets and liabilities traded in active exchange markets. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuation methodology utilizes inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by market data by correlation or other means. If the asset or liability has a specified (contractual) term, the input must be observable for substantially the full term of the asset or liability.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

For the years ended June 30, 2021 and 2020, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value.

Equity and fixed income securities – The fair value is based on the closing price reported on the active market in which the individual securities are traded.

Mutual funds – The fair value is based on the closing price reported on the active market on which the individual securities are traded. Additionally, there are funds whose values are based on the net asset value (NAV) of shares held by the Foundation at year-end.

Private equity securities and funds – The fair value is based on a net present value of future cash flows, an earnings ratio, and a tangible book ratio.

Beneficial interests in charitable trusts and annuity insurance contracts receivable – The fair value is based on the net present value of estimated future cash flows.

Agency arrangement liabilities – The fair value is based on the present value of the estimated future cash payments.

Annuity contracts payable – The fair value is based on estimated amounts due to income beneficiaries, which is based on the net present value of estimated future cash payments.

Contributions receivable – The fair value is based on the net present value of future cash flows at a discount rate determined at the date the unconditional promise is received. Only contributions with payments receivable in excess of one year at the time of the contribution are recorded on a discounted basis.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair value on a recurring basis

The balances of assets measured at fair value on a recurring basis within the fair value hierarchy as of June 30, 2021, are as follows:

	Level 1	Level 2	Level 3	Total
Equity securities	$ 8,318,072	$ -	$ -	$ 8,318,072
Fixed income securities	17,229,492	-	-	17,229,492
Mutual funds	350,268,011	-	-	350,268,011
Private equity securities and funds	-	-	9,734,300	9,734,300
Investments in the fair value hierarchy	375,815,575	-	9,734,300	385,549,875
Investments measured at NAV*				122,277,962
Total investments at fair value				507,827,837
Beneficial interests in charitable trusts	-	-	7,711,699	7,711,699
Annuity insurance contracts receivable	-	-	177,511	177,511
Other assets at fair value	-	-	7,889,210	7,889,210
Total assets at fair value	$ 375,815,575	$ -	$ 17,623,510	$ 515,717,047

* In accordance with Accounting Standards Board Codification Subtopic 810-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair values presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented on the combined statements of financial position.

The balances of liabilities measured at fair value on a recurring basis within the fair value hierarchy as of June 30, 2021, are as follows:

	Level 1	Level 2	Level 3	Total
Agency arrangement liabilities	$ -	$ 49,815,928	$ -	$ 49,815,928
Annuity contracts payable	-	-	395,590	395,590
Total liabilities at fair value	$ -	$ 49,815,928	$ 395,590	$ 50,211,518

Fair value on a nonrecurring basis

The balance of assets measured at fair value on a nonrecurring basis within the fair value hierarchy as of June 30, 2021, are as follows:

	Level 1	Level 2	Level 3	Total
Contributions receivable	$ -	$ -	$ 3,551,296	$ 3,551,296

Fair value on a recurring basis

The balances of assets measured at fair value on a recurring basis within the fair value hierarchy as of June 30, 2020, are as follows:

	Level 1	Level 2	Level 3	Total
Equity securities	$ 4,349,323	$ -	$ -	$ 4,349,323
Fixed income securities	3,371,921	-	-	3,371,921
Mutual funds	278,704,132	-	-	278,704,132
Private equity securities and funds	-	-	8,373,571	8,373,571
Investments in the fair value hierarchy	286,425,376	-	8,373,571	294,798,947
Investments measured at NAV*				91,732,582
Total investments at fair value				386,531,529
Beneficial interests in charitable trusts	-	-	6,993,561	6,993,561
Annuity insurance contracts receivable	-	-	193,656	193,656
Other assets at fair value	-	-	7,187,217	7,187,217
Total assets at fair value	$ 286,425,376	$ -	$ 15,560,788	$ 393,718,746

* In accordance with Accounting Standards Board Codification Subtopic 810-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair values presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented on the combined statements of financial position.

The balances of liabilities measured at fair value on a recurring basis within the fair value hierarchy as of June 30, 2020, are as follows:

	Level 1	Level 2	Level 3	Total
Agency arrangement liabilities	$ -	$ 39,479,551	$ -	$ 39,479,551
Annuity contracts payable	-	-	448,990	448,990
Total liabilities at fair value	$ -	$ 39,479,551	$ 448,990	$ 39,928,541

Fair value on a nonrecurring basis

The balance of assets measured at fair value on a nonrecurring basis within the fair value hierarchy as of June 30, 2020, is as follows:

	Level 1	Level 2	Level 3	Total
Contributions receivable	$ -	$ -	$ 2,690,361	$ 2,690,361

The significance of transfers between levels is evaluated based upon the nature of the investment and the size of the transfer relative to total net assets available for benefits. For the years ended June 30, 2021 and 2020, there were no significant transfers into or out of Level 3.

Redemption of certain investments is subject to terms provided in the investment agreement, which may change depending on market conditions. Gains and losses (realized and unrealized) are included in changes in net assets for the year and are reported in the accompanying combined statements of activities and include the following for the years ended June 30:

	2021	2020
Realized and unrealized gains on investments, net	$ 75,944,129	$ 2,754,243
Less: Investment expenses	(2,758,790)	(1,982,868)
Realized and unrealized gains on investments, net	$ 73,185,339	$ 771,375

In connection with the Foundation's interest in limited partnerships that invest in private equity funds, the Foundation has entered into contractual agreements that entitle the Foundation to receive distributions from a specified list of funds, while obligating the Foundation to make payments of committed capital to the same underlying funds. Capital contributions are due in such amounts as determined by the general partners of the limited partnerships in which the Foundation is invested. There is no limit to the amount that may be called in a given year.

The following table summarizes the Foundation's investments measured at fair value based on NAV per share as of June 30, 2021:

	Redemption Frequency	Redemption Notice Period	2021 Fair Value	2020 Fair Value
Limited partnerships	Various (a)	Various (a)	$ 78,151,370	$ 62,248,906
Hedge funds	Various (b)	Various (b)	31,092,094	22,898,403
Private equity funds	None (c)	Not applicable (c)	13,034,498	6,585,273
			$ 122,277,962	$ 91,732,582

(a) Limited partnerships totaling approximately $75.2 million may be redeemed monthly with 10 to 90 days' notice as of June 30, 2021. The Foundation has unfunded commitments totaling approximately $2.9 million and $3.1 million as of June 30, 2021 and 2020, respectively. Limited partnerships totaling approximately $2.9 million cannot be redeemed. Rather, distributions are received through the liquidation of partnerships' assets.

(b) A hedge fund with a fair value of approximately $4.5 million as of June 30, 2021, which may be redeemed monthly with 60 days' notice. Any withdrawal requests that exceed 10% of the total partners' capital in the fund may be reduced by the hedge fund.

Hedge funds with fair values totaling approximately $11.5 million as of June 30, 2021, which may be redeemed quarterly with 60 days' notice.

A hedge fund with a fair value of approximately $7.1 million as of June 30, 2021, which may be redeemed quarterly with 65 days' notice.

A hedge fund with a fair value of approximately $5.1 million as of June 30, 2021, which may be redeemed semi-annually with 60 days' notice. The investment has a two year lock up period beginning on the date of the investment. The release of the lock up period expires in May 2022, at which time semi-annual redemptions can be requested.

A hedge fund with a fair value of approximately $3.0 million as of June 30, 2021, which may be redeemed quarterly with 45 days' notice.

(c) The Foundation's investments in private equity funds may not be redeemed. The majority of distributions are received through the liquidation of fund assets. The following table presents the period of time over which the Foundation expects the underlying assets to be liquidated and the unfunded commitments to be paid:

	2021		2020	
Date by Which Funds are Expected to be Liquidated	Fair Value	Unfunded Commitment	Fair Value	Unfunded Commitment
October 2022	$ 1,010,188	$ 843,709	$ 1,027,723	$ 873,709
December 2024	887,235	805,468	758,913	865,962
April 2028	354,644	2,578,797	-	-
January 2029	362,060	2,658,195	74,895	2,826,422
October 2029	457,995	1,594,128	52,235	1,947,765
June 2030	743,559	1,904,410	-	-
November 2030	-	3,000,000	-	-
January 2031	700,043	-	-	-
November 2035	773,298	-	-	-
None (d)	7,745,476	9,350,765	4,671,507	9,775,309
	$ 13,034,498	$ 22,735,472	$ 6,585,273	$ 16,289,167

(d) The Foundation may not withdraw funds from two investments; however, the partnership interests total a fair value of approximately $1,580,000 and unfunded commitments of $2,255,000 may be transferred to another entity with the prior approval of the general partner.

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows:

	Private Equity Securities	Beneficial Interests in Charitable Trusts and Annuity Insurance Contracts	Annuity Contracts Payable
Balance, July 1, 2019	$ 5,054,000	$ 6,777,679	$ 525,762
Change in present value	-	946,719	6,822
Net realized and unrealized gains (losses)	2,961,155	(9,744)	-
Sales	(371,584)	-	-
Transfer	730,000	-	-
Payments received	-	(527,437)	-
Payments made	-	-	(83,594)
Balance, June 30, 2020	8,373,571	7,187,217	448,990
Change in present value	-	576,139	17,197
Net realized and unrealized gains	839,229	-	-
Contributions	521,500	665,488	
Payments received	-	(539,634)	-
Payments made	-	-	(70,597)
Balance, June 30, 2021	$ 9,734,300	$ 7,889,210	$ 395,590

The following table represents the Foundation's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs:

	Private Equity Securities	Beneficial Interests in Charitable Trusts and Annuity Insurance Contracts	Annuity Contracts Payable	Contributions Receivable
Fair value at June 30, 2021	$ 9,734,300	$ 7,889,210	$ 395,590	$ 3,551,296
Fair value at June 30, 2020	$ 8,373,571	$ 7,187,217	$ 448,990	$ 2,690,361
Principal Valuation Technique	Discounted Cash Flow; Earnings Ratio; Tangible Book Ratio	Discounted Cash Flow	Discounted Cash Flow	Discounted Cash Flow
Significant Unobservable Inputs	Discount rate; Earnings Multiple; Tangible Book Multiple	Mortality tables; Discount rate based on the Daily Treasury Yield Curve Rate	Mortality tables; Discount rate based on the Daily Treasury Yield Curve Rate	Discount rate based on the Daily Treasury Yield Curve Rate at the date of the contribution

	Private Equity Securities	Beneficial Interests in Charitable Trusts and Annuity Insurance Contracts	Annuity Contracts Payable	Contributions Receivable
Range of Significant Input Values at June 30, 2021	11.75%; 9.0x; 1.40 - 1.50x	2016 "Period Life Table" from from the Office of the Chief Actuary; 0.87% - 2.06%	2016 "Period Life Table" from from the Office of the Chief Actuary; .46% - 2.00%	N/A
Range of Significant Input Values at June 30, 2020	10.75%; 9.0x; 1.20 - 1.35x	2016 "Period Life Table" from from the Office of the Chief Actuary; 1.87% - 2.52%	2016 "Period Life Table" from from the Office of the Chief Actuary; 2.52% - 2.98%	N/A

Note 5 – Investments at Cost

Investments at cost consist of the following as of June 30:

	2021	2020
Interest in privately held companies	$ 3,535,492	$ 3,952,603
Real estate	36,000	36,000
Total	$ 3,571,492	$ 3,988,603

The Foundation's investments in privately held companies are made up primarily of ownership interests in three companies. As of June 30, 2021, these investments are carried at an adjusted cost of approximately $2,780,000. As of and during the most recent reporting period for the companies, the Foundation's share of the combined owners' equity was approximately $2,780,000, and the Foundation's share of net income was approximately $48,000. As of June 30, 2020, these investments were carried at an adjusted cost of approximately $3,190,000. As of and during the most recent reporting period for the companies, the Foundation's share of the combined owners' equity was approximately $3,190,000, and the Foundation's share of net income was approximately $58,000. The remaining real estate investments held by the Foundation include various pieces of residential and commercial land and buildings throughout the state of Arkansas, which were contributed by donors.

Note 6 – Annuity Contracts

The Foundation is the recipient of gifts of assets under gift annuity arrangements whereby the Foundation has agreed to make quarterly payments at a fixed interest rate to the donors during their lifetime. Upon the death of the last surviving annuitant, the remaining assets are either endowed to be maintained in perpetuity or will be distributed to a designated beneficiary in accordance with the gift instrument. The fair market value of the assets at the time they were contributed is included as an investment in the Foundation's accompanying combined statements of financial position and a liability has been recorded for the present value of the anticipated future payments to be made to the donors based on their estimated remaining lives, utilizing the Daily Treasury Yield Curve Rate to discount annuities.

The balances related to annuities are as follows as of June 30:

	2021	2020
Annuity insurance contracts receivable	$ 177,511	$ 193,656
Investments at fair value	565,494	514,326
Annuity contracts payable	(395,590)	(448,990)
Annuity contracts surplus	$ 347,415	$ 258,992

Note 7 – Property and Equipment

Property and equipment are comprised of the following as of June 30:

	2021	2020
Land	$ -	$ 175,000
Building	-	110,000
Furniture and equipment	746,207	736,726
Property and equipment operating assets, cost	746,207	1,021,726
Less: accumulated depreciation	(468,312)	(408,570)
Property and equipment operating assets, net	277,895	613,156
Property held-for-sale	157,700	157,700
Property and equipment, net	$ 435,595	$ 770,856

Depreciation expense on property and equipment totaled approximately $73,000 and $77,000 for the years ended June 30, 2021 and 2020, respectively.

Note 8 – Grants and Scholarships

Civic areas benefiting from the Foundation's grants, including grants distributed on behalf of agency arrangement liabilities, as a percentage of total grants during the years ended June 30, are as follows:

	2021	2020
Education	47%	64%
Communities	25%	17%
Families	22%	12%
Health	6%	7%
Total	100%	100%

Note 9 – Endowments

The Foundation's endowments consist of approximately 1,600 individual funds established for a variety of purposes. The Foundation has no donor-restricted endowment funds restricted in perpetuity due to the variance power of the Foundation and the fact that the governing documents of the Foundation allow for invasion of principal. Instead all funds with donor restriction are restricted due to time or purpose. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. As such, all endowment funds are classified as either with or without donor restriction in the accompanying combined statements of financial position.

Endowment net asset composition by type of fund and changes in board-designated endowment net assets for the year ended June 30, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, July 1, 2019	$ 176,332,285	$ 6,921,604	$ 183,253,889
Investment income:			
Interest and dividends	4,575,879	-	4,575,879
Net gains on investments (realized and unrealized)	70,515	-	70,515
Total investment income	4,646,394	-	4,646,394
Contributions	9,752,106	350,000	10,102,106
Net reclassification to endowment assets	(162,625)	(364,167)	(526,792)
Appropriation of endowment assets for expenditure	(9,486,903)	-	(9,486,903)
Other changes	40,261	299,644	339,905
Total changes	4,789,233	285,477	5,074,710
Endowment net assets, June 30, 2020	181,121,518	7,207,081	188,328,599
Investment income:			
Interest and dividends	3,293,146	-	3,293,146
Net gains on investments (realized and unrealized)	50,464,374	-	50,464,374
Total investment income	53,757,520	-	53,757,520
Contributions	66,294,171	1,000,000	67,294,171
Net reclassification from endowment assets	755,846	(762,000)	(6,154)
Appropriation of endowment assets for expenditure	(8,348,312)	-	(8,348,312)
Other changes	17,116	347,622	364,738
Total changes	112,476,341	585,622	113,061,963
Endowment net assets, June 30, 2021	$ 293,597,859	$ 7,792,703	$ 301,390,562

Included in the Foundation's endowment net assets are term endowment funds. These funds require an establishing gift of at least $100,000. A minimum balance of $50,000 is required to be maintained for a period of three years. The balance of the funds in excess of the minimum is available for grant-making at any time. After three years, the entire balance of the funds will be available for grant-making.

The Foundation's investment strategy seeks to preserve the value of funds under management and to provide growth and income to support the charitable purposes for which endowment funds were created. Endowment assets are invested in a manner intended to produce a long-term average return, after inflation and net of investment and administrative costs, that exceeds charitable spending. The investment policy adopted by the board of directors is based on the total return concept. To satisfy current and long-term return objectives, the Foundation relies on both capital appreciation (realized and unrealized) and current yield (interest and dividends). Through a strategic asset allocation intended to achieve return objectives while minimizing risk, assets are invested in a diversified mix of equities, fixed-income instruments, cash, and alternative classes such as hedge funds and private equity investments.

Endowment assets are appropriated for expenditure by management based on availability of funds for distribution as calculated through the spending policy. The Foundation's spending policy provides an annual distribution of 4% of the grant making dollar's average ending market value of the previous 20 trailing quarters (if available), as calculated on the first day of the Foundation's fiscal year. The averaging method is designed to smooth charitable spending over time and protect the fund from the effects of inflation and investment return fluctuations.

Note 10 – Loan Guarantee

During the year ended June 30, 2017, the Foundation guaranteed two loans totaling $3,450,000 using endowed net assets. The loans were issued to the Helena Health Foundation, a 501(c)(3) grant-making organization that focuses on improving healthcare in Phillips County. The funds serving as collateral for the loans were donated to the Foundation by the Helena Health Foundation in August 2002. The guaranteed money is classified as net assets with donor restrictions until the collateral is released by the lender. As part of the guarantee agreement, the Foundation is required to maintain a minimum balance in the fund equal to the greater of the outstanding loan balance or $3,000,000. As the fund holds a balance in excess of the loan balance on June 30, 2021, and the Foundation does not anticipate paying out funds from this guarantee, the Foundation has no additional liability other than the funds previously endowed to the Helena Health Foundation.

During the year ended June 30, 2020, the Foundation guaranteed another loan totaling $500,000 using non-endowed assets. The loan was issued to Aristotle Unified Communications, LLC to improve broadband internet signal in underserved areas within the state of Arkansas. The Foundation is required to maintain "unencumbered liquid assets" having an aggregate market value of not less than $1,000,000 at all times. The Foundation does not anticipate paying out funds from this guarantee.

Note 11 – Related Party Transactions

Certain members of the Foundation's board of directors and staff serve on the boards of, or are associated with, other charitable organizations. The Foundation distributed grants of approximately $112,000 and $79,000, and received contributions of approximately $3,600,000 and $233,000, during the years ended June 30, 2021, and 2020, respectively, to or from organizations that had such relationships with members of the Foundation's board of directors and staff.

Note 12 – Retirement Plans

The Foundation maintains a defined contribution retirement plan (the Plan) in which eligible employees may contribute up to 100% of their annual wages, up to Internal Revenue Service limits, through payroll deductions. For participants employed at the end of the year, the Foundation contributed approximately $130,000 and $136,000 to the Plan for the years ended June 30, 2021 and 2020, respectively.

Note 13 – Operating Lease Commitments

The Foundation entered into a lease that commenced in April 2018 and will expire in August 2028. Total rent paid under the lease agreement for the years ended June 30, 2021 and 2020, was approximately $263,000 and $314,000, respectively.

Future minimum rental payments under this lease are as follows for the fiscal years ending June 30:

2022	$ 255,199
2023	262,854
2024	270,740
2025	278,862
2026	287,228
Thereafter	635,907
Total	$ 1,990,790

Note 14 – Liquidity and Availability of Resources

The Foundation's financial assets available to meet cash needs for grant making, general expenditures, liabilities or other obligations within one year of the June 30, 2021, combined statements of financial position date are as follows:

	2021	2020
Cash and cash equivalents	$ 32,963,249	$ 17,358,724
Certificates of deposit	751,644	1,857,533
Due from broker	582,538	582,538
Contributions receivable	3,551,296	2,164,163
Investments at fair value	507,827,837	386,531,529
Total financial assets, at year-end	545,676,564	408,494,487
Less certificates of deposit with maturities exceeding one year	(258,558)	(553,195)
Less investments with a liquidation period exceeding one year	(13,034,498)	(6,585,273)
Less amounts unavailable for general expenditures within one year due to restrictions by donors with purpose restrictions	(16,478,303)	(14,227,577)
Total financial assets available to management for general expenditure within one year	$ 515,905,205	$ 387,128,442

The assets above include $467,625,931 and $347,137,246 held in field of interest, donor advised, and donor-designated funds as of June 30, 2021 and 2020, respectively. The Foundation generally uses these assets for grant making based on agency and donor recommendations.

As part of the Foundation's liquidity management, its policy is to structure its financial assets to be available as grants, general expenditures, liabilities and other obligations become due. The Foundation invests cash in excess of daily requirements in short-term investments and money market funds. The Foundation's available financial assets exclude certain assets that the Foundation would not be able to liquidate within one year of the date of the combined statement of financial position.

Note 15 – Functional Classification of Expenses

Expenses by both natural and functional classification for the year ended June 30, 2021, consist of the following:

	Program Activities		Supporting Activities		
	Grants and Scholarships	Other Programs	Management and General	Fundraising and Development	Total
Grants and scholarships	$ 34,233,940	$ -	$ -	$ -	$ 34,233,940
Community programs	-	954,023	-	-	954,023
Contract services	-	30,884	10,295	-	41,179
Depreciation	-	38,147	19,782	14,753	72,682
Events and travel	-	16,734	3,205	8,096	28,035
Information technology	-	134,964	69,980	52,242	257,186
Insurance	-	14,724	7,636	5,693	28,053
Marketing, outreach and publications	-	30,447	-	265,652	296,099
Occupancy and office	-	231,497	119,220	94,570	445,287
Personnel costs	-	1,230,956	633,589	503,511	2,368,056
Professional fees	-	2,224	144,447	829	147,500
Other	-	18,695	25,970	7,533	52,198
Total expenses	$ 34,233,940	$ 2,703,295	$ 1,034,124	$ 952,879	$ 38,924,238

Expenses by both natural and functional classification for the year ended June 30, 2020, consist of the following:

	Program Activities		Supporting Activities		
	Grants and Scholarships	Other Programs	Management and General	Fundraising and Development	Total
Grants and scholarships	$ 51,832,895	$ -	$ -	$ -	$ 51,832,895
Community programs	-	1,308,783	-	-	1,308,783
Contract services	-	31,265	10,540	354	42,159
Depreciation	-	39,473	20,803	16,873	77,149
Events and travel	-	47,404	10,475	15,374	73,253
Information technology	-	84,621	44,586	36,205	165,412
Insurance	-	13,722	7,233	5,863	26,818
Marketing, outreach and publications	-	31,733	-	351,188	382,921
Occupancy and office	-	241,222	126,021	106,094	473,337
Personnel costs	-	1,180,324	615,870	521,170	2,317,364
Professional fees	-	3,065	71,216	1,123	75,404
Other	-	13,346	27,048	6,982	47,376
Total expenses	$ 51,832,895	$ 2,994,958	$ 933,792	$ 1,061,226	$ 56,822,871