ARKANSAS COMMUNITY FOUNDATION, INC.

COMBINED FINANCIAL STATEMENTS

JUNE 30, 2022 and 2021

WITH

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Arkansas Community Foundation, Inc.

Opinion

We have audited the combined financial statements of Arkansas Community Foundation, Inc. and its combined affiliate, (the Foundation), which comprise the combined statements of financial position as of June 30, 2022 and 2021, the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022 and 2021, and the results of their operations and their 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 (GAAS). 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 Foundation 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS 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 GAAS, 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Hogan Taylor LLP

Little Rock, Arkansas
November 2, 2022

ARKANSAS COMMUNITY FOUNDATION, INC.

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	$ 22,658,795	$ 32,963,249
Certificates of deposit	250,809	751,644
Due from broker (Note 3)	-	582,538
Contributions receivable (Notes 3)	10,606,392	3,551,296
Investments at fair value (Note 4)	512,890,931	507,827,837
Investments at cost (Note 5)	1,940,593	3,571,492
Beneficial interests in charitable trusts, net of unamortized discounts of $2,100,147 and $1,486,519 for 2022 and 2021, respectively (Notes 3 and 4)	6,368,786	7,711,699
Annuity insurance contracts receivable, net of unamortized discounts of $9,938 and $7,415 for 2022 and 2021, respectively (Notes 3, 4, and 6)	146,185	177,511
Cash surrender value of life insurance	511,520	537,654
Loan receivables (Note 3)	3,398,583	2,750,151
Property and equipment (Note 7)	410,332	435,595
Other assets	154,325	136,419
Total assets	$ 559,337,251	$ 560,997,085
Liabilities and Net Assets		
Liabilities:		
Scholarships and other payables	$ 484,649	$ 925,384
Annuity contracts payable (Notes 4 and 6)	338,154	395,590
Agency arrangement liabilities (Note 4)	46,123,349	49,815,928
Total liabilities	46,946,152	51,136,902
Net assets:		
Net assets without donor restrictions:		
Undesignated	24,664,398	25,755,949
Field of interest	38,735,472	42,859,701
Donor advised	229,370,961	256,862,880
Donor designated	197,200,268	167,903,350
Total net assets without donor restrictions	489,971,099	493,381,880
Net assets with donor restrictions	22,420,000	16,478,303
Total net assets	512,391,099	509,860,183
Total liabilities and net assets	$ 559,337,251	$ 560,997,085

ARKANSAS COMMUNITY FOUNDATION, INC.

COMBINED STATEMENT OF ACTIVITIES

Year ended June 30, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Support:			
Contributions	$ 98,553,084	$ 13,034,192	$ 111,587,276
Less amounts received on behalf of agency arrangement liabilities	(3,914,853)	-	(3,914,853)
Net contributions raised	94,638,231	13,034,192	107,672,423
Revenue:			
Interest and dividends	11,234,710	-	11,234,710
Realized and unrealized losses on investments, net	(72,650,756)	-	(72,650,756)
Change in value of beneficial interests in charitable trusts	(4,188)	(841,795)	(845,983)
Net loss before allocation of investment income to agency arrangement liabilities	(61,420,234)	(841,795)	(62,262,029)
Less amount allocated to agency arrangement liabilities	5,469,392	-	5,469,392
Net loss	(55,950,842)	(841,795)	(56,792,637)
Net assets released from restrictions	6,250,700	(6,250,700)	-
Net support and revenue	44,938,089	5,941,697	50,879,786
Expenses:			
Grants and scholarships	44,288,235	-	44,288,235
Less amounts distributed on behalf of agency arrangement liabilities	(1,190,680)	-	(1,190,680)
Net grants and scholarships	43,097,555	-	43,097,555
Other program expenses	3,164,576	-	3,164,576
Management and general	1,067,781	-	1,067,781
Fundraising and development	1,018,958	-	1,018,958
Total expenses	48,348,870	-	48,348,870
Change in net assets	(3,410,781)	5,941,697	2,530,916
Net assets, beginning of year	493,381,880	16,478,303	509,860,183
Net assets, end of year	$ 489,971,099	$ 22,420,000	$ 512,391,099

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

ARKANSAS COMMUNITY FOUNDATION, INC.

COMBINED STATEMENTS OF CASH FLOWS

Years ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ 2,530,916	$ 127,609,507
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Contributions of investments and other assets	(68,714,849)	(62,658,130)
Depreciation	68,153	72,682
Realized and unrealized losses (gains) on investments, net	72,650,756	(73,185,339)
Change in value of beneficial interests in charitable trusts	845,983	(558,942)
Change in value of cash surrender value of life insurance	26,134	(40,528)
Loss on disposal of property and equipment	-	72,167
Changes in:		
Contributions receivable	(7,055,096)	(860,935)
Due from broker	582,538	-
Beneficial interests in charitable trusts	501,118	498,437
Loan receivables	(648,432)	(750,151)
Other assets	(17,906)	(57,111)
Scholarships and other payables	(440,735)	(439,194)
Agency arrangement liabilities	(3,692,579)	10,336,377
Net cash (used in) provided by operating activities	(3,363,999)	38,840
Cash Flows from Investing Activities		
Purchase of property and equipment	(42,890)	(10,088)
Purchase of certificates of deposit	-	(244,990)
Purchase of investments	(242,010,446)	(97,774,033)
Proceeds from sale of property and equipment	-	200,500
Sale of investments	234,642,344	112,072,817
Maturity of certificates of deposit	500,835	1,350,879
Net purchases and payments received from annuity insurance contracts receivable	39,274	41,197
Net receipts from and payments on annuity contracts payable	(69,572)	(70,597)
Net cash (used in) provided by investing activities	(6,940,455)	15,565,685
Net change in cash and cash equivalents	(10,304,454)	15,604,525
Cash and cash equivalents, beginning of year	32,963,249	17,358,724
Cash and cash equivalents, end of year	$ 22,658,795	$ 32,963,249

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 2,400 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 as of June 30, 2022 and 2021. 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 two organizations totaling approximately 59% and one organization totaling approximately 57% of its contributions during the years ended June 30, 2022 and 2021, respectively. Additionally, three different organizations comprised 89% of the Foundation's contributions receivable as of June 30, 2022. As of June 30, 2021, three different organizations comprised 82% 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. 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.

Financial instruments

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.

The Foundation follows a framework for measuring fair value under U.S. GAAP and establishing disclosures about fair value measurements.

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.

Investments at cost

Investments at cost consist primarily of investments of closely held companies and real estate held-for-sale, and are carried at cost or appraised value as of the date of contribution. The interests in closely held companies have no readily determinable fair value and the Foundation has elected to measure them at cost minus impairment. There has been no impairment of investments measured at cost.

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, 2022 and 2021, 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 nonendowed 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, fundraising 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.

Fundraising and 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.

Recent accounting pronouncements

In February 2016, the Financial Accounting Standards (FASB) issued Accounting Standards Update (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 2, 2022, 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

A portion of contributions receivable are due after June 30, 2023, however, the present value discount was not significant. At June 30, 2022 and 2021, beneficial interests in charitable trusts consisted of amounts due under four 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:

	2022	2021
Due from broker	$ -	$ 582,538
Contributions receivable	10,606,392	3,551,296
Beneficial interests in charitable trusts	8,468,933	9,198,218
Annuity insurance contracts receivable	156,123	184,926
Loan receivables	3,398,583	2,750,151
Total receivables before unamortized discount	22,630,031	16,267,129
Less: Unamortized discount on beneficial interest in charitable trusts and annuity insurance contracts receivable	(2,110,085)	(1,493,934)
Net receivables	$ 20,519,946	$ 14,773,195
Amount due in:		
Less than one year	$ 8,160,663	$ 4,673,685
One to five years	8,068,341	4,615,932
More than five years	6,401,027	6,977,512
Total	$ 22,630,031	$ 16,267,129

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, 2022 or 2021.

Loan receivables

The loan receivables balance consists of nine community investment loans and 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, 2022 or 2021.

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

	Interest Rate	Maturity	2022	2021
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	1,000,000

	Interest Rate	Maturity	2022	2021
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
FORGE, Inc. (Anne Fund), payable in quarterly interest-only installments for the duration of the agreement, with the remaining interest and principal due in full at maturity. (c)	2.00%	6/12/2028	250,000	-
FORGE, Inc. (Imani Fund), payable in quarterly interest-only installments for the duration of the agreement, with the remaining interest and principal due in full at maturity. (c)	2.00%	12/2/2031	200,000	-
Hope Federal Credit Union, payable starting on December 29, 2020, and due in full at maturity. (d)	0.50%	12/29/2022	200,753	200,151
Partners for Better Housing, payable in annual interest-only installments for the duration of the agreement, with the remaining interest and principal due in full at maturity. (c)	1.00%	1/5/2025	400,000	-
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. (f)	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. (g)	2.00%	3/15/2025	97,830	100,000
Total loan receivables			$ 3,398,583	$ 2,750,151

(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 loans 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) Partners for Better Housing is a 501(c)(3) housing development organization that is focused on building quality workforce housing and helping provide upward mobility for modest and moderate-income families in Northwest Arkansas.

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

(g) 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, 2022 and 2021, 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.

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 fair value of the underlying assets.

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.

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.

The balances of assets measured at fair value within the fair value hierarchy as of June 30, 2022, are as follows:

	Level 1	Level 2	Level 3	Total
Equity securities	$ 68,333,395	$ -	$ -	$ 68,333,395
Fixed income securities	22,517,974	-	-	22,517,974
Mutual funds	278,958,836	-	-	278,958,836
Private equity securities and funds	-	-	10,374,513	10,374,513
Investments in the fair value hierarchy	369,810,205	-	10,374,513	380,184,718
Investments measured at NAV*				132,706,213
Total investments at fair value				512,890,931
Beneficial interests in charitable trusts	-	-	6,368,786	6,368,786
Annuity insurance contracts receivable	-	-	146,185	146,185
Other assets at fair value	-	-	6,514,971	6,514,971
Total assets at fair value	$ 369,810,205	$ -	$ 16,889,484	$ 519,405,902

* In accordance with Accounting Standards Board Codification Subtopic 810-10, certain investments that are 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 within the fair value hierarchy as of June 30, 2022, are as follows:

	Level 1	Level 2	Level 3	Total
Agency arrangement liabilities	$ -	$ 46,123,349	$ -	$ 46,123,349
Annuity contracts payable	-	-	338,154	338,154
Total liabilities at fair value	$ -	$ 46,123,349	$ 338,154	$ 46,461,503

The balances of assets measured at fair value 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 are 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 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

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, 2022 and 2021, 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:

	2022	2021
Realized and unrealized (losses) gains on investments, net	$ (69,263,435)	$ 75,944,129
Less: investment expenses	(3,387,321)	(2,758,790)
Realized and unrealized (losses) gains on investments, net	$ (72,650,756)	$ 73,185,339

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, 2022:

	Redemption Frequency	Redemption Notice Period	2022 Fair Value	2021 Fair Value
Limited partnerships	Various (a)	Various (a)	$ 68,847,872	$ 78,151,370
Hedge funds	Various (b)	Various (b)	40,761,593	31,092,094
Private equity funds	None (c)	Not applicable (c)	23,096,748	13,034,498
			$ 132,706,213	$ 122,277,962

(a) Limited partnerships totaling approximately $68.8 million may be redeemed monthly with 10 to 90 days' notice as of June 30, 2022. The Foundation has unfunded commitments totaling approximately $1.8 million and $2.9 million as of June 30, 2022 and 2021, respectively. Limited partnerships totaling approximately $4.5 million cannot be redeemed. Rather, distributions are received through the liquidation of partnerships' assets.

(b) A hedge fund with a fair value of approximately $5.4 million as of June 30, 2022, 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 $14.6 million as of June 30, 2022, which may be redeemed quarterly with 60 days' notice.

Hedge funds with fair values of approximately $14.1 million as of June 30, 2022, which may be redeemed quarterly with 65 days' notice.

A hedge fund with a fair value of approximately $5.0 million as of June 30, 2022, which may be redeemed semi-annually with 60 days' notice.

A hedge fund with a fair value of approximately $1.6 million as of June 30, 2022, 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:

	2022		2021	
Date by Which Funds are Expected to be Liquidated	Fair Value	Unfunded Commitment	Fair Value	Unfunded Commitment
2022	$ 853,334	$ 661,846	$ 1,010,188	$ 843,709
2024	390,928	811,599	887,235	805,468
2028	1,409,120	1,757,845	354,644	2,578,797
2029	1,752,960	3,314,953	820,055	4,252,323
2030	2,157,692	3,980,363	743,559	4,904,410
2031	1,106,494	1,152,420	700,043	-
2034	274,494	10,725,506	-	-
2035	2,280,007	4,325,457	773,298	-
2036	852,940	5,280,000	-	-
2037	-	3,000,000	-	-
None (d)	12,018,779	6,480,509	7,745,476	9,350,765
	$ 23,096,748	$ 41,490,498	$ 13,034,498	$ 22,735,472

(d) The Foundation may not withdraw funds from two investments; however, the partnership interests total a fair value of approximately $2,939,000 and unfunded commitments of $1,232,000 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 are summarized as follows:

	Private Equity Securities and Funds	Beneficial Interests in Charitable Trusts and Annuity Insurance Contracts	Annuity Contracts Payable
Balance, July 1, 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
Change in present value	-	(833,847)	12,136
Net realized and unrealized gains	1,318,153	-	-
Sales	(677,940)	-	-
Payments received	-	(540,392)	-
Payments made	-	-	(69,572)
Balance, June 30, 2022	$ 10,374,513	$ 6,514,971	$ 338,154

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 and Funds	Beneficial Interests in Charitable Trusts and Annuity Insurance Contracts	Annuity Contracts Payable
Fair value at June 30, 2022	$ 10,374,513	$ 6,514,971	$ 338,154
Fair value at June 30, 2021	$ 9,734,300	$ 7,889,210	$ 395,590
Principal Valuation Technique	Discounted Cash Flow; Earnings Ratio; Tangible Book Ratio	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
Range of Significant Input Values at June 30, 2022	13.00%; 8.5x; 1.35x	2016 "Period Life Table" from the Office of the Chief Actuary; 3.04% - 3.14%	2016 "Period Life Table" from the Office of the Chief Actuary; 0.09% - 2.80%
Range of Significant Input Values at June 30, 2021	11.75%; 9.0x; 1.40 - 1.50x	2016 "Period Life Table" from the Office of the Chief Actuary; .87% - 2.06%	2016 "Period Life Table" from the Office of the Chief Actuary; 0.46% - 2.00%

Note 5 – Investments at Cost

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

	2022	2021
Interest in privately held companies	$ 1,904,593	$ 3,535,492
Real estate	36,000	36,000
Total	$ 1,940,593	$ 3,571,492

The Foundation's investments in privately held companies are made up primarily of ownership interests in three companies. As of June 30, 2022, these investments are carried at a cost of approximately $1,809,000. As of and during the most recent reporting period for the companies, the Foundation's share of the combined owners' equity was approximately $1,809,000, and the Foundation's share of net income was approximately $126,000. As of June 30, 2021, these investments were carried at a 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. 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. At the time of contribution, these gifts are recorded at fair value and included in investments 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:

	2022	2021
Annuity insurance contracts receivable	$ 146,185	$ 177,511
Investments at fair value	455,476	565,494
Annuity contracts payable	(338,154)	(395,590)
Annuity contracts surplus	$ 263,507	$ 347,415

Note 7 – Property and Equipment

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

	2022	2021
Furniture and equipment	$ 775,936	$ 746,207
Less: accumulated depreciation	(523,304)	(468,312)
Property and equipment operating assets, net	252,632	277,895
Property held-for-sale	157,700	157,700
Property and equipment, net	$ 410,332	$ 435,595

Depreciation expense on property and equipment totaled approximately $68,000 and $73,000 for the years ended June 30, 2022 and 2021, 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:

	2022	2021
Education	48%	47%
Communities	23%	25%
Families	21%	22%
Health	8%	6%
Total	100%	100%

Note 9 – Endowments

The Foundation's endowments consist of approximately 1,640 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, 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 to 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
Investment income:			
Interest and dividends	7,281,878	-	7,281,878
Net losses on investments (realized and unrealized)	(40,923,484)	-	(40,923,484)
Total investment income	(33,641,606)	-	(33,641,606)
Contributions	58,695,390	850,000	59,545,390
Net reclassification from endowment assets	8,031,462	(600,000)	7,431,462
Appropriation of endowment assets for expenditure	(11,053,666)	-	(11,053,666)
Other changes	(13,450)	(807,334)	(820,784)
Total changes	22,018,130	(557,334)	21,460,796
Endowment net assets, June 30, 2022	$ 315,615,989	$ 7,235,369	$ 322,851,358

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, 2022, 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 nonendowed 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 $159,000 and $112,000, and received contributions of approximately $3,419,000 and $3,600,000, during the years ended June 30, 2022 and 2021, 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 $153,000 and $130,000 to the Plan for the years ended June 30, 2022 and 2021, respectively.

Note 13 – Operating Lease Commitments

The Foundation entered into a lease that commenced in April 2018 and will expire in August 2028. In June 2022, the Foundation amended its lease to expand its rentable square footage. Total rent paid under the lease agreement for the years ended June 30, 2022 and 2021, was approximately $260,000 and $263,000, respectively.

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

2023	$ 375,154
2024	409,461
2025	421,745
2026	434,397
2027	447,429
Thereafter	499,351
Total	$ 2,587,537

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, 2022, combined statements of financial position date are as follows:

	2022	2021
Cash and cash equivalents	$ 22,658,795	$ 32,963,249
Certificates of deposit	250,809	751,644
Due from broker	-	582,538
Contributions receivable	10,606,392	3,551,296
Investments at fair value	512,890,931	507,827,837
Total financial assets, at year-end	546,406,927	545,676,564
Less certificates of deposit with maturities exceeding one year	-	(258,558)
Less investments with a liquidation period exceeding one year	(23,096,748)	(13,034,498)
Less contributions receivable exceeding one year	(3,187,413)	-
Less amounts unavailable for general expenditures within one year due to restrictions by donors with purpose restrictions	(22,420,000)	(16,478,303)
Total financial assets available to management for general expenditure within one year	$ 497,702,766	$ 515,905,205

The assets above include $465,306,701 and $467,625,931 held in field of interest, donor advised, and donor-designated funds as of June 30, 2022 and 2021, 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, 2022, consist of the following:

	Program Activities	Supporting Activities: Management and General	Supporting Activities: Fundraising and Development	Total
Grants and scholarships	$ 43,097,555	$ -	$ -	$ 43,097,555
Community programs	1,120,596	-	-	1,120,596
Contract services	28,226	9,409	-	37,635
Depreciation	37,073	18,837	12,243	68,153
Events and travel	100,191	10,849	27,388	138,428
Information technology	145,162	73,761	47,858	266,781
Insurance	16,244	8,254	5,347	29,845
Marketing, outreach and publications	30,410	-	322,274	352,684
Occupancy and office	242,300	122,786	86,881	451,967
Personnel costs	1,420,726	720,020	508,087	2,648,833
Professional fees	4,228	72,335	1,251	77,814
Other	19,420	31,530	7,629	58,579
Total expenses	$ 46,262,131	$ 1,067,781	$ 1,018,958	$ 48,348,870

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

	Program Activities	Supporting Activities: Management and General	Supporting Activities: 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	$ 36,937,235	$ 1,034,124	$ 952,879	$ 38,924,238