ARKANSAS COMMUNITY FOUNDATION, INC.

COMBINED FINANCIAL STATEMENTS

JUNE 30, 2023 and 2022

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, 2023 and 2022, 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, 2023 and 2022, 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 meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe 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 1, 2023

ARKANSAS COMMUNITY FOUNDATION, INC.

COMBINED STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	$ 23,181,051	$ 22,658,795
Certificates of deposit	623,592	250,809
Contributions receivable (Notes 3)	5,477,691	10,606,392
Loan receivables (Note 3)	4,372,830	3,398,583
Beneficial interests in charitable trusts, net of unamortized discounts of $2,004,465 and $2,100,147 for 2023 and 2022, respectively (Notes 3 and 4)	5,279,744	6,368,786
Annuity insurance contracts receivable, net of unamortized discounts of $10,433 and $9,938 for 2023 and 2022, respectively (Notes 3, 4, and 5)	120,666	146,185
Investments at fair value (Note 4)	590,628,388	512,890,931
Investments at cost	1,584,719	1,940,593
Cash surrender value of life insurance	506,261	511,520
Operating lease right-of-use assets (Note 11)	5,546,715	-
Property and equipment (Note 6)	632,459	410,332
Other assets	326,511	154,325
Total assets	$ 638,280,627	$ 559,337,251
Liabilities and Net Assets		
Liabilities:		
Scholarships and other payables	$ 527,301	$ 484,649
Annuity contracts payable (Notes 4 and 5)	284,788	338,154
Operating lease liabilities (Note 11)	5,634,624	-
Agency arrangement liabilities (Note 4)	49,756,168	46,123,349
Total liabilities	56,202,881	46,946,152
Net assets:		
Net assets without donor restrictions:		
Undesignated	29,817,517	24,664,398
Field of interest	40,968,388	38,735,472
Donor advised	272,930,340	229,370,961
Donor designated	220,089,222	197,200,268
Total net assets without donor restrictions	563,805,467	489,971,099
Net assets with donor restrictions	18,272,279	22,420,000
Total net assets	582,077,746	512,391,099
Total liabilities and net assets	$ 638,280,627	$ 559,337,251

ARKANSAS COMMUNITY FOUNDATION, INC.

COMBINED STATEMENT OF ACTIVITIES

Year ended June 30, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Support:			
Contributions	$ 74,625,534	$ 1,253,720	$ 75,879,254
Less amounts received on behalf of agency arrangement liabilities	(3,290,575)	-	(3,290,575)
Net contributions raised	71,334,959	1,253,720	72,588,679
Revenue:			
Interest and dividends	11,684,383	-	11,684,383
Realized and unrealized gains on investments, net	40,256,576	-	40,256,576
Change in value of beneficial interests in charitable trusts	(1,301)	(593,608)	(594,909)
Net revenue (loss) before allocation of investment income to agency arrangement liabilities	51,939,658	(593,608)	51,346,050
Less amount allocated to agency arrangement liabilities	(4,013,423)	-	(4,013,423)
Net revenue (loss)	47,926,235	(593,608)	47,332,627
Net assets released from restrictions	4,807,833	(4,807,833)	-
Net support and revenue	124,069,027	(4,147,721)	119,921,306
Expenses:			
Grants and scholarships	47,405,414	-	47,405,414
Less amounts distributed on behalf of agency arrangement liabilities	(3,219,959)	-	(3,219,959)
Net grants and scholarships	44,185,455	-	44,185,455
Other program expenses	3,813,869	-	3,813,869
Management and general	1,151,287	-	1,151,287
Fundraising and development	1,084,048	-	1,084,048
Total expenses	50,234,659	-	50,234,659
Change in net assets	73,834,368	(4,147,721)	69,686,647
Net assets, beginning of year	489,971,099	22,420,000	512,391,099
Net assets, end of year	$ 563,805,467	$ 18,272,279	$ 582,077,746

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 STATEMENTS OF CASH FLOWS

Years ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ 69,686,647	$ 2,530,916
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Contributions of investments and other assets	(47,223,003)	(68,714,849)
Depreciation	79,547	68,153
Noncash operating lease expense	87,909	-
Realized and unrealized (gains) losses on investments, net	(40,256,576)	72,650,756
Change in value of beneficial interests in charitable trusts	594,909	845,983
Change in value of cash surrender value of life insurance	5,259	26,134
Changes in:		
Contributions receivable	5,128,701	(7,055,096)
Due from broker	-	582,538
Beneficial interests in charitable trusts	495,433	501,118
Loan receivables	(974,247)	(648,432)
Other assets	(172,186)	(17,906)
Scholarships and other payables	42,652	(440,735)
Agency arrangement liabilities	3,632,819	(3,692,579)
Net cash used in operating activities	(8,872,136)	(3,363,999)
Cash Flows from Investing Activities		
Sale of investments	108,880,209	234,642,344
Purchase of investments	(98,782,213)	(242,010,446)
Maturity of certificates of deposit	250,000	500,835
Purchase of certificates of deposit	(622,783)	-
Purchase of property and equipment	(301,674)	(42,890)
Net purchases and payments received from annuity insurance contracts receivable	37,350	39,274
Net receipts from and payments on annuity contracts payable	(66,497)	(69,572)
Net cash provided by (used in) investing activities	9,394,392	(6,940,455)
Net change in cash and cash equivalents	522,256	(10,304,454)
Cash and cash equivalents, beginning of year	22,658,795	32,963,249
Cash and cash equivalents, end of year	$ 23,181,051	$ 22,658,795

See notes to combined financial statements.

ARKANSAS COMMUNITY FOUNDATION, INC.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

June 30, 2023 and 2022

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 2,500 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 $165,000 as of June 30, 2023 and $199,000 as of June 30, 2022. 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 58% and 59% during the years ended June 30, 2023 and 2022, respectively. Additionally, one organization comprised 86% of the Foundation's contributions receivable as of June 30, 2023. As of June 30, 2022, three different organizations comprised 89% 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 the 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, 2023 and 2022, 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.

Leases

The Foundation accounts for leases in accordance with Accounting Standards Update No. 2016-02, *Leases (Topic 842) (Accounting Standards Codification (ASC) 842)*, which supersedes the guidance in ASC 840*, Leases,* and generally requires companies to recognize operating and financing lease liabilities and corresponding right-of-use assets on the balance sheet.

The Foundation determines if an arrangement contains an operating or finance lease at its inception and recognizes right-of-use assets and lease liabilities at the commencement date based on the present value of lease payments over the lease terms. The discount rate for a lease is the rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is based on the information available at the commencement date, including the general credit of the Foundation and the nature of the underlying lease assets. The Foundation combines lease and nonlease components to determine lease payments for all leases.

The Foundation does not record leases with terms of 12 months or less on the balance sheet but instead recognizes the lease payments as an expense on a straight-line basis over the term of the lease. For operating leases, the expenses are generally recognized on a straight-line basis over the lease term. The Foundation recognizes variable lease payments as expenses when incurred.

Recently adopted accounting standards

Effective July 1, 2022, the Foundation adopted the new lease accounting guidance in Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)* ASC 842, which supersedes the guidance in ASC 840*, Leases*, and generally requires companies to recognize operating and financing lease liabilities and corresponding right-of-use assets on the balance sheet. The Foundation used the modified retrospective transition method and was not required to recognize a cumulative effect adjustment to the opening balance of the Foundation's net asset balance as a result of the initial application of ASC 842.

The Foundation elected the following transition practical expedients: (a) no reassessment of whether contractual arrangements that expired prior to the adoption date are, or contain leases, (b) the classification of existing capital leases as finance leases and existing operating leases as operating leases, (c) no redetermination of initial direct costs for leases that existed as of the adoption date, (d) application of hindsight in determining the lease term and impairment of right-of-use assets, and (e) no reassessment of whether existing or expired land easements not previously accounted for as leases were or contained leases.

As a result of the adoption of the new lease accounting guidance, the Foundation recognized on July 1, 2022: (a) an operating lease liability of $5,749,621, which represents the present value of the remaining lease payments of $8,268,990, discounted using the Foundation's incremental borrowing rate of 5.04%, and (b) operating right-of-use assets of $5,749,621, which represents the present value of the lease liabilities of $5,749,621.

Effective July 1, 2022, the Foundation adopted new contributed assets guidance in Accounting Standards Update (ASU) No. 2011-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*, which generally requires not-for-profits to present contributed nonfinancial assets as a separate line item in the combined statements of activities and disaggregate the types of contributed nonfinancial assets. There were no material impacts to the financial statements resulting from the adoption of this standard.

Recent accounting pronouncement

In June 2016, the Financial Accounting Standards Board (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.

Subsequent events

The Foundation has evaluated subsequent events for recognition and disclosure through November 1, 2023, the date the combined financial statements were available to be issued.

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

A portion of contributions receivable are due after June 30, 2023; however, the present value discount was not significant. At June 30, 2023 and 2022, 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:

	2023	2022
Contributions receivable	$ 5,477,691	$ 10,606,392
Loan receivables	4,372,830	3,398,583
Beneficial interests in charitable trusts	7,284,209	8,468,933
Annuity insurance contracts receivable	131,099	156,123
Total receivables before unamortized discount	17,265,829	22,630,031
Less: Unamortized discount on beneficial interest in charitable trusts and annuity insurance contracts receivable	(2,014,898)	(2,110,085)
Net receivables	$ 15,250,931	$ 20,519,946
Amount due in:		
Less than one year	$ 7,261,033	$ 8,160,663
One to five years	5,075,549	8,068,341
More than five years	4,929,247	6,401,027
Total	$ 17,265,829	$ 22,630,031

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, 2023 or 2022.

Loan receivables

The loan receivables balance consists of community investment loans and is 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, 2023 or 2022.

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

	Interest Rate	Maturity	2023	2022
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
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	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	200,000
FORGE, Inc. (Imani Fund #2), 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%	10/5/2032	600,000	-
FORGE, Inc. (Southern Capital 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)	1.50%	3/31/2033	75,000	-

	Interest Rate	Maturity	2023	2022
Hope Federal Credit Union, payable starting on January 21, 2024, and due in full at maturity. (d)	0.10%	1/21/2025	100,000	200,753
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. (e)	1.00%	1/5/2025	400,000	400,000
People Trust, payable in monthly interest only installments for the duration of the agreement, with the remaining interest and principal due in full at maturity. (f)	2.00%	9/12/2027	400,000	-
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	97,830
Total loan receivables			$ 4,372,830	$ 3,398,583

(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 transformational certificate 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, 2023 and 2022, 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, 2023, are as follows:

	Level 1	Level 2	Level 3	Total
Equity securities	$ 95,244,569	$ -	$ -	$ 95,244,569
Fixed income securities	22,984,769	-	-	22,984,769
Mutual funds	308,618,071	-	-	308,618,071
Private equity securities and funds	-	-	10,199,143	10,199,143
Investments in the fair value hierarchy	426,847,409	-	10,199,143	437,046,552
Investments measured at NAV*				153,581,836
Total investments at fair value				590,628,388
Beneficial interests in charitable trusts	-	-	5,279,744	5,279,744
Annuity insurance contracts receivable	-	-	120,666	120,666
Other assets at fair value	-	-	5,400,410	5,400,410
Total assets at fair value	$ 426,847,409	$ -	$ 15,599,553	$ 596,028,798

The balances of liabilities measured at fair value within the fair value hierarchy as of June 30, 2023, are as follows:

	Level 1	Level 2	Level 3	Total
Agency arrangement liabilities	$ -	$ 49,756,168	$ -	$ 49,756,168
Annuity contracts payable	-	-	284,788	284,788
Total liabilities at fair value	$ -	$ 49,756,168	$ 284,788	$ 50,040,956

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 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, 2023 and 2022, 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:

	2023	2022
Realized and unrealized gains (losses) on investments, net	$ 43,491,191	$ (69,263,435)
Less: investment expenses	(3,234,615)	(3,387,321)
Realized and unrealized gains (losses) on investments, net	$ 40,256,576	$ (72,650,756)

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, 2023:

	Redemption Frequency	Redemption Notice Period	2023 Fair Value	2022 Fair Value
Limited partnerships	Various (a)	Various (a)	$ 80,826,119	$ 68,847,872
Hedge funds	Various (b)	Various (b)	41,034,893	40,761,593
Private equity funds	None (c)	Not applicable (c)	31,720,824	23,096,748
			$ 153,581,836	$ 132,706,213

(a) Limited partnerships totaling approximately $80.8 million may be redeemed monthly with 10 to 90 days' notice as of June 30, 2023. The Foundation has unfunded commitments totaling approximately $1.5 million and $1.8 million as of June 30, 2023 and 2022, respectively. Limited partnerships totaling approximately $4.2 million cannot be redeemed. Rather, distributions are received through the liquidation of partnerships' assets.

(b) A hedge fund with a fair value of approximately $4.6 million as of June 30, 2023, 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 $16.5 million as of June 30, 2023, which may be redeemed quarterly with 60 days' notice.

Hedge funds with fair values of approximately $12.8 million as of June 30, 2023, which may be redeemed quarterly with 65 days' notice.

A hedge fund with a fair value of approximately $5.3 million as of June 30, 2023, which may be redeemed semi-annually with 60 days' notice.

A hedge fund with a fair value of approximately $1.8 million as of June 30, 2023, 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:

	2023		2022	
Date by Which Funds are Expected to be Liquidated	Fair Value	Unfunded Commitment	Fair Value	Unfunded Commitment
2022	$ -	$ -	$ 853,334	$ 661,846
2024	1,036,783	1,440,305	390,928	811,599
2028	2,572,644	782,559	1,409,120	1,757,845
2029	3,058,005	2,194,464	1,752,960	3,314,953
2030	4,345,404	2,338,691	2,157,692	3,980,363
2031	1,133,173	1,090,577	1,106,494	1,152,420
2034	2,039,083	5,133,344	274,494	10,725,506
2035	2,973,632	812,396	2,280,007	4,325,457
2036	1,834,588	3,970,000	852,940	5,280,000
2037	-	3,000,000	-	3,000,000
None (d)	12,727,512	31,464,881	12,018,779	6,480,509
	$ 31,720,824	$ 52,227,217	$ 23,096,748	$ 41,490,498

(d) The Foundation may not withdraw funds from two investments; however, the partnership interests total a fair value of approximately $3,051,000 and unfunded commitments of $1,063,000 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, 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
Change in present value	-	(581,778)	13,131
Net realized and unrealized losses	(45,900)	-	-
Sales	(129,470)	-	-
Payments received	-	(532,783)	-
Payments made	-	-	(66,497)
Balance, June 30, 2023	$ 10,199,143	$ 5,400,410	$ 284,788

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, 2023	$ 10,199,143	$ 5,400,410	$ 284,788
Fair value at June 30, 2022	$ 10,374,513	$ 6,514,971	$ 338,154
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, 2023	12.75%; 7.0x; 1.10x	2020 "Period Life Table" from the Office of the Chief Actuary; 3.85% - 4.13%	2020 "Period Life Table" from the Office of the Chief Actuary; 3.81% - 5.50%
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%

Note 5 – 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:

	2023	2022
Annuity insurance contracts receivable	$ 120,666	$ 146,185
Investments at fair value	469,861	455,476
Annuity contracts payable	(284,788)	(338,154)
Annuity contracts surplus	$ 305,739	$ 263,507

Note 6 – Property and Equipment

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

	2023	2022
Furniture and equipment	$ 1,071,827	$ 775,936
Less: accumulated depreciation	(597,068)	(523,304)
Property and equipment operating assets, net	474,759	252,632
Property held-for-sale	157,700	157,700
Property and equipment, net	$ 632,459	$ 410,332

Depreciation expense on property and equipment totaled approximately $80,000 and $68,000 for the years ended June 30, 2023 and 2022, respectively.

Note 7 – 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:

	2023	2022
Education	42%	48%
Communities	30%	23%
Families	11%	21%
Health	17%	8%
Total	100%	100%

Note 8 – Endowments

The Foundation's endowments consist of approximately 1,840 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, 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)

	Without Donor Restrictions	With Donor Restrictions	Total
Contributions	58,695,390	850,000	59,545,390
Net reclassification to 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
Investment income:			
Interest and dividends	6,457,828	-	6,457,828
Net gains on investments (realized and unrealized)	20,959,650	-	20,959,650
Total investment income	27,417,478	-	27,417,478
Contributions	19,369,151	750,000	20,119,151
Net reclassification from endowment assets	2,059,788	(400,000)	1,659,788
Appropriation of endowment assets for expenditure	(14,248,373)	-	(14,248,373)
Other changes	(1,301)	58,458	57,157
Total changes	34,596,743	408,458	35,005,201
Endowment net assets, June 30, 2023	$ 350,212,732	$ 7,643,827	$ 357,856,559

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 9 – 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. The fund holds a balance in excess of the loan balance on June 30, 2023, 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. The guarantee expires in 2029.

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. The guarantee has been extended until March of 2024.

Note 10 – 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 $176,000 and $153,000 to the Plan for the years ended June 30, 2023 and 2022, respectively.

Note 11 – Operating Leases

The Company leases office facilities for various terms under long-term, noncancelable operating lease agreements.

The Company's lease costs and other information are as follows for the year ended June 30, 2023:

Operating lease cost	$ 428,994
Other information:	
Cash paid for amounts included in	
the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 341,085
Weighted average remaining lease term (years)	15
Weighted average discount rate	5.04%

Future minimum lease payments as of June 30, 2023, are as follows:

2024	$ 445,641
2025	458,649
2026	472,039
2027	485,824
2028	500,015
Thereafter	5,906,822
Total undiscounted operating lease payments	8,268,990
Less: imputed interest	(2,634,366)
Total operating lease liabilities	$ 5,634,624

Leases in accordance with *ASC 840, Leases*

For the year ended June 30, 2022, under *ASC 840, Leases*, the Foundation leased office facilities. In June 2022, the Foundation amended its lease to expand its rentable square footage. Total rent paid under the lease agreement for the year ended June 30, 2022, was approximately $260,000. Future minimum rental payments for this lease under *ASC 840, Leases* were as follows for the fiscal years ended 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 12 – 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, 2023 combined statements of financial position date are as follows:

	2023	2022
Cash and cash equivalents	$ 23,181,051	$ 22,658,795
Certificates of deposit	623,592	250,809
Contributions receivable	5,477,691	10,606,392
Investments at fair value	590,628,388	512,890,931
Total financial assets, at year-end	619,910,722	546,406,927
Less certificates of deposit with maturities exceeding one year	(248,625)	-
Less investments with a liquidation period exceeding one year	(31,720,873)	(23,096,748)
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	(18,272,279)	(22,420,000)
Total financial assets available to management for general expenditure within one year	$ 569,668,945	$ 497,702,766

The assets above include $533,987,950 and $465,306,701 held in field of interest, donor advised, and donor-designated funds as of June 30, 2023 and 2022, 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 13 – Functional Classification of Expenses

Expenses by both natural and functional classification for the year ended June 30, 2023, consist of the following:

	Program Activities	Supporting Activities: Management and General	Supporting Activities: Fundraising and Development	Total
Grants and scholarships	$ 44,185,455	$ -	$ -	$ 44,185,455
Community programs	1,506,167	-	-	1,506,167
Contract services	6,354	2,118	-	8,472
Depreciation	44,429	20,847	14,272	79,548
Events and travel	99,158	14,444	25,213	138,815
Information technology	147,374	69,120	47,162	263,656
Insurance	16,997	7,970	5,430	30,397
Marketing, outreach and publications	37,914	-	305,460	343,374
Occupancy and office	298,944	141,427	102,745	543,116
Personnel costs	1,625,592	771,327	571,945	2,968,864
Professional fees	3,199	90,882	979	95,060
Other	27,741	33,152	10,842	71,735
Total expenses	$ 47,999,324	$ 1,151,287	$ 1,084,048	$ 50,234,659

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

Note 14 – 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 $48,000 and $159,000, and received contributions of approximately $1,580,000 and $3,419,000 during the years ended June 30, 2023 and 2022, respectively, to or from organizations that had such relationships with members of the Foundation's board of directors and staff.