COMMUNITY FOUNDATION SERVING WESTERN VIRGINIA

FINANCIAL REPORT

June 30, 2023

CONTENTS

BROWN EDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

Board of Governors
Community Foundation Serving Western Virginia
Roanoke, Virginia

Opinion

We have audited the accompanying financial statements of Community Foundation Serving Western Virginia, a not-for-profit organization, (the "Foundation"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023 and 2022, and the changes in its net asset and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section 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.

Responsibility 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 available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
March 19, 2024

COMMUNITY FOUNDATION SERVING WESTERN VIRGINIA

STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 2,642,018	$ 1,791,686
Investments (Notes 1, 2 and 3)	106,437,718	95,849,280
Contributions receivable from remainder trusts and estates (Note 4)	2,438,615	2,390,507
Land held for sale	219,000	-
Educational loans receivable, net	113,978	168,559
Prepaid expenses	14,879	52,699
Property and equipment, net	52,666	47,071
Right-of-use asset – operating lease (Note 5)	260,242	-
	$ 112,179,116	$ 100,299,802
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grants payable	$ 384,000	$ 56,750
Accounts payable and accrued liabilities	47,235	47,385
Annuity obligations (Note 1)	87,604	128,605
Agency funds (Note 1)	3,921,539	3,675,119
Operating lease liability (Note 5)	262,335	-
Total liabilities	4,702,713	3,907,859
NET ASSETS		
Without donor restriction (Note 1)		
Undesignated	16,227,575	15,485,897
Field of interest	35,235,727	30,408,134
Designated	12,871,307	10,985,762
Advised	21,069,458	18,837,712
Scholarship	19,266,625	18,007,795
	104,670,692	93,725,300
With donor restrictions (Note 1)	2,805,711	2,666,643
Total net assets	107,476,403	96,391,943
	$ 112,179,116	$ 100,299,802

The Notes to Financial Statements are an integral part of these statements.

COMMUNITY FOUNDATION SERVING WESTERN VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUES			
Contributions	$ 4,521,158	$ 219,000	$ 4,740,158
Interest and dividend income	1,221,964	1,532	1,223,496
Administrative fees	1,318,415	-	1,318,415
Unrealized gains (losses) on investments	7,331,441	4,855	7,336,296
Realized gains on investments	3,273,651	5,051	3,278,702
Change in receivables from trusts and estates	-	48,108	48,108
Change in annuity obligations	-	41,001	41,001
Net assets released from donor restrictions	180,479	(180,479)	-
Total support and revenues	17,847,108	139,068	17,986,176
EXPENSES			
Program services and grant making	4,315,412	-	4,315,412
General and administrative	2,441,577	-	2,441,577
Fundraising	144,727	-	144,727
Total expenses	6,901,716	-	6,901,716
Change in net assets	10,945,392	139,068	11,084,460
NET ASSETS			
Beginning	93,725,300	2,666,643	96,391,943
Ending	$ 104,670,692	$ 2,805,711	$ 107,476,403

The Notes to Financial Statements are an integral part of this statement.

COMMUNITY FOUNDATION SERVING WESTERN VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUES			
Contributions	$ 2,921,043	$ 91,184	3,012,227
Interest and dividend income	752,090	1,982	754,072
Administrative fees	1,255,695	-	1,255,695
Unrealized gains (losses) on investments	(21,383,882)	(50,703)	(21,434,585)
Realized gains on investments	7,184,236	19,450	7,203,686
Change in receivables from trusts and estates	(58,128)	(1,106,474)	(1,164,602)
Change in annuity obligations	-	32,455	32,455
Net assets released from donor restrictions	4,736,989	(4,736,989)	-
Total support and revenues	(4,591,957)	(5,749,095)	(10,341,052)
EXPENSES			
Program services and grant making	4,593,271	-	4,593,271
General and administrative	2,295,323	-	2,295,323
Fundraising	113,967	-	113,967
Total expenses	7,002,561	-	7,002,561
Change in net assets	(11,594,518)	(5,749,095)	(17,343,613)
NET ASSETS			
Beginning	105,319,818	8,415,738	113,735,556
Ending	$ 93,725,300	$ 2,666,643	$ 96,391,943

The Notes to Financial Statements are an integral part of this statement.

COMMUNITY FOUNDATION SERVING WESTERN VIRGINIA

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

	Program	Administration	Fundraising	Total
Grants and other assistance	$ 3,923,653	$ -	$ -	$ 3,923,653
Annuity payments	21,099	-	-	21,099
Administrative fees	-	1,318,415	-	1,318,415
Professional services	1,095	25,997	1,095	28,187
Events	12,519	-	15,142	27,661
Benefits	39,838	62,602	11,382	113,822
Information technology	19,575	41,520	5,593	66,688
Travel	1,452	2,282	415	4,149
Payroll taxes	19,231	30,221	5,495	54,947
Investment fees	-	378,117	-	378,117
Insurance	630	11,063	180	11,873
Marketing	8,410	-	24,127	32,537
Office	2,777	7,453	1,720	11,950
Postage	993	1,561	284	2,838
Occupancy	-	114,092	-	114,092
Salaries	262,413	412,362	74,975	749,750
Professional development	-	4,613	-	4,613
Telephone	1,727	2,714	493	4,934
Depreciation	-	18,817	-	18,817
Bad debt	-	3,746	-	3,746
Miscellaneous	-	6,002	3,826	9,828
Total functional expenses	$ 4,315,412	$ 2,441,577	$ 144,727	$ 6,901,716

The Notes to Financial Statements are an integral part of this statement.

COMMUNITY FOUNDATION SERVING WESTERN VIRGINIA

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Program	Administration	Fundraising	Total
Grants and other assistance	$ 4,250,056	$ -	$ -	$ 4,250,056
Annuity payments	30,697	-	-	30,697
Administrative fees	-	1,255,695	-	1,255,695
Professional services	1,155	27,415	1,155	29,725
Events	1,000	-	2,140	3,140
Benefits	33,977	53,393	9,708	97,078
Information technology	25,450	49,251	7,271	81,972
Travel	1,177	1,850	336	3,363
Payroll taxes	16,112	25,319	4,603	46,034
Investment fees	-	389,007	-	389,007
Insurance	644	8,851	184	9,679
Marketing	6,469	-	16,991	23,460
Office	2,817	7,932	1,515	12,264
Postage	1,168	1,836	334	3,338
Occupancy	-	108,183	-	108,183
Salaries	220,800	346,972	63,086	630,858
Professional development	-	8,874	-	8,874
Telephone	1,749	2,748	500	4,997
Depreciation	-	14,697	-	14,697
Bad debt	-	(10,679)	-	(10,679)
Miscellaneous	-	3,979	6,144	10,123
Total functional expenses	$ 4,593,271	$ 2,295,323	$ 113,967	$ 7,002,561

COMMUNITY FOUNDATION SERVING WESTERN VIRGINIA

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	2023	2022
OPERATING ACTIVITIES		
Change in net assets	$ 11,084,460	$ (17,343,613)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in allowance of bad debt	3,746	(10,679)
Depreciation expense	18,817	14,697
Unrealized/realized (gains) losses on investments, net	(11,341,379)	13,840,590
Unrealized/realized (gains) losses on agency funds	(292,734)	465,591
Land held for sale	(219,000)	186,756
Amortization of right-of-use asset – operating lease	50,557	-
Change in:		
Contributions receivable from remainder trusts and estates	(48,108)	5,442,605
Prepaid expenses	37,820	(35,250)
Grants payable	327,250	(110,500)
Accounts payable and accrued liabilities	(150)	(7,663)
Annuity obligations	(41,001)	(32,455)
Agency funds	246,420	(525,043)
Operating lease liability	(48,464)	-
Net cash provided by (used in) operating activities	(221,766)	1,885,036
INVESTING ACTIVITIES		
Proceeds from sales of investments	7,269,941	15,006,512
Purchases of investments	(6,224,266)	(16,840,338)
Educational loans receivable, net	50,835	90,876
Purchases of property and equipment	(24,412)	(28,625)
Net cash provided by (used in) investing activities	1,072,098	(1,771,575)
Net change in cash and cash equivalents	850,332	113,461
CASH AND CASH EQUIVALENTS		
Beginning	1,791,686	1,678,225
Ending	$ 2,642,018	$ 1,791,686
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:		
Adoption of FASB ASC 842		
Right-of-use asset – operating lease	$ 399,710	$ -
Lease liability incurred	(399,710)	-
Cash paid to acquire right-of-use asset	$ -	$ -

The Notes to Financial Statements are an integral part of these statements.

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Community Foundation Serving Western Virginia (the "Foundation") is a publicly-supported community foundation, which was created in Virginia in 1988 and began operations in March 1990. The Foundation strives to provide a cost effective, efficient vehicle through which donors can make contributions and have them administered to a variety of charities throughout the southwestern Virginia region. Effective July 17, 2018, the Board of Governors approved changing the name of Community Foundation of Western Virginia, Inc. d/b/a Foundation for Roanoke Valley to Community Foundation Serving Western Virginia.

Basis of presentation

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

Net assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The Foundation receives contributions from donors with stipulations regarding distributions of the assets and the earnings from the assets, but maintains a variance power over these contributions. While the Foundation attempts to meet the desires expressed by the donors at the time of the contributions, the Foundation reserves the right to modify any restrictions or conditions on the distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgment of the Foundation's Board of Governors, such restrictions or conditions become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. Accordingly, the financial statements classify all net assets as net assets without donor restriction, with the exception of assets related to charitable remainder trusts, charitable gift annuities, and educational loan receivables, which are classified as net assets with donor restriction due to the time restrictions of the assets. The financial statements report amounts separately by class of net assets as follows:

Net assets without donor restrictions:

1. **Undesignated funds** provide the best flexibility to meet present, emerging, and future community needs. The Foundation applies this fund to the areas of greatest need in the communities of southwestern Virginia.
2. **Field of interest funds** enable donors to specify their funds to a particular charitable area of interest. Specific grant recipients within that field are chosen by the Foundation.
3. **Designated funds** allow donors to specify which charitable organizations or programs are to benefit from the fund.
4. **Advised funds** enable donors to establish a fund and periodically make recommendations for grants from the fund.
5. **Scholarship funds** enable donors to provide annual financial support to deserving young men and women pursuing higher-education studies at accredited schools or universities. Recipients are selected in accordance with federal laws through a board-approved, objective, and non-discriminatory process.

(Continued)

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Net assets (Continued)

Net assets with donor restrictions are limited in use by donor-imposed stipulations that expire either by the passage of time or that can be fulfilled by action of the Foundation.

In accordance with the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Investment and spending policies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Governors, the endowment funds are invested in a manner that is intended to produce stated investment results while assuming a moderate level of investment risk. The Foundation's spending and investment policies work together to achieve this objective.

The investment policy establishes an achievable return objective through diversification of asset classes. To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater value on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds for grantmaking and administration. The current spending policy is to distribute an amount up to 5% of a moving 12-quarter average, unless a different amount is stated in the fund agreement. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment return.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor originally gifted to the Foundation. This may be caused by the timing of the gift and/or investment market conditions. The Foundation allows spending from these underwater endowments in accordance with its board-approved spending policy. As of June 30, 2023 and 2022, the value of underwater endowments was immaterial.

(Continued)

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Recent accounting pronouncement

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which replaces most existing lease guidance. In July 2018, the FASB issued the new transition method and practical expedient to simplify the application of the new leasing standard. ASU 2016-02, as amended, requires that lessees recognize all leases (other than leases with a term of 12 months or fewer) on the balance sheet as lease liabilities, based upon the present value of the lease payments, with corresponding right of use assets. On July 1, 2022, the Foundation adopted the provisions of ASU 2016-02, as amended. The adoption of FASB ASC 842 resulted in the recognition of right-of-use assets lease liabilities of $399,710 during the year ended June 30, 2023. The standard did not have a material impact on our Statement of Financial Position or our Statement of Activities. Please refer to Note 6 for disclosures related to the new standard.

Cash and cash equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments with a purchased maturity of less than three months to be cash equivalents, except for those short-term investments managed as part of long-term investment strategies.

Investments

Investments in marketable securities are carried at fair value. The fair value of interests in hedge funds, private equities, and real assets are determined in good faith by external investment managers or other independent sources and reviewed by management. Because these alternative investments are not readily marketable, their estimated value is subject to additional uncertainty and therefore, value realized upon disposition may vary significantly from reported values.

Investment income (including realized gains and losses on investments, interest, and dividends) and unrealized gains and losses on investments are reported in the statements of activities as increases or decreases in net assets without donor restrictions, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Management periodically reviews its investment portfolio for other than temporary declines. Securities that are deemed to have other than temporary declines are assigned a new cost basis based on the fair value at the determination date. The difference in the old and new basis is recorded in investment income.

Gifts of investments are recorded at their fair value (based upon quotations or appraisals) at the date of gift. Purchases and sales of investments are recorded on the trade date.

Investments are exposed to several risks, such as interest rate, currency, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and such changes could materially affect the amounts reported in the Foundation’s financial statements.

The Foundation manages an investment pool. Investment income is allocated to all pooled funds on a quarterly basis using the average balance in each fund during the quarter. The pool consists of funds free from donor restriction and limited by donor restriction.

(Continued)

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Property and equipment

Property and equipment are stated at cost. Donated assets are recorded at their estimated fair values at date of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally three to ten years for office furniture and equipment. It is the Foundation's policy to capitalize property and equipment expenditures over $700. Accumulated depreciation was $210,150 and $191,333 at June 30, 2023 and 2022, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Income taxes

The Foundation is exempt from federal and state income tax under Section 501(c)(3) of the *Internal Revenue Code* (*IRC*) and the tax statutes of the Commonwealth of Virginia; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Foundation has determined that it does not have any material unrecognized tax benefits or obligations as of June 30, 2023. The Foundation is not categorized as a private foundation and has no unrelated business income subject to federal or state income tax under Section 511 of the *IRC*.

Credit risk

Financial instruments that potentially subject the Foundation to concentration of credit risk consist of cash and cash equivalents and investments. The Foundation places its cash and cash equivalents in high credit quality financial institutions. On June 30, 2023 and 2022, a portion of the Foundation's deposits were in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC). Concentration of credit risk for investments is limited by the Foundation's policy of diversification.

Annuity obligations

The Foundation is a participant in several charitable gift annuities. Under these agreements, the donor contributes a sum of money to be invested by the Foundation. The Foundation makes an annual distribution to the donor for life. The present value of this future benefit is recorded as a liability. Upon the donor's death, the remaining principal and income are held for specified charitable organizations.

Agency funds

In accordance with accounting principles generally accepted in the United States of America, a liability is established when a not-for-profit organization establishes a fund at the Foundation with its own funds and specifies itself as the beneficiary of that fund. Revenues and expenses are reported net of agency funds on the statements of activities.

(Continued)

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Allocation of expenses

The financial statements report expenses that are attributed to more than one program or supporting function. The costs of providing the various programs, grants, and supporting services have been summarized on a functional basis in the statement of functional expenses. Therefore expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated on the basis of estimates of time and effort.

Subsequent events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through March 19, 2024, the date the financial statements were available to be issued.

Note 2. Liquidity and Availability

The financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures are as follows as of year ended June 30:

	2023	2022
Cash held in operating fund	$ 322,456	$ 371,486
Administrative funds held in investment, net	986,051	963,237
	$ 1,308,507	$ 1,334,723

The Foundation draws administrative fees at the beginning of each fiscal year and these administrative fees, along with donations to the Foundation's operating funds, are the primary funding source for general operating expenditures for the Foundation. Administrative fees and donations were $1,363,028 and $1,301,438 for the years ended June 30, 2023 and 2022, respectively.

Note 3. Fair Value of Measurements

The Foundation has adopted accounting standards which establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – 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.

Note 3. Fair Value of Measurements (Continued)

Level 2 – Inputs to the valuation methodology 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;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques are used to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in methodologies used at June 30, 2023 and 2022. Following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Stocks, foreign common stocks, and mutual funds (Level 1): Valued at closing price reported on the active market on which the individual securities are traded.

Corporate bonds (Level 2): Valued at quoted market prices of similar investments in active markets or quoted prices for identical or similar instruments in inactive markets.

Remainder trusts receivable (Level 3): Valued at the net present value of future cash flows expected to be received based on life expectancies of the donors and an applicable discount rate.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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.

(Continued)

Note 3. Fair Value of Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 44,521,458	$ -	$ -	$ 44,521,458
Stocks	19,403,870	-	-	19,403,870
Foreign common stock	-	-	-	-
Corporate bonds	-	-	-	-
Government bonds		-	-	-
Limited partnerships: (b)				
Multi-asset class (a)(c)	-	-	-	17,452,520
Global bond (a)	-	-	-	1,078,334
Private equities (a)	-	-	-	13,091,166
Real assets (a)	-	-	-	2,146,651
Cash	-	-	-	8,743,719
Total investments	63,925,328	-	-	106,437,718
Remainder trusts receivable	-	-	2,438,615	2,438,615
	$ 63,925,328	$ -	$ 2,438,615	$ 108,876,333

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 43,797,486	$ -	$ -	$ 43,797,486
Stocks	11,606,733	-	-	11,606,733
Foreign common stock	497,836	-	-	497,836
Corporate bonds	-	141,489	-	141,489
Government bonds	-	103,721	-	103,721
Limited partnerships (b):				
Multi-asset class (a)(c)	-	-	-	18,134,197
Global bond (a)	-	-	-	1,069,009
Private equities (a)	-	-	-	9,650,951
Real assets (a)	-	-	-	1,861,298
Cash	-	-	-	8,986,560
Total investments	55,902,055	245,210	-	95,849,280
Remainder trusts receivable	-	-	2,390,507	2,390,507
	$ 55,902,055	$ 245,210	$ 2,390,507	$ 98,239,787

(a) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Note 3. Fair Value of Measurements (Continued)

(b) This class includes limited partnerships whose investment objectives seek to produce absolute and consistent risk-adjusted returns. For certain limited partnership investments, partners have the right to periodically withdraw amounts subject to certain restrictions.

(c) Mangham Associates Endowment Partners (MAEP) is an investment vehicle managed by Mangham Associates that pools investments for small to mid-size endowments to allow for access to larger funds. The MAEP investment portfolio was allocated across the following asset classes at June 30:

	2023	2022
Global developed equity funds	89.4%	73.6%
Emerging markets equity funds	4.1	10.3
Hedged equity	16.8	17.0
Cash and cash equivalents	(10.3)	(0.9)

Level 3 gains and losses

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 investment assets at June 30:

	Receivables
Balance at June 30, 2021	$ 7,833,112
Net changes in fair value	(1,106,474)
Additional receivables	139,312
Payments on receivables	(4,475,443)
Balance at June 30, 2022	2,390,507
Net changes in fair value	48,108
Additional receivables	-
Payments on receivables	-
Balance at June 30, 2023	$ 2,438,615

Unfunded commitments

The Foundation's non-marketable limited partnerships have unfunded commitments of $4,374,000 as of June 30, 2023. Unfunded commitments are drawn down throughout the life of the investment based on the cash needs of each individual limited partnership. Limited partnerships with unfunded commitments have remaining lives of 1 to 10 years.

(Continued)

Note 4. Contributions Receivable

Contributions receivable with donor restrictions from remainder trusts and estates consist of the following at June 30:

	2023	2022
Expected to be collected in:		
Less than one year	$ 100,000	$ 60,000
One to five years	2,338,615	2,330,507
Gross contributions receivable	2,438,615	2,390,507
Less:		
Actuarial present value of future payments from trusts	-	-
Total	$ 2,438,615	$ 2,390,507

Note 5. Leases

The Foundation leases office space through June 2025.

Operating leases are included in operating lease right-of-use ("ROU") assets and liabilities. ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments related to the lease. Operating lease ROU assets and liabilities are recognized at commencement date, or the date on which the lessor makes the underlying asset available for use, based on the present value of interest that a lessee would have to pay to borrow on a collateralized basis over a similar lease term in an amount equal to the lease payments over the lease term. The operating right-of-use assets and related operating lease liabilities are calculated based on the present value of the lease payments using (1) the rate implicit in the lease or (2) the lessee's incremental borrowing rate, defined as the rate of lease payments in a similar economic environment. Alternatively, non-public companies can elect by asset class to use risk-free rate of return as the discount rate if the implicit rate is not readily determinable. The Foundation has elected to use the risk-free rate. The Foundation's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Variable lease costs such as property taxes and insurance are expensed as incurred. The lease agreements do not include any material residual value guarantees or restrictive covenants.

Total rent expense for the Foundation was $114,092 and $108,183 for 2023 and 2022, respectively.

Weighted average lease term and discount rate as of June 30, 2023 were as follows:

Weighted average remaining lease term	2.41 years
Weighted average discount interest rate	2.87%

Note 5. Leases (Continued)

Future undiscounted cash flows under operating lease liabilities were as follows at June 30, 2023:

2024	$ 112,672
2025	116,752
2026	46,331
Total lease payments	275,755
Less: Interest	(13,420)
Present value of lease liability	$ 262,335

Note 6. Retirement Plan

The Foundation has a defined contribution retirement plan covering eligible full-time employees. Contributions to the plan during 2023 and 2022 were $41,580 and $46,644, respectively.