Princeton Area
COMMUNITY FOUNDATION

PRINCETON AREA COMMUNITY FOUNDATION, INC.
Financial Statements
December 31, 2020 and 2019
With Independent Auditor's Report

withum
ADVISORY TAX AUDIT

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ADVISORY TAX AUDIT

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Princeton Area Community Foundation, Inc.:

We have audited the accompanying financial statements of Princeton Area Community Foundation, Inc. (the "Community Foundation"), which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Princeton Area Community Foundation, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

WithumSmith+Brown, PC

October 28, 2021

Princeton Area Community Foundation, Inc.
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	$ 29,185,714	$ 28,663,571
Contributions receivable	3,175,650	428,852
Investments	198,693,603	170,004,438
Prepaid expenses	90,347	73,974
Beneficial interest in split interest agreements	292,678	265,965
Deposits	10,125	10,125
Property and equipment, net	20,685	27,812
Total assets	$ 231,468,802	$ 199,474,737
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 88,676	$ 90,213
Promises to give payable	2,796,613	2,464,406
Funds held for others	49,894,714	41,107,380
Total liabilities	52,780,003	43,661,999
Net assets		
Without donor restrictions		
Board designated long-term grant funds	50,326,767	46,214,634
Other grant funds	116,922,278	101,965,930
Operating funds	7,971,426	6,737,358
	175,220,471	154,917,922
With donor restrictions	3,468,328	894,816
Total net assets	178,688,799	155,812,738
Total liabilities and net assets	$ 231,468,802	$ 199,474,737

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

Princeton Area Community Foundation, Inc.
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues						
Contributions	$ 16,594,385	$ 3,110,000	$ 19,704,385	$ 16,761,045	$ 227,000	$ 16,988,045
Net investment return (loss)	23,884,903	-	23,884,903	26,269,690	-	26,269,690
Other income	262,818	-	262,818	327,855	-	327,855
Change in value of split interest agreements	-	26,713	26,713	-	42,147	42,147
Net assets released from restrictions	563,201	(563,201)	-	588,454	(588,454)	-
	41,305,307	2,573,512	43,878,819	43,947,044	(319,307)	43,627,737
Expenses						
Program services	19,486,280	-	19,486,280	17,535,857	-	17,535,857
Management and general	696,492	-	696,492	681,014	-	681,014
Fundraising	819,986	-	819,986	748,683	-	748,683
	21,002,758	-	21,002,758	18,965,554	-	18,965,554
Changes in net assets	20,302,549	2,573,512	22,876,061	24,981,490	(319,307)	24,662,183
Net assets						
Beginning of year	154,917,922	894,816	155,812,738	129,936,432	1,214,123	131,150,555
End of year	$ 175,220,471	$ 3,468,328	$ 178,688,799	$ 154,917,922	$ 894,816	$ 155,812,738

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

Princeton Area Community Foundation, Inc.
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Operating activities		
Changes in net assets	$ 22,876,061	$ 24,662,183
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Unrealized/realized gains on investments	(29,434,687)	(31,318,730)
Change in value of split interest agreements	(26,713)	(42,147)
Depreciation expense	8,297	3,237
Changes in assets and liabilities		
Contributions receivable	(2,746,798)	2,822,629
Prepaid expenses	(16,373)	(25,077)
Accounts payable and accrued expenses	(1,537)	6,978
Promises to give payable	332,207	(3,658,929)
Net cash used in operating activities	(9,009,543)	(7,549,856)
Investing activities		
Acquisition of property and equipment	(1,170)	(24,238)
Funds held for others - net additions	8,787,334	8,143,410
Sale of investments	12,289,948	8,712,829
Purchase of investments	(11,544,426)	(6,107,600)
Net cash provided by investing activities	9,531,686	10,724,401
Net change in cash and cash equivalents	522,143	3,174,545
Cash and cash equivalents		
Beginning of year	28,663,571	25,489,026
End of year	$ 29,185,714	$ 28,663,571

Supplemental disclosure of cash flow information

There were no amounts paid for interest or income taxes for the years ended December 31, 2020 or 2019.

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

Princeton Area Community Foundation, Inc.
Statements of Functional Expenses
Years Ended December 31, 2020 and 2019

	2020				2019			
		Supporting Services				Supporting Services		
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Grant expense	$ 18,561,660	$ -	$ -	$ 18,561,660	$ 16,698,622	$ -	$ -	$ 16,698,622
Salaries and wages	588,508	422,542	566,059	1,577,109	510,118	375,082	498,691	1,383,891
Employee benefits and payroll taxes	126,995	91,181	122,150	340,326	107,314	78,449	104,875	290,638
Professional services	60,567	59,099	-	119,666	59,260	87,877	-	147,137
Occupancy	40,689	30,310	39,137	110,136	39,828	30,312	38,923	109,063
Insurance	6,438	3,804	5,096	15,338	6,065	3,600	4,813	14,478
Information technology	44,174	31,716	42,489	118,379	36,023	26,334	35,204	97,561
Travel	1,289	603	808	2,700	5,027	2,834	3,789	11,650
Office expense	15,696	40,464	13,702	69,862	17,987	31,658	15,737	65,382
Marketing	10,473	12,000	24,151	46,624	24,971	40,904	41,344	107,219
Membership dues and subscriptions	23,517	268	359	24,144	25,581	264	361	26,206
Training, conferences and events	3,178	2,282	3,057	8,517	3,866	2,826	3,778	10,470
Depreciation	3,096	2,223	2,978	8,297	1,195	874	1,168	3,237
	$ 19,486,280	$ 696,492	$ 819,986	$ 21,002,758	$ 17,535,857	$ 681,014	$ 748,683	$ 18,965,554

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

1. NATURE OF ORGANIZATION

Princeton Area Community Foundation, Inc. (the "Community Foundation") is a New Jersey not-for-profit corporation, located in Mercer County, organized and incorporated in 1991. Its primary purpose is to encourage philanthropy as an important community value and activity. The Community Foundation is a philanthropic fund which supports charitable giving through education, grant making, and by creating a network of donors, professional advisors and not-for-profit organizations to increase and improve the effectiveness of giving in the region. Significant sources of revenue are received from contributions and investment income. The Community Foundation accepts funds from unrelated nonprofit organizations who desire to have the Community Foundation provide efficient investment management, programmatic expertise, and technical assistance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor imposed restrictions and may be expensed for any purpose in performing the primary objectives of the Community Foundation. These net assets may be used at the discretion of the Community Foundation's management and board of trustees. In addition, net assets without donor restrictions include board designated endowment funds.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds must be maintained in perpetuity. The Community Foundation had no net assets with donor restrictions that were required to be held in perpetuity at December 31, 2020 and 2019.

Revenue and Support Recognition

The Community Foundation recognizes contributions, including unconditional promises to give, as revenue in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized in revenue until the conditions on which they depend have been substantially met. Contributions, net assets and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions. Revenue from government and private grant and contract agreements, which are generally considered non-exchange transactions, is recognized when qualifying expenditures are incurred and conditions under the agreements are met. Grant funds received in advance of the expenditures incurred are recorded as grant advances payable. Grant funds expended in advance of reimbursement from the funding source are classified as grants and contracts receivable in the statements of financial position.

Gifts of cash and other assets are reported as with donor restriction support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. However, with donor restriction contributions whose restrictions expire or are otherwise satisfied within the period of receipt are reported as revenues without donor restrictions in the statements of activities and changes in net assets.

The variance power provision contained in the Community Foundation's governing documents further provides that, absent contrary directions given in the transferring instrument regarding the use of principal, all or part of the principal of any fund may be used subject to certain conditions, including approval of the Board of Trustees. Therefore, such contributions are reported as net assets without donor restrictions.

Grants Made

The Community Foundation recognizes grant expense, including unconditional promises to give, as expense in the period made. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized in expense until the conditions on which they depend have been substantially met.

Program Services

The Community Foundation is an active grantmaker through several competitive grant programs, including All Kids Thrive, Community Impact, the Fund for Women and Girls, and the Bunbury Fund. The Community Foundation also provides grants from donor-advised, designated, nonprofit, and field-of-interest funds. Its primary focus is central New Jersey, but grants from donor advised funds are made regionally and nationally as well. The Community Foundation's signature All Kids Thrive program is awarding $3 million in grants over 5 years to 10 school nonprofit partnerships working to reduce chronic absenteeism in the Community Foundation's region. Education can be a path out of poverty, but poverty can also prevent students from getting to school. Poverty can also make the academic impact of that absenteeism more acute. As a result of the COVID-19 pandemic and the shift to virtual learning, the Community Foundation gave its All Kids Thrive grantee-partners the flexibility to pivot, with both their models and their funding: They began to measure attendance in a new way, by focusing on student engagement. They also shifted some of their All Kids Thrive grant dollars to help meet the basic needs of students and their families. For example, some nonprofits delivered food to families, and they also helped students and families connect virtually to schools.

The Community Foundation's other competitive grants address the needs of low-income people in greater Mercer County, provide operating support for nonprofits working with low-income people and communities, and provide support for programs that help low-income children, families and communities. The Community Foundation's grantmaking touches many programmatic areas including education, basic services, health, arts and culture, housing, the environment, historic preservation, civil rights, and animal welfare. The Community Foundation also administers over a dozen scholarship funds which grant scholarships and awards through competitive processes to support college study by local students, and to honor achievement in the arts, music, graphic design and community service.

In 2020, the Community Foundation created a COVID-19 Relief & Recovery Fund to help local nonprofits respond to the devastating impact the pandemic had on local communities. Funding was provided to help nonprofits address food insecurity, other basic and social service needs, capacity building, physical and mental health needs and counseling services, and housing and rental assistance. Later that year, the Community Foundation agreed to host a fund created to address the pandemic-related needs of nonprofit arts, culture and historical institutions. The NJ Arts & Cultural Recovery Fund is awarding grants to nonprofits statewide.

The Community Foundation actively engages its donors, grantees, and the professional advisors in the region to encourage charitable giving broadly, and to build over time a community-wide commitment to philanthropy. It sponsors seminars and workshops on topics such as endowment-building, good governance and grant-seeking best practices. The Community Foundation positions itself as a leader in the region and regularly responds to requests for information and guidance. In addition, the Community Foundation partners with other organizations, such as the Council of NJ Grantmakers, to expand its educational offerings.

Allocation of Expenses

Expenses are allocated among program services, management and general and fundraising using the direct cost method, historical percentages or other reasonable basis consistent with the benefit derived by each program. Program services include grantmaking and all activities that facilitate philanthropy in the central New Jersey region, including education and the creation and maintenance of networks among donors, nonprofits and professional advisors.

The allocations performed are determined by management on an equitable basis on the following methodologies:

Expense Category	Allocation Methodology
Salaries and wages	Time and effort
Payroll taxes and benefits, occupancy, insurance, travel, office expenses, depreciation	Salaries and wages

Donated Services

The Community Foundation receives donated services from unpaid volunteers, officers and trustees which support fundraising, administrative and program efforts. The value of all donated services is not included in these financial statements as they do not meet the criteria for recognition. The Community Foundation received approximately 1,000 hours of donated services during each of the years ended December 31, 2020 and 2019.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Community Foundation considers all money market funds and certificates of deposit with a maturity date of three months or less at the time of acquisition to be cash equivalents. Included as cash and cash equivalents are money market funds which are part of the investment pool, which are intended for long term investment and a component of the investment portfolio of the Community Foundation.

Investments

Investments in equity securities with readily determinable values, and all investments in debt securities are measured at fair value in the statements of financial position. The Community Foundation has invested funds in alternative investments. Most of these investments are established as limited partnerships which are not traded on any public exchange or market. The alternative investments invest in various investment vehicles, including publicly traded equities and bonds traded in the United States and internationally, privately held companies, and closely held limited partnerships and investment companies or on the tax basis of the limited partnership. Those investments that are traded in the United States or on foreign exchanges are valued based on current traded value.

Estimates of fair value for certain investments have been used for those investments that are not readily traded. The investments in limited partnerships include some which allow for limited or no rights of redemption until the termination of the partnership. These limited partnerships, whose financial statements are prepared in accordance with U.S. GAAP, are generally valued at the net asset value provided by the manager of such investments.

Donated investments are recorded at the fair value at the date of receipt. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in net assets without donor restrictions unless the income or loss is restricted by the donor or the law. Except for those funds which have specifically identified investments associated with them, the majority of the investments are held in pooled funds at the Community Foundation. Each fund is assigned a certain unit value and its ownership interest is based on the allocation of the fair value of the fund's units to the total fair value of the investment pool. The pool is revalued monthly and income and gains or losses are allocated to each fund based on its units.

Distributions of Investment Returns
The Community Foundation's policy for annual distributions from Board designated long-term grant funds is calculated at an annual amount equal to approximately 5% (4% grants, 1% fees) of the average trailing eight-quarter market values of each fund. Other donor funds make grants in varying amounts annually. Grants distributed were $18,561,660 and $16,698,622 for the years ended December 31, 2020 and 2019, respectively, from all funds within the Community Foundation. Fees earned for investment management services of $259,156 and $245,506 for the years ended December 31, 2020 and 2019, respectively, are recorded in other income on the statements of activities and changes in net assets.

The total net return, which includes interest and dividend payments plus net capital appreciation (depreciation) earned by the pooled investments, less direct internal and external investment expenses is allocated to the funds based on a daily average balance, relative to the pool.

New funds or additional contributions to an existing fund that have been at the Community Foundation for less than one year will not make a full distribution. A pro rata calculation is used based on the date of receipt of the contribution. The calculation for the distributions for funds that have been at the Community Foundation for more than one year, but less than two years is based on the dates the contribution was received and the ending market values for each quarter.

Property and Equipment
Property and equipment are recorded at cost, except for donated items, which are recorded at fair value on the date of donation. Improvements are capitalized, while repairs and maintenance expenditures are expensed in the statements of activities and changes in net assets.

Donated property and equipment are recorded as restricted support when donors stipulate how long the assets must be used. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided over the estimated useful lives of the assets using the straight-line method which ranges from 3 to 10 years.

Valuation of Long-Lived Assets
The Community Foundation reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no impairment charge was required for the periods presented in these financial statements.

Funds Held for Others

The Community Foundation receives and distributes assets under certain agency and intermediary arrangements. When the Community Foundation accepts a deposit from a not-for-profit organization ("NPO") to establish a fund that specifies itself or its affiliate as the beneficiary of that fund, the Community Foundation will account for the transfer of such assets as a liability. The liability is established at the fair value of the funds received, adjusted for investment earnings and fees, gains and losses and net of any funds returned which is generally equivalent to the present value of future payments expected to be made to the NPOs. These funds are reflected as "funds held for others" in the accompanying statements of financial position. Upon written request, full liquidations occur at the discretion of the Community Foundation, following the monthly reconciliation or at the end of the following quarter when the portfolio is rebalanced. Timing of liquidations is determined by the Community Foundation to ensure no adverse impact on the performance of the investment pool.

Foreign Currency

Investment securities denominated in foreign currencies are translated into United States dollars at the statement of financial position date. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into United States dollars on the respective dates of such transactions. Realized gains and losses and changes in unrealized gains and losses resulting from changes in foreign exchange rates are included in investment income in the statements of activities and changes in net assets.

Concentration of Credit Risks

Financial Instruments

Financial instruments which potentially subject the Community Foundation to concentrations of credit risk are cash and cash equivalents, investments, contributions and contributions receivable. The Community Foundation places cash and its investments in high quality securities with several financial and investment institutions which helps limit the Community Foundation's exposure to concentrations of credit risk. However, the Community Foundation is subject to the inherent risks associated with market fluctuations which it attempts to minimize by holding a diversified portfolio. Cash balances at financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC"). From time to time, the Community Foundation may have cash balances which exceed the insured limit of $250,000.

Contribution Revenue

Contributions revenue are received from a wide donor base which limits the concentration of credit risk. Approximately 51% and 46% of total contributions were from three donors for the years ended December 31, 2020 and 2019, respectively.

Contributions Receivable

Contributions receivable are received from a wide donor base which limits the concentration of credit risk. For the years ended December 31, 2020 and 2019, one donor comprised 94% and 70% of total contributions receivable, respectively.

Income Taxes

The Community Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for federal or state income taxes. However, revenue earned on activities which are unrelated to the Community Foundation's exempt purpose is taxable. The Community Foundation's unrelated business income is generated from investment income from certain of its investments in alternative assets. The Community Foundation had no income taxes assessed for the years ending December 31, 2020 and 2019.

The Community Foundation follows the pronouncement related to accounting for uncertainty in income taxes and there were no uncertain tax positions at December 31, 2020 and 2019. In addition, no income tax related penalties or interest have been recorded for the years ended December 31, 2020 and 2019.

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 certain reported amounts and disclosures. The value of investments includes estimates of fair value for instruments that are not publicly traded, which is a significant estimate (see Note 5). It is reasonably possible that these estimates could change in the near future.

New Accounting Pronouncements Adopted in Current Year

Fair Value Measurements

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement* (Topic 820). This ASU amends ASC Topic 820, Fair Value Measurement, by removing and modifying certain disclosure requirements related to fair value measurements, including Level 3 fair value measurement disclosures. ASU 2018-13 is effective for all entities for annual reporting periods beginning after December 15, 2019 and early adoption is permitted. The adoption of this ASU had no significant impact on these financial statements.

New Accounting Pronouncements Issued Not Yet Effective

Leases

In February 2016, the FASB issued ASU 2016-02 *Leases* (Topic 842), which requires the recognition of a "right to use" asset and a lease liability, initially measured at the present value of the lease payments, on the statements of financial position for all of the Community Foundation's lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021. The Community Foundation is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

Gifts In-Kind

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. Management does not expect this ASU to have a significant impact on the Community Foundation's financial statements.

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2020 and 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and fulfillment of payables and other obligations, were as follows:

	2020	2019
Financial assets		
Cash and cash equivalents	$ 1,888,800	$ 1,350,000
Contributions receivable	-	75,000
Investments - operating funds	11,287,800	10,000,000
Investment distribution	2,000,000	1,488,000
Total financial assets and liquidity resources	$ 15,176,600	$ 12,913,000

The financial assets above are not subject to donor or other restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. Additionally, grants that are authorized and paid from donor advised and other restricted funds in the subsequent year would be funded from the related restricted cash and not the financial assets noted above.

Community Foundation funds are managed as a pool of assets and are charged an annual administrative fee based on a percentage of the average fair value of the assets of the fund. These administrative fees are recognized in the fiscal year in which they occur and are used to cover the operating expenses of the Community Foundation. Based on the nature of these funds, the administrative fees that will be charged in the subsequent annual year would be available for general expenditure within the next year.

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following at December 31:

	2020	2019
Amounts due in the next year	$ 3,145,650	$ 368,852
Amounts due in 1-5 years	30,000	60,000
	$ 3,175,650	$ 428,852

5. RECURRING FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosure about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. Fair value should be based on assumptions that market participants would use when pricing an asset or liability, including assumptions about risk and the risks inherent in valuation techniques and the inputs to valuations. Fair value measurements assume that the transaction occurs in the principal market for the asset or liability (the market with the most volume and activity for the asset or liability from the perspective of the reporting entity), or in the absence of a principal market, the most advantageous market for the asset or liability (the market in which the reporting entity would be able to maximize the amount received or minimize the amount paid). The Community Foundation applies fair value measurements to certain assets and liabilities, including the Community Foundation's managed investments, other investments, and funds held in trust by others, in accordance with the requirements described above.

The Community Foundation maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Fair value is based on actively quoted market prices, if available. In the absence of actively quoted market prices, price information from external sources, including broker quotes and industry publications, is used. If pricing information from external sources is not available, or if observable pricing is not indicative of fair value, judgment is required to develop the estimates of fair value using discounted cash flow and other income valuation approaches.

The Community Foundation utilizes the following fair value hierarchy, which prioritizes, into three broad levels, the inputs to valuation techniques used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities that the Community Foundation has the ability to access at the measurement date. Instruments categorized in Level 1 primarily consist of a broadly traded range of equity and debt securities.

Level 2 - Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including 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, and inputs that are derived from observable market data by correlation or other means.

Level 3 - Unobservable inputs for the asset or liability, including situations where there is little, if any, market activity for the asset or liability. Instruments categorized in Level 3 primarily consist of limited partnership interests and other similar investment vehicles.

The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The lowest level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. Fair value measurements are categorized as Level 3 when a significant proportion of price or other inputs that are considered to be unobservable are used in their valuations.

Following is a description of the valuation methodologies used for assets measured at fair value. Domestic equity is valued at the closing price reported on the active market on which the individual securities are traded. Treasury index fund is valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar funds, those funds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Investments in investee funds (alternative investments) that are valued using the net asset value (“NAV”) of the underlying investee fund as a practical expedient have been excluded from the fair value hierarchy and are shown as a separate column in the fair value leveling table. Certain of these investments may be subject to modest holdback provisions to cover audit and other potential expenses or adjustments in the event of a complete withdrawal. As a practical expedient, investments without readily determinable fair values, such as alternative investments, are reflected at net asset value reported by the fund managers or general partners, and may differ significantly from the values that would have been reported had a ready market for these investments existed. The Community Foundation reviewed and evaluated the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of alternative investments.

The Community Foundation has provided fair value disclosure information for relevant assets and liabilities in these financial statements at December 31 as follows:

	2020				
	Total	Quoted Prices in Active Markets Level 1	Observable Measurement Criteria Level 2	Unobservable Measurement Criteria Level 3	NAV as Practical Expedient
Investments					
Domestic equity					
International Emerging Equity	$ 10,777,349	$ 10,777,349	$ -	$ -	$ -
Real assets	18,259,387	18,259,387	-	-	-
Other	1,205,392	1,205,392	-	-	-
Treasury index fund	15,917,718	15,917,718	-	-	-
Alternative Investments					
Multi-strategy (a)	46,436,345	-	-	-	46,436,345
Long/short strategy (b)	4,702,208	-	-	-	4,702,208
Equity funds (c)	61,498,526	-	-	-	61,498,526
International equity funds (d)	28,628,786	-	-	-	28,628,786
Real assets (e)	6,361,066	-	-	-	6,361,066
Venture capital (f)	4,906,826	-	-	-	4,906,826
	$ 198,693,603	$ 46,159,846	$ -	$ -	$ 152,533,757
Beneficial interest in split interest agreements	$ 292,678	$ -	$ 292,678	$ -	$ -

	2019				
	Total	Quoted Prices in Active Markets Level 1	Observable Measurement Criteria Level 2	Unobservable Measurement Criteria Level 3	NAV as Practical Expedient
Investments					
Domestic equity					
International Emerging Equity	$ 13,630,695	$ 13,630,695	$ -	$ -	$ -
Real assets	14,907,134	14,907,134	-	-	-
Other	4,996,304	4,996,304	-	-	-
Treasury index fund	8,642,136	8,642,136	-	-	-
Alternative Investments					
Multi-strategy (a)	40,882,206	-	-	-	40,882,206
Long/short strategy (b)	4,884,393	-	-	-	4,884,393
Equity funds (c)	49,722,333	-	-	-	49,722,333
International equity funds (d)	23,925,890	-	-	-	23,925,890
Real assets (e)	5,209,304	-	-	-	5,209,304
Venture capital (f)	3,177,030	-	-	-	3,177,030
Other	27,013	-	-	27,013	-
	$ 170,004,438	$ 42,176,269	$ -	$ 27,013	$ 127,801,156
Beneficial interest in split interest agreements	$ 265,965	$ -	$ 265,965	$ -	$ -

The following table presents the unfunded commitments, redemption frequency and notice period for investments in entities at December 31, 2020 and 2019:

Strategies	Number of Funds	2020 Amount	Unfunded Commitment	Redemption Commitment	Redemption Notice Period
Multi-strategy (a)	6	$ 46,436,345	$ 1,539,308	Monthly-annually	45-90 days
Long/short strategy (b)	1	4,702,208	-	Monthly	60 days
Equity funds (c)	4	61,498,526	-	Monthly-annually	0-90 days
International equity funds (d)	21	28,628,786	-	Quarterly; 25% 30 days, 75% 5 years for 1 fund	30-90 days
Real assets (e)	5	6,361,066	5,268,658	Monthly	90 days
Venture capital (f)	1	4,906,826	625,425	Monthly	None
		$ 152,533,757	$ 7,433,391		

Strategies	Number of Funds	2019 Amount	Unfunded Commitment	Redemption Commitment	Redemption Notice Period
Multi-strategy	6	$ 40,882,206	$ 3,319,016	Monthly-annually	45-90 days
Long/short strategy	1	4,884,393	-	Monthly	60 days
Equity funds	3	49,722,333	-	Monthly-annually	0-90 days
International equity funds	21	23,925,890	-	Quarterly; 25% 30 days, 75% 5 years for 1 fund	30-90 days
Real assets	5	5,209,304	5,819,291	Monthly	90 days
Venture capital	1	3,177,030	1,392,075	Monthly	None
		$ 127,801,156	$ 10,530,382		

a) Multi-strategy: These funds pursue multiple investments including equity and debt investments in public and private companies across a variety of industries and variety of strategies including credit investments, value investments, and other direct investments. These funds seek capital appreciation and current income and have termination dates ranging from 2021 to 2025.

b) Long/short strategy: This fund's objective is to achieve capital appreciation through debt and equity securities, put and call options and other financial instruments. The fund intends for long investments to remain in the portfolio for significant periods of time and do not look for short term trading positions. The short investments they look for triggers that cause valuations to decrease. The fund terminates in 2050.

c) Equity funds: These funds' objectives are capital appreciation and investment in a variety of securities including domestic and foreign equities, fixed income funds and other investments in a variety of industries.

d) International equity funds: These funds are incorporated offshore and represent equity based investments in various industries and markets. The fund's objectives include generating return by investing in companies in certain foreign jurisdiction such as Japan and greater China. These funds aim to generate attractive risk adjusted long term returns through a fundamental, bottom up long short equity strategy and to generate returns for shareholders by investing in companies that are trading substantially below their intrinsic value and supporting management-led positive change to catalyze the Fund's public market value to that intrinsic value.

e) Real assets: These funds include investments in real estate, income-producing but mismanaged properties and natural resources. Generally, investments in this asset class are not redeemable.

f) Venture capital: This fund's principal activity is to make and oversee investments in equity and equity related investments in securities of privately-held companies located in the United States with the principal objective of appreciation of capital invested.

The Community Foundation is obligated under certain agreements to fund capital calls periodically up to specified commitment amounts. Such commitments generally are called over periods of up to 10 years and contain fixed expiration dates or other termination clauses.

The Organization transferred its Level 3 investments in 2019 and 2020 to be treated under the practical expedient of net asset value.

Investment return was comprised of the following:

	2020	2019
Dividend and interest income	$ 1,598,234	$ 2,192,780
Net realized and unrealized gains on investments	2,105,342	6,591,468
Partnership income, net of fees	27,329,345	24,727,262
Asset management fees	(3,938)	(4,024)
Realized gains on contributed stock	181	17,736
Net fees and losses shared with funds held for others	(7,179,303)	(7,299,994)
Interest income on money market accounts	35,042	44,462
Net investment return	$ 23,884,903	$ 26,269,690

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2020	2019
Furniture and office equipment	$ 102,814	$ 101,644
Leasehold improvements	63,318	63,318
Less: Accumulated depreciation	(145,447)	(137,150)
	$ 20,685	$ 27,812

Depreciation expense was $8,297 and $3,237 for the years ended December 31, 2020 and 2019, respectively.

7. BENEFICIAL INTEREST IN SPLIT INTEREST AGREEMENTS

The Community Foundation is the irrevocable beneficiary of two charitable remainder trusts. Upon establishment of the trusts, the Community Foundation's interest is recorded as a contribution at its net present value based on the estimated life expectancy of the donors and discounted at a risk free rate of return determined at the respective dates of the original contributions. The portion of the trust attributable to the future interest of the Community Foundation is recorded in the statements of activities and changes in net assets as a contribution with restrictions in the period the trust is established. Assets held in split interest agreements are recorded at fair value in the Community Foundation's statements of financial position. Subsequent to the receipt of such trusts, the Community Foundation's interest in these trusts is adjusted to the market value with a corresponding offset to unrealized gain or loss. These trusts for 2020 and 2019 were valued at $292,678 and $265,965, respectively.

8. PAYCHECK PROTECTION PROGRAM LOAN

On May 5, 2020, the Community Foundation issued an unsecured promissory note (the "PPP Loan") for $257,200 through the Paycheck Protection Program ("PPP") established under the CARES Act, and administered by the U.S. Small Business Administration ("SBA"). The PPP Loan is guaranteed by the SBA. The PPP Loan may be forgiven, in whole or in part, if the Community Foundation was eligible for the PPP Loan at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP Loan was disbursed ("Covered Period"), and otherwise satisfied PPP requirements. The PPP Loan was made through PNC Bank, National Association (the "Lender"), has a two-year term, bears interest at 1.00% per annum, and matures on May 5, 2022. If the PPP Loan is not forgiven, monthly principal and interest payments are deferred until ten months after the end of the Covered Period.

When it applied for the loan, the Community Foundation believed it would qualify to have the loan forgiven under the terms of PPP, and therefore considered the loan to be a conditional government grant. The Community Foundation has performed initial calculations for PPP loan forgiveness, and expects that the PPP Loan will be forgiven in full because 1) the Community Foundation has, prior to December 31, 2020, utilized all of the proceeds for payroll and other qualified expenses and 2) the Community Foundation believes it will continue to comply with other terms and conditions necessary for forgiveness.

The Community Foundation concluded that the PPP Loan should be accounted for as a government grant. Under the provisions of ASC 958-605, the PPP Loan represents, in substance, a grant that is expected to be forgiven (a conditional contribution). The conditional contribution is recognized as grant income at a point in time once the conditions of release have been met or explicitly waived; or over a period of time as it incurs qualifying PPP expenses. As discussed above, the Community Foundation believes that it is probable that it met the terms of forgiveness prior to December 31, 2020. Accordingly, the Community Foundation recognized PPP grant income for the full amount of the PPP Loan in the accompanying statement of activities and changes in net assets and no liability for the PPP Loan is reflected in the accompanying statement of financial position.

The Community Foundation has submitted its PPP loan forgiveness application. On January 15, 2021, the Community Foundation received loan forgiveness.

9. EMPLOYEE BENEFIT PLAN

The Community Foundation maintains a salary reduction 403(b)(7) benefit plan, and a tax deferred annuity plan, which includes all full time employees (collectively, the "Plans"). The Plans allow employees to defer up to the statutory maximums of their salary on a pre-tax basis. The Community Foundation does not match the employee's contributions. The Plans provide for a discretionary employer contribution. In 2020 and 2019, the Community Foundation made discretionary contributions of $70,038 and $55,214, respectively, which are included in employee benefits and payroll taxes on the statements of financial position.

10. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Community Foundation extended its non-cancelable lease agreement for office space through March 2023. Rental expense for each of the years ending December 31, 2020 and 2019 was approximately $77,000.

The following is a schedule of the future minimum lease payments as of December 31:

2021	$ 77,235
2022	76,800
2023	19,200
	$ 173,235

Promises to Give Payable

The Community Foundation has made grant and scholarship commitments as of December 31, as follows:

2021	$ 2,290,712
2022	376,750
2023	74,500
2024	54,651
	$ 2,796,613

11. RELATED PARTY TRANSACTIONS

The Board of Trustees consists of 23 voting members. During the years ended December 31, 2020 and 2019, contributions from these trustees and members of the Community Foundation's staff was approximately $405,000 and $269,000, respectively.

12. NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions consisted of contributions from donor funds that are available to be granted for charitable and educational purposes including:

	2020	2019
Board designated long-term grant funds – assets held by the Community Foundation for long-term grantmaking; subject to limited annual distributions	$ 50,326,767	$ 46,214,634
Other grant funds – assets held by the Community Foundation for grantmaking not subject to a limited annual distribution	116,922,278	101,965,930
Operating funds – assets in support of the Community Foundation operations	7,971,426	6,737,358
Total net assets without donor restrictions	$ 175,220,471	$ 154,917,922

Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at December 31:

	2020	2019
Time restrictions		
Pledge receivable (included in contributions receivable)	$ 3,175,650	$ 428,851
2020 Grant year	-	200,000
Beneficial interest in split interest agreements	292,678	265,965
	$ 3,468,328	$ 894,816

13. ENDOWMENT FUNDS

Description of Fund

The Community Foundation receives and operates several funds which are at the Community Foundation's board and grant committee's discretion to determine how and when to appropriate the funds. The donors for these funds provided variance power to the Community Foundation and these funds support various community programs and services.

Interpretation of Relevant Law

The Board of Trustees of the Community Foundation has designated that long-term assets be held in a manner consistent with the standard of prudence prescribed by state law. As a result of this interpretation, the Community Foundation considers the following factors in making a determination to distribute or accumulate long-term asset funds:

(1) The duration and preservation of the fund
(2) The purpose of the long-term asset funds
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Community Foundation
(7) The investment policies of the Community Foundation

Return Objectives and Risk Parameters

The Community Foundation has adopted investment and spending policies for long-term assets that attempt to provide a predictable stream of funding to programs supported by its long-term assets while seeking to maintain the purchasing power of these assets. Under this policy, as approved by the Board of Trustees, long-term assets are invested in a manner that is intended to produce results that match or exceed a blended benchmark of domestic and international equities, corporate bonds and limited partnerships, while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Community 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 Community Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Community Foundation has a policy of distributing annually each year 5% of its long-term assets' average fair value over the prior ending eight quarters through the calendar year-end of the preceding fiscal year in which the distribution is planned. In establishing this policy, the Community Foundation considered the long-term expected return on its assets. This is consistent with the Community Foundation's objective to maintain the purchasing power of the long-term assets held, as well as to provide additional real growth through new gifts and investment return.

The following table provides information regarding the change in board designated endowment net assets for the years ended December 31:

	2020	2019
Endowment net assets,		
beginning of year	$ 46,214,634	$ 38,770,702
Investment return		
Investment income	395,205	559,030
Realized gains	538,800	383,888
Unrealized gains	5,163,563	7,786,786
	52,312,202	47,500,406
Contributions received	54,827	299,171
Interfund transfers	(747,475)	(738,125)
Grants and Scholarships	(939,755)	-
Appropriated for expenditure	(353,032)	(846,818)
	$ 50,326,767	$ 46,214,634

14. SUBSEQUENT EVENTS

The Community Foundation has evaluated subsequent events occurring after the statement of financial position date through the date of October 28, 2021, which is the date the financial statements were available to be issued. Based on this evaluation, the Community Foundation has determined that other than the PPP Loan forgiveness (Note 8), no subsequent events have occurred which require disclosure in or adjustment to the financial statements.