Communities of Coastal Georgia Foundation, Inc.

Financial Reports

December 31, 2022 and 2021

C O N T E N T S

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Communities of Coastal Georgia Foundation, Inc.
Brunswick, Georgia

Opinion
We have audited the accompanying financial statements of Communities of Coastal Georgia Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets and statements of 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 Communities of Coastal Georgia Foundation, Inc. as of December 31, 2022 and 2021, 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.

Basis for Opinion
We conducted our audit 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 of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of 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.

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.

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 auditors' 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 auding 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepting auding 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 audits.

Brunswick, Georgia
September 7, 2023

Communities of Coastal Georgia Foundation, Inc.

Statements of Financial Position

December 31, 2022 and 2021

Assets

	2022	2021
Cash and cash equivalents	$ 3,486,292	$ 3,537,403
Grant receivables	-	7,350
Investments, at fair value	41,830,168	51,367,215
Beneficial interest in trusts	50,000	50,000
Operating right-of-use assets, net	53,403	-
Other assets	14,647	8,753
Total Assets	$ 45,434,510	$ 54,970,721

Liabilities and Net Assets

	2022	2021
Liabilities		
Accounts payable	$ 30,092	$ 12,481
Accrued expenses	4,230	7,080
Obligations under operating leases	53,403	-
Amounts held to benefit agency funds	2,606,397	3,046,299
Total Liabilities	2,694,122	3,065,860
Net Assets		
Without donor restrictions	42,670,928	51,831,307
With donor restrictions	69,460	73,554
Total net assets	42,740,388	51,904,861
Total Liabilities and Net Assets	$ 45,434,510	$ 54,970,721

See accompanying notes to the financial statements.

Communities of Coastal Georgia Foundation, Inc.

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	$ 2,835,388	$ -	$ 2,835,388
Investment income	1,221,486	-	1,221,486
Investment expenses	(165,774)	-	(165,774)
Net losses on investments	(7,230,260)	-	(7,230,260)
Management fee	20,643	-	20,643
Other income	8,746	-	8,746
Net assets released from restriction	4,094	(4,094)	-
Total Support and Revenue	(3,305,677)	(4,094)	(3,309,771)
Grants Paid	5,343,733	-	5,343,733
Operating Expenses			
Salaries	349,010	-	349,010
General and administrative	161,959	-	161,959
Total Operating Expenses	510,969	-	510,969
Total Grants and Operating Expenses	5,854,702	-	5,854,702
Decrease in Net Assets	(9,160,379)	(4,094)	(9,164,473)
Net Assets, Beginning	51,831,307	73,554	51,904,861
Net Assets, Ending	$ 42,670,928	$ 69,460	$ 42,740,388

See accompanying notes to the financial statements.

Communities of Coastal Georgia Foundation, Inc.

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	$ 8,062,097	$ -	$ 8,062,097
Investment income	1,598,327	-	1,598,327
Investment expenses	(176,527)	-	(176,527)
Net gains on investments	3,292,007	-	3,292,007
Change in value of split-interest agreements	-	(41,915)	(41,915)
Management fee	21,442	-	21,442
Other income	17,170	-	17,170
Net assets released from restriction	20,519	(20,519)	-
Total Support and Revenue	12,835,035	(62,434)	12,772,601
Grants Paid	3,959,790	-	3,959,790
Operating Expenses			
Salaries	325,286	-	325,286
General and administrative	147,183	-	147,183
Total Operating Expenses	472,469	-	472,469
Total Grants and Operating Expenses	4,432,259	-	4,432,259
Increase (Decrease) in Net Assets	8,402,776	(62,434)	8,340,342
Net Assets, Beginning	43,428,531	135,988	43,564,519
Net Assets, Ending	$ 51,831,307	$ 73,554	$ 51,904,861

See accompanying notes to the financial statements.

Communities of Coastal Georgia Foundation, Inc.

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Increase (decrease) in net assets	$ (9,164,473)	$ 8,340,342
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Net (gains) and losses on investments	7,230,260	(3,292,007)
Contributions of securities	(1,090,901)	(3,740,571)
Changes in operating assets and liabilities:		
Receivables	7,350	15,000
Beneficial interest in trusts	-	41,915
Operating right-of-use assets	4,575	-
Other assets	(5,894)	843
Accounts payable	17,611	(519)
Accrued expenses	(2,850)	2,247
Operating lease liabilities	(4,575)	-
Amounts held to benefit agency funds	(439,902)	121,608
Net Cash Provided by (Used in) Operating Activities	(3,448,799)	1,488,858
Cash Flows From Investing Activities		
Purchase of investments	(20,465,911)	(28,470,985)
Proceeds from sale of investments	23,863,599	28,830,330
Net Cash Provided by Investing Activities	3,397,688	359,345
Net Change in Cash and Cash Equivalents	(51,111)	1,848,203
Cash and Cash Equivalents, Beginning	3,537,403	1,689,200
Cash and Cash Equivalents, Ending	$ 3,486,292	$ 3,537,403
Supplemental Disclosures of Non-Cash Information:		
Investment securities acquired from donor contributions	$ 1,090,901	$ 3,740,571
Operating right-of-use asset and liability recognized	$ 57,978	$ -

See accompanying notes to the financial statements.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

General: Communities of Coastal Georgia Foundation, Inc. (the "Foundation") is a publicly-supported community foundation based in Glynn County. The Foundation was established in 2005 for the purpose of improving the quality of life in Coastal Georgia by promoting and increasing responsible, effective philanthropy.

The Foundation provides grants to charitable organizations throughout Camden, Glynn, and McIntosh Counties in Southeast Georgia. Through the Foundation's donor advised funds, grants can be made to any qualified nonprofit organization in the United States of America.

Basis of Presentation: The Foundation follows standards established by the Financial Accounting Standards Board ("FASB"). References to Generally Accepted Accounting Principles ("GAAP") in these notes are to *FASB Accounting Standards Codification*, sometimes referred to as the "Codification" or "ASC". To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, GAAP requires that resources be classified into categories established according to its nature and purpose. The Foundation reports its financial position and activities according to two classes of net assets as follows:

> *Net Assets without Donor Restrictions* – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions (see Note 9).

> *Net Assets with Donor Restrictions* – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted (see Note 9).

The Foundation enters into individual agreements with donors to reflect the types of funds to be created and the purposes for which the contributions are intended. Pursuant to the Foundation's articles of incorporation and by-laws, as well as all fund agreements by and between the Foundation and donors, the Board of Directors maintains ultimate authority and control over contributions received and the related income and net change in value realized thereon. As a result of this "variance power", net assets are generally classified to net assets without donor restrictions, unless otherwise encumbered by a stipulation.

Leases: On January 1, 2022, the Foundation adopted FASB's Accounting Standards Codification Topic 842, Leases ("ASC Topic 842") using the modified retrospective approach. The Foundation assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. ASC Topic 842 requires disclosures about the amount, timing, and uncertainty of cash flows arising from leases. Leases will be classified as finance or operating, with classification affecting both the pattern and classification of expense recognition in the statements of activities and changes in net assets. The Foundation determined that its lease is an operating lease as of January 1 and December 31, 2022.

The Foundation elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Foundation to carry forward the historical lease classification (finance or operating) as well as the historical determination of which contracts contained leases. As a result of adopting ASC Topic 842, the Foundation recognized right-of-use assets and related lease liabilities on operating leases of $57,978 on the statement of financial position as of January 1, 2022. Adoption of the new lease standard did not significantly impact the Foundation's net assets and cash flows.

Contributions: Contributions, including unconditional promises, are reported at fair value at the date the contribution is made. Conditional promises are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of charitable assets other than cash, which are primarily donated investment securities, are recorded at their estimated fair value at the date of donation.

Contributions with donor-imposed restrictions are reported as contributions with donor restrictions. When a donor-imposed restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same year are reported as contributions without donor restrictions.

Cash and Cash Equivalents: Cash and cash equivalents include checking accounts, savings accounts, money market accounts and certificates of deposit, except for those managed as part of investment management strategies.

On occasion, the Foundation maintains cash balances on deposit with financial institutions in excess of federally insured limits. Management continually monitors the soundness of these financial institutions and believes the exposure of loss to be minimal.

Receivables: Receivables are stated at the present value of their estimated future cash flows. The discounts on these amounts is computed using an appropriate interest rate applicable to the year in which those promises are received. Amortization of the discounts is included in "contributions" in the accompanying statements of activities and changes in net assets. Receivables are expected to be collected within one year. Receivables are reviewed for collectability and reserves for uncollected amounts are established when needed. Management evaluates collectability based upon the Foundation's review of current receivables, historical experience, and management's evaluation. There was no allowance for doubtful accounts at December 31, 2022 and 2021. Recoveries of amounts previously written off are recorded as revenue at the time such amounts are collected.

Investments: Investments in common stocks, mutual funds, and exchange traded funds are carried at fair value based on unadjusted quoted market prices. Fixed income corporate and government bonds are valued based upon yields or prices of securities of comparable quality, coupon, maturity and type as well as indications as to values from brokers and dealers. For all other investments, the Foundation uses the practical expedient method for measuring fair value. Practical expedient permits an entity holding investments in certain entities that calculate net asset value (or equivalent) for which the fair value is not readily determined to measure the fair value of such investments on the basis of the most recent net asset value per share (or equivalent) provided without adjustment. Investment partnerships, for which there is no ready market, are stated at fair value using the most recent net asset value per share (or equivalent) estimated by the partnerships' general partner which generally represents the Foundation's proportionate share of the fair market value of the underlying securities. The alternative asset, private equity, and real estate partnerships, for which there is no ready market, are stated at fair value using the most recent net asset value per share (or equivalent) estimated by the partnerships' general partner. Because investment partnerships are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed. Such differences could be material.

These alternative investments, private equity, and real estate investments may have exposure to transactions with counterparts including futures, swaps, options, and other derivatives. These investments may be subject to various risks of loss if the counterparty becomes insolvent or is otherwise unable to meet its obligations.

Investment transactions are recorded on a settlement-date basis. Realized gains and losses on sales of investments are determined on the specific identification basis. Investment income and gains and losses on investments are recorded as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to the value of investment securities, it is reasonably possible that risks in the near term could materially affect the amounts reported in the accompanying financial statements.

The Foundation maintains several custody accounts with major custodian institutions. Although the Foundation monitors and believes that all are appropriate custodians, there is no guarantee that the custodians, or any other custodian that the Foundation may use from time to time, will not become insolvent.

Beneficial Interest in Trusts: The Foundation records charitable remainder and lead trusts that are expected to be collected in future years at the present value of estimated future cash flows. The discounts on estimated future cash flow amounts are computed using an appropriate interest rate applicable to the year in which the promise is received and actuarially determined life expectancies (if applicable). Amortization of the discounts is included in the "change in value of split-interest agreements" in the accompanying statements of activities and change in net assets. Any change in the value of the assets in the trusts are included in contributions with donor restrictions when the Foundation is aware of the value change. Discounts of beneficial interest in trusts were insignificant at December 31, 2022 and 2021.

Property and Equipment: Property and equipment are stated at cost. Acquisitions in excess of $2,500 are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets. For the years ending December 31, 2022 and 2021, the Foundation's property and equipment are fully depreciated.

Deferred Revenue: Deferred revenue arises from grants and conditional gifts received for specific purposes for which related expenditures have not been made.

Income Taxes: The Foundation is recognized as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") and is classified as a private foundation as defined under the Code.

GAAP provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the Foundation's financial statements. The Foundation's management has evaluated the implications of these standards and has not identified any uncertain tax positions for the Foundation; therefore, no tax expense or accruals for uncertain tax positions are included in the accompanying financial statements. Interest and penalties are expensed as incurred. There were no interest and penalties charged to expense for the years ended December 31, 2022 and 2021.

Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications: Certain amounts in the December 31, 2021 financial statements have been reclassified to conform to the presentation utilized in December 31, 2022. These reclassifications, if any, have no impact on previously reported financial position, change in net assets, or cash flows.

NOTE 2 – ENDOWMENT FUND

The Foundation's endowments consist of board-designated endowment funds which are classified and reported as net assets without restriction. Currently there are no individual donor-restricted endowment funds.

Interpretation of Relevant Law: The investment policies enacted by the Foundation's Board seek to manage and invest assets in good faith and prudence in accordance with the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as enacted by the state of Georgia in 2008.

Endowment Spending Policy: In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Foundation and the donor-restricted endowment fund
(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 Foundation
(7) The investment policies of the Foundation

The Foundation has a spending policy of appropriating for distribution each year 5% of its board-designated endowment fund's average asset value calculated on September 30 each year over a rolling twelve-quarter period. In establishing this policy, the Foundation considered the long-term expected investment return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its general endowment fund to grow at a minimum of 5% annually, plus inflation. Therefore, the Directors reserve the right in any given year to spend below its 5% spending policy level.

Endowment Investment Policy: The Foundation's return objective for endowment assets is to preserve the principal of the endowed funds as well as provide funding to programs supported by the endowment. The goal is to produce an annualized total return that equals, and if possible, exceeds inflation (as measured by CPI) plus the Foundation's long-term spending allocation rate. To achieve its return objectives, the Foundation employs a total return strategy where investment returns are generated through capital appreciation (realized and unrealized) and current yield (interest and dividends).

Composition of and changes in endowment net assets for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Board-designated endowment net assets, beginning of year	$ 7,513,876	$ 6,446,006
Contributions	551,152	296,807
Interest and dividends, net of fees	173,223	263,461
Realized/unrealized gains (losses)	(1,191,229)	509,637
Transfer from (to) nonendowed net assets	-	55,413
Amounts appropriated for expenditure	(775,357)	(57,448)
Board-designated endowment net assets, end of year	$ 6,271,665	$ 7,513,876

NOTE 3 – INVESTMENTS

Investments were comprised of the following at December 31, 2022 and 2021:

	2022	2021
Equity based funds	$ 28,012,240	$ 34,738,820
Bonds and fixed income funds	10,011,178	10,396,767
Certificates of deposit	-	2,143,232
Money market funds	3,391,700	3,535,603
Alternative asset funds	415,050	552,793
	$ 41,830,168	$ 51,367,215

Investment fees for the years ended December 31, 2022 and 2021 totaled $165,774 and $176,527, respectively.

NOTE 4 – FAIR VALUE MEASUREMENTS

In accordance with the authoritative guidance on fair value measurements and disclosures under GAAP, the Foundation discloses and recognizes the fair value of its assets and liabilities using a 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 guidance establishes three levels of fair value as follows:

Level 1 — Valuation is based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical investments.

Level 2 — Valuation is based on inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 — Valuation is based on unobservable inputs as they trade infrequently or not at all.
Investments include privately held investments and securities held in partnerships and use the Net Asset

Value (NAV) as a practical expedient to determine their values. These investments are not classified in the fair value hierarchy, but the amounts are included in this table to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

When available, the Foundation uses unadjusted quoted market prices to determine the fair value of investment securities, and they are included in Level 1. When quoted market prices are unobservable, the Foundation uses other observable inputs including market interest rate curves, and credit spreads, where applicable. These investments are included in Level 2 and primarily consist of corporate and governmental bonds. The carrying value of certificates of deposit and money market funds approximates fair value due to the short-term maturity of these instruments and therefore these investments are included in Level 1.

Assets as of December 31, 2022 measured at fair value are summarized below:

	Level 1	Level 2	Level 3	NAV	Total	Liquidation	Day's Notice
Equity based funds	$ 28,012,240	$ -	$ -	$ -	$ 28,012,240	Daily	1
Bonds and fixed income funds	7,398,277	2,612,901	-	-	10,011,178	Daily	1
Money market funds	3,391,700	-	-	-	3,391,700		
Alternative asset funds	-	-	-	415,050	415,050	Illiquid(i)	N/A
	$ 38,802,217	$ 2,612,901	$ -	$ 415,050	$ 41,830,168		

(i) Illiquid private equity funds are closed-end funds which means the Foundation cannot redeem or withdraw funds from these investments until the fund is terminated or liquidated, though it is likely to receive distributions that include some return of principal. The outstanding illiquid balance in the private equity fund as of December 31, 2022 was $415,050. The fund is scheduled to self-liquidate by 2029 with a possible, one-time three-year extension.

Assets as of December 31, 2021 measured at fair value are summarized below:

	Level 1	Level 2	Level 3	NAV	Total	Liquidation	Day's Notice
Equity based funds	$ 34,738,820	$ -	$ -	$ -	$ 34,738,820	Daily	1
Bonds and fixed income funds	6,943,910	3,452,857	-	-	10,396,767	Daily	1
Certificates of deposit	2,143,232	-	-	-	2,143,232		
Money market funds	3,535,603	-	-	-	3,535,603		
Alternative asset funds	-	-	-	552,793	552,793	Illiquid(i)	N/A
	$ 47,361,565	$ 3,452,857	$ -	$ 552,793	$ 51,367,215		

Fair Value Measurements of Other Financial Items: The carrying amounts of receivables approximates fair value based on the discounted values of estimates to be received or the underlying value of the trusteed assets.

NOTE 5 – AMOUNTS HELD TO BENEFIT AGENCY FUNDS

The Foundation received assets from various not-for-profit organizations to establish funds. The Organizations specified themselves as the sole beneficiary of the funds. Accounting standards require that the Foundation account for these transfers of assets as a liability. The Foundation has reported this liability as amounts held to benefit agency funds on the Statements of Financial Position.

The Foundation maintains variance power and legal ownership of the agency funds, and as such continues to report these funds as assets of the Foundation. In accordance with GAAP, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to these not-for-profit organizations.

The fair market value of the agency funds at December 31, 2022 and 2021 was $2,606,397 and $3,046,299, respectively. Financial activity related to these funds for the years ended December 31, 2022 and 2021 are excluded from the Foundation's statements of activities and changes in net assets.

The following summarizes the activity:

	2022	2021
Beginning Balance	$ 3,046,299	$ 2,924,691
Contributions	854	7,736
Net gains (losses) on investments	(413,796)	339,196
Grants	-	(203,869)
Support of Foundation services	(26,960)	(21,455)
Agency fund balances at December 31	$ 2,606,397	$ 3,046,299

NOTE 6 – EMPLOYEE BENEFIT PLAN

401(k) Deferred Compensation Plan: The Foundation sponsors a defined contribution retirement plan covering all employees meeting certain eligibility requirements. The Foundation makes discretionary contributions to the plan based on a percentage of employees' compensation. The contribution for the years ending December 31, 2022 and 2021 was $3,738 and $1,566, respectively.

NOTE 7 – EXPENSE CLASSIFICATION

Certain categories of operating expenses are attributed to multiple functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs are directly applied to the related program, support, or fundraising category when identifiable and possible. General operating costs across natural categories are allocated based on estimates of time and effort.

Functional expenses for the year ended December 31, 2022 were comprised of the following:

	Program Services	Management and General	Fundraising	Total
Grants awarded	$ 5,343,733	$ -	$ -	$ 5,343,733
Salaries, taxes and benefits	209,141	95,064	76,051	380,256
Management fees	13,609	6,186	4,949	24,744
Professional fees and services	8,084	3,675	2,940	14,699
Occupancy	8,794	3,997	3,198	15,989
Other	41,405	18,820	15,056	75,281
Total	$ 5,624,766	$ 127,742	$ 102,194	$ 5,854,702

Functional expenses for the year ended December 31, 2021 were comprised of the following:

	Program Services	Management and General	Fundraising	Total
Grants awarded	$ 3,959,790	$ -	$ -	$ 3,959,790
Salaries, taxes and benefits	192,397	87,453	69,962	349,812
Management fees	14,867	6,758	5,406	27,031
Professional fees and services	13,956	6,344	5,075	25,375
Occupancy	7,152	3,251	2,604	13,007
Other	31,486	14,311	11,447	57,244
Total	$ 4,219,648	$ 118,117	$ 94,494	$ 4,432,259

NOTE 8 – NET ASSETS

Net assets without donor restrictions consisted of the following fund balances designated by the Board at December 31, 2022 and 2021:

	2022	2021
Donor advised funds	$ 36,332,640	$ 44,250,962
Endowment funds	6,271,665	7,513,876
Other	66,623	66,469
Total net assets without donor restrictions	$ 42,670,928	$ 51,831,307

Net assets with donor restrictions consisted of the following fund balances at December 31, 2022 and 2021:

	2022	2021
Leasehold improvement purchase fund	$ 19,460	$ 19,460
Beneficial interest in remainder trust	50,000	50,000
Purpose-restricted	-	4,094
Total net assets with donor restrictions	$ 69,460	$ 73,554

NOTE 9 – LEASES

The Foundation leases administrative office space under a non-cancelable operating lease expiring in October 2024. The exercise of lease renewal options is at the Foundation's sole discretion, and only lease options that the Foundation believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities.

Leases with an initial term of 12 months or less are not recorded on the statements of financial position. Lease expense is recognized for this lease on a straight-line basis over the lease term. The Foundation also elected the practical expedient with ASC Topic 842 to not separate lease and non-lease components for operating leases.

Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Foundation's lease does not provide and implicit rate; therefore, the Foundation used an incremental borrowing rate similar to rates in place at the time of lease execution for owner occupied commercial real estate based on terms that are similar to the respective lease term. The operating lease had an incremental borrowing rate of 5.90%.

Lease expense totaled $15,989 and $13,004 for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022, the Foundation's operating lease had an interest rate of 5.90% and the remaining lease term was 22 months.

The estimated future minimum lease payments under noncancelable operating lease agreements with terms in excess of one year are as follows for the years ended December 31:

2023	$ 30,804
2024	25,670
	56,474
Less imputed interest	(3,071)
Total	$ 53,403

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL NET ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting use, comprise the following:

	2022	2021
Financial assets at year end:		
Cash and cash equivalents	$ 3,486,292	$ 3,537,403
Receivables	-	7,350
Beneficial interest in trusts	50,000	50,000
Investments, at fair value	41,830,168	51,367,215
Available without restriction within one year	45,366,460	54,961,968
Less amounts not available to be used within one year:		
Amounts held to benefit agency funds	2,606,397	3,046,299
Net assets without restrictions, donor advised	36,332,640	44,250,962
Net assets with donor restrictions	69,460	73,554
Total not available to be used within one year	39,008,497	47,370,815
Financial assets available to meet general expenditures over the next twelve months	$ 6,357,963	$ 7,591,153

Financial assets available for expenditure do not include board-designated donor advised funds at December 31, 2022 and 2021, that would be available for granting within one year. The Foundation does not consider these available for general expenditure since these funds are available for distribution to charitable organizations or causes based upon recommendations from the fund establisher or their designated fund advisor(s).

The Foundation does not intend to spend the board-designated endowment funds of $6,271,665 and $7,513,876 at December 31, 2022 and 2021, respectively, but the funds are available for general expenditures if needed so they are not deducted in the table above. The Foundation's investment policy incorporates the need to support grant making and operating expenses. As part of this policy, the Foundation maintains a significant amount of cash to cover its expenses.

NOTE 11 – SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring after December 31, 2022 through September 7, 2023, which is the date on which the financial statements were available to be issued. No significant events occurred subsequent to the statement of financial position date but prior to issuance that would have a material impact on the financial statements or disclosures.