

Greenville Area Community Foundation

Financial Statements

December 31, 2022 and 2021



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Independent Auditors' Report

Management and the Board of Trustees
Greenville Area Community Foundation
Greenville, Michigan

Opinion

We have audited the accompanying financial statements of Greenville Area Community Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and 2021, 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 Greenville Area Community Foundation 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Greenville Area Community 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 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 Greenville Area Community Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 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 Greenville Area Community 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 Greenville Area Community 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Yeo & Yeo, P.C.

Alma, Michigan
August 1, 2023

Greenville Area Community Foundation
Statement of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 205,150	\$ 137,578
Promises to give, current portion	-	50,000
Beneficial interests in trust, current portion	100,728	-
Total current assets	305,878	187,578
Noncurrent assets		
Investments	39,532,674	49,126,343
Beneficial interests in trust	660,328	-
Life insurance - cash surrender value	133,217	152,352
Property and equipment, net of accumulated depreciation	788,288	720,638
Total noncurrent assets	41,114,507	49,999,333
Total assets	\$ 41,420,385	\$ 50,186,911
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ -	\$ 224,973
Payroll tax withholdings	5,816	1,914
Grants payable	2,985,146	1,334,510
Total current liabilities	2,990,962	1,561,397
Assets held for others (agency)	783,026	908,591
Total liabilities	3,773,988	2,469,988
Net assets		
Without donor restrictions	36,752,124	47,514,571
With donor restrictions	894,273	202,352
Total net assets	37,646,397	47,716,923
Total liabilities and net assets	\$ 41,420,385	\$ 50,186,911

See Accompanying Notes to the Financial Statements

Greenville Area Community Foundation
Statement of Activities
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support						
Contributions	\$ 818,572	\$ 741,921	\$ 1,560,493	\$ 837,458	\$ 21,716	\$ 859,174
Administrative fees	7,503	-	7,503	7,375	-	7,375
Special event	4,000	-	4,000	6,000	-	6,000
Other income	15,000	-	15,000	6,250	-	6,250
Net investment return	(8,134,924)	-	(8,134,924)	6,183,846	-	6,183,846
 Total revenues, gains (losses) and other support	 (7,289,849)	 741,921	 (6,547,928)	 7,040,929	 21,716	 7,062,645
 Net assets released from restrictions						
Restrictions satisfied by payments and time	50,000	(50,000)	-	50,000	(50,000)	-
 Expenses						
Program services						
Grants	3,118,072	-	3,118,072	975,986	-	975,986
Other program services	77,349	-	77,349	37,322	-	37,322
	3,195,421	-	3,195,421	1,013,308	-	1,013,308
Management and general	301,830	-	301,830	225,785	-	225,785
Fundraising	25,347	-	25,347	53,659	-	53,659
 Total expenses	 3,522,598	 -	 3,522,598	 1,292,752	 -	 1,292,752
 Change in net assets	 (10,762,447)	 691,921	 (10,070,526)	 5,798,177	 (28,284)	 5,769,893
 Net assets - beginning of the year	 47,514,571	 202,352	 47,716,923	 41,716,394	 230,636	 41,947,030
 Net assets - end of the year	 \$ 36,752,124	 \$ 894,273	 \$ 37,646,397	 \$ 47,514,571	 \$ 202,352	 \$ 47,716,923

See Accompanying Notes to the Financial Statements

Greenville Area Community Foundation
Statement of Functional Expenses
Years Ended December 31, 2022 and 2021

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Grants	\$ 3,118,072	\$ -	\$ -	\$ 3,118,072	\$ 975,986	\$ -	\$ -	\$ 975,986
Payroll								
Salaries and wages	69,978	158,152	20,190	248,320	34,670	141,955	47,319	223,944
Employee benefits	2,018	4,416	582	7,016	-	4,825	1,609	6,434
Payroll taxes	5,353	12,053	1,545	18,951	2,652	10,786	3,595	17,033
Total payroll	77,349	174,621	22,317	274,287	37,322	157,566	52,523	247,411
Office-related expenses								
Postage and shipping	-	2,503	-	2,503	-	1,240	-	1,240
Supplies and office expense	-	7,617	-	7,617	-	3,468	-	3,468
Telephone	-	60	-	60	-	483	-	483
Total office-related expenses	-	10,180	-	10,180	-	5,191	-	5,191
Other expenses								
Depreciation	-	32,098	-	32,098	-	11,084	-	11,084
Donor relations	-	-	3,030	3,030	-	-	1,136	1,136
Dues and subscriptions	-	9,195	-	9,195	-	3,624	-	3,624
Insurance	-	4,861	-	4,861	-	3,350	-	3,350
Meetings	-	1,599	-	1,599	-	2,156	-	2,156
Miscellaneous	-	11,213	-	11,213	-	4,866	-	4,866
Printing and publicity	-	3,659	-	3,659	-	7,159	-	7,159
Professional service fees	-	39,916	-	39,916	-	23,505	-	23,505
Repairs and maintenance	-	8,211	-	8,211	-	-	-	-
Travel expenses	-	657	-	657	-	552	-	552
Utilities	-	5,620	-	5,620	-	6,732	-	6,732
Total other expenses	-	117,029	3,030	120,059	-	63,028	1,136	64,164
Total expenses	\$ 3,195,421	\$ 301,830	\$ 25,347	\$ 3,522,598	\$ 1,013,308	\$ 225,785	\$ 53,659	\$ 1,292,752

See Accompanying Notes to the Financial Statements

Greenville Area Community Foundation
Statement of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Cash received from contributors	\$ 943,818	\$ 970,273
Miscellaneous income received	15,000	6,250
Interest and dividends received	892,052	983,658
Grants paid	(1,495,596)	(1,004,538)
Payments for payroll	(270,385)	(247,416)
Payments for investment fees	(52,594)	(48,069)
Payments to vendors	(327,788)	(58,271)
	(295,493)	601,887
Cash flows from investing activities		
Purchase of property and equipment	(99,748)	(97,766)
Proceeds from sale of investments	3,718,595	2,781,477
Purchases of investments	(3,255,782)	(3,466,995)
	363,065	(783,284)
Net cash flows provided (used) by investing activities		
Change in cash and cash equivalents	67,572	(181,397)
Cash and cash equivalents - beginning of the year	137,578	318,975
Cash and cash equivalents - end of the year	\$ 205,150	\$ 137,578

See Accompanying Notes to the Financial Statements

Greenville Area Community Foundation
Notes to the Financial Statements
December 31, 2022 and 2021

Note 1 - Nature of Activities and Significant Accounting Policies

The Greenville Area Community Foundation (“the Foundation”) is a collection of local funds given by individuals, corporations, and foundations to enhance and support the quality of life for all the people in the Greenville area.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporarily in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation does not have any net assets whereby the donor imposed restriction is perpetual in nature as of December 31, 2022 and 2021.

The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are

reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified in the statement of activities as net assets released from restrictions.

Fund Accounting

The Foundation has determined that the use of fund accounting to segregate assets, liabilities, net assets, income and expenses although not required by accounting principles generally accepted in the United States of America, is a meaningful practice to continue for internal purposes only. The financial activities of the Foundation are recorded in separate internal funds, described as follows:

Operating Fund

This fund includes resources that represent the portion of expendable funds available for support of Foundation operations and funds expended for equipment.

Pass Through Funds

Pass Through Funds are used to account for assets held by the Foundation that are not endowed, but will be expended in their entirety on a specific project or for a specific cause.

Endowment Funds

This fund consists of funds that have been established by a gift instrument describing either the general or specific purpose for which grants from the individual funds are to be made. The individual funds have been classified and reported as follows:

Discretionary - funds over which the Board has discretionary control and are available for grant making and other purposes.

Agency Endowments - funds restricted by donors to support specific charitable organizations.

Field-of-Interest - funds established to benefit specific but broadly defined, charitable purpose.

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Donor Advised - funds established whereby the donor suggests specific organizations to benefit from the fund. Such donor recommendations are not binding and the Foundation reserves the right to make the final decisions on distributions from such a fund.

Designated - funds established to support a specific community project.

Scholarship - funds established to provide scholarships to individuals.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk

As of December 31, 2022, \$108,607 of the \$559,114 cash bank balance was uninsured by the Federal Deposit Insurance Corporation (FDIC).

Beneficial Interest in Trust

Charitable Lead Annuity Trust – The Foundation is an income beneficiary of a charitable lead annuity trust. The annuity is measured and reported at the present value of estimated future cash flows expected to be realized by the Foundation using a ten year average rate of return of 7.62% for the year ended December 31, 2022. Changes in value each year are reported in the statement of activities.

Promises to Give

Promises to give have been recorded as current or noncurrent assets, depending upon their maturity, and include all amounts pledged to the Foundation. Based upon the nature and reputation of donors, as well as past collection history, pledges are all considered collectible. No amounts were written off for the years ending December 31, 2022 and 2021 and no allowance has been recorded.

Investments

Investments are stated at fair value. Donated investments are reflected as contributions at their fair values at date of receipt. Investment income is reported net of direct investment expenses.

Life Insurance – Cash Surrender Value

The Foundation is listed as the beneficiary of a donor's life insurance policy. The cash surrender value of the policy is recorded in the statement of financial position. The initial recording was recorded as a contribution, and subsequent increases in value are recorded as a contribution.

Property and Equipment

Acquired assets are stated at cost and donated assets at fair market value at the time of donation. The Foundation has a \$1,000 capitalization policy. The straight-line method of depreciation is used. Following are the useful lives used to depreciate each category:

Land improvements	3 - 5 years
Building and improvements	10 - 40 years
Furniture and equipment	5 - 15 years

Major improvements are capitalized while ordinary maintenance and repairs are expensed.

Grants Payable

Grants are recognized as liabilities at the time the Board or committees authorize the expenditures, regardless of the year in which the grant is paid. Grants authorized are subject to the spending policy limitations.

Assets Held for Others

The Foundation has entered into exchange transactions with other not-for-profit organizations and as a result, assets held for others are included in the agency endowment funds. The agency endowment fund agreements between the Foundation and the organizations allow for distributions per the spending policy of the Foundation. The resources received under these agreements are not considered

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contributions to the Foundation and, therefore, have been classified as a liability.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated and the method of allocation include the following:

Expense	Method and Allocation
Salaries and wages	Time and effort
Employee benefits	Time and effort
Payroll taxes	Time and effort

Income Tax Status

The Internal Revenue Service has ruled that the Foundation is qualified under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not subject to tax under present federal income tax laws, and also is not a private foundation under the meaning of Section 509(a)(1) of the code. The Foundation files information returns in the U.S. Federal jurisdiction.

Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

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. Accordingly, actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through August 1, 2023 which is the date the financial statements were available to be issued.

Adoption of New Accounting Standard

The Foundation adopted FASB Topic, *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*, as of the beginning of the year ended December 31, 2022. This was applied on a retrospective basis and adoption of the standard had no impact on the financial statement presentation.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 205,150	\$ 137,578
Promises to give	-	50,000
Note receivable	100,728	-
Investments	39,532,674	49,126,343
Beneficial interests in trust	660,328	-
Total financial assets - end of year	40,498,880	49,313,921
Less: financial assets unavailable for general expenditures within one year, due to:		
Receivables due in more than 1 year	(660,328)	-
Board designated endowment, net spendable portion	(34,468,806)	(44,646,614)
Assets held for others (agency)	(783,026)	(908,591)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,586,720	\$ 3,758,716

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The Foundation's board designated endowment is subject to an annual spending rate of 6% of the average of 12 rolling quarters up to the December 31st balance of the prior year. Although the Foundation does not intend to spend from the board designated endowment, these amounts could be made available, if necessary, to cover any unexpected expenses above the normal amount appropriated for general expenditures as part of the annual operating budget and grant making budget.

The Foundation has a policy in place on maintaining administrative fund balance, and the grant making policies and procedures allow adequate time to liquidate assets should the need arise. The Foundation's investment policy statement states 80% allocation to equity, therefore, a minimum of 80% of the investment assets have same day liquidity, if needed. If necessary, the board would have to approve any need above and beyond normal expenditures already approved in the annual budgets, for both operating and grant making.

Note 3 - Investments

Fair value of investments is summarized as follows at December 31:

	<u>2022</u>	<u>2021</u>
Mutual funds - fixed income	\$ 5,543,515	\$ 8,549,193
Mutual funds - domestic stock	17,688,038	25,360,668
Mutual funds - international stock	13,921,711	14,892,156
Money market funds	244,113	324,326
Real estate fund	2,135,297	-
	<u>\$ 39,532,674</u>	<u>\$ 49,126,343</u>

Note 4 - Property and Equipment

Property and equipment is comprised of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 92,500	\$ 92,500
Land improvements	10,227	4,932
Building and improvements	679,360	345,835
Furniture and equipment	106,426	34,967
Construction in progress	-	310,531
Less: accumulated depreciation	(100,225)	(68,127)
	<u>\$ 788,288</u>	<u>\$ 720,638</u>

Note 5 - Assets Held for Other (Agency)

The Foundation has adopted guidance to record transfers of assets to a not-for-profit organization that holds contributions for others. Accounting standards have specific requirements for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both to the donor or another entity that is specified by the donor.

The standard specifically requires that if a not-for-profit organization (NPO) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability.

In accordance with accounting standards, a liability has been established for a portion of the fair value of the funds, which is generally equivalent to the present value of future payments which may be made to NPOs.

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The following table summarizes activity in such funds as of December 31:

	<u>2022</u>	2021
Funds held as agency - beginning of year	\$ 908,591	\$ 766,313
Contributions	71,246	76,815
Net investment return	(156,474)	108,822
Grants and administrative expenses	(40,337)	(43,359)
Funds held as agency - end of year	<u>\$ 783,026</u>	<u>\$ 908,591</u>

Note 6 - Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following fund types at December 31:

	<u>2022</u>	2021
Discretionary	\$ 11,618,597	\$ 16,330,547
Field of interest	9,468,915	12,314,937
Donor advised	2,130,590	2,658,325
Designated	5,374,535	6,360,845
Scholarship	7,100,848	8,910,797
Administrative	1,058,639	939,120
	<u>\$ 36,752,124</u>	<u>\$ 47,514,571</u>

Note 7 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes and periods at December 31:

	<u>2022</u>	2021
Subject to the passage of time		
Pledges receivable	\$ -	\$ 50,000
Receivable from beneficial interest in trust	761,056	-
Life insurance - cash surrender value	133,217	152,352
	<u>\$ 894,273</u>	<u>\$ 202,352</u>

Note 8 - Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	<u>2022</u>	2021
Passage of time		
Promises to give	\$ 50,000	\$ 50,000

Note 9 - Designated Endowments

The Foundation's net assets without donor restrictions include amounts designated as endowments whereby the Foundation has variance power over those assets. Therefore, the Board treats these funds as designated endowments and they are classified and reported based on the existence or absence of donor imposed restrictions.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or the law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments however for the year December 31, 2022, funds with original value of

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\$836,900, fair values of \$675,952, and deficiencies of \$160,948 were held by the Foundation.

Changes in endowment net assets are as follows for the years ended December 31:

	Without Donor Restrictions	
	2022	2021
Beginning of year	\$ 47,514,571	\$ 41,716,394
Contributions and other income	895,075	1,351,712
Distributions	(3,522,598)	(1,737,381)
Net investment return	(8,134,924)	6,183,846
End of year	<u>\$ 36,752,124</u>	<u>\$ 47,514,571</u>

Interpretation of Relevant Law

The board of trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2022 and 2021, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts including promises to give net of discount and allowance for doubtful accounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider 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 organization 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 organization; and (7) The investment policies of the organization.

Risk Objectives and Risk Parameters

The primary objective of the investments for the Foundation will be to provide for long-term growth of principal and income without undue exposure to risk, enabling the Foundation to make grants on a continuing and reasonably consistent basis. The focus will be on long-term capital appreciation, with income generation as a secondary consideration. The Foundation seeks returns over a full market cycle (minimum five years) that equal or exceed the consumer price index plus 5%. Due to the inevitability of short-term market fluctuations, the Foundation does not expect that the investment objective will necessarily be achieved each and every year.

Strategies Employed for Achieving Objectives

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 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 annual amount available for distribution from any endowed fund is 6% of the average of 12 rolling quarters up to the December 31st balance of the prior year. This spendable amount will be available after January 1st of the current year. Each fund's annual spendable balance is net of the Foundation's administrative service fee. Any spendable balance left as of December 31st of the current year will be moved back into the accumulated earnings account of the fund unless otherwise communicated to the Foundation. New funds will not have a spendable amount until 4 full quarters with the Foundation unless otherwise determined at inception of fund.

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Notes to the Financial Statements
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Note 10 - Fair Value Measurements

The following tables represent information about the Foundation's assets and liabilities measured at fair value on a recurring basis at December 31, 2022 and 2021, and the valuation techniques used at the Foundation to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in the entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Disclosure concerning assets and liabilities measured at fair value on a recurring basis are as follows as of December 31:

	Fair Value Measurements using:		
	Balance	Level 1	Level 3
2022			
Assets			
Mutual funds - fixed income	\$ 5,543,515	\$ 5,543,515	\$ -
Mutual funds - domestic stock	17,688,038	17,688,038	-
Mutual funds - international stock	13,921,711	13,921,711	-
Money market funds	244,113	244,113	-
Real estate fund	2,135,297	-	2,135,297
Beneficial interest in trust	761,056	-	761,056
	<u>\$ 40,293,730</u>	<u>\$ 37,397,377</u>	<u>\$ 2,896,353</u>
Liabilities			
Assets held for others	<u>\$ 783,026</u>	<u>\$ -</u>	<u>\$ 783,026</u>
2021			
Assets			
Mutual funds - fixed income	\$ 8,549,193	\$ 8,549,193	\$ -
Mutual funds - domestic stock	25,360,668	25,360,668	-
Mutual funds - international stock	14,892,156	14,892,156	-
Money market funds	324,326	324,326	-
	<u>\$ 49,126,343</u>	<u>\$ 49,126,343</u>	<u>\$ -</u>
Liabilities			
Assets held for others	<u>\$ 908,591</u>	<u>\$ -</u>	<u>\$ 908,591</u>

Changes in level 3 liabilities at fair value on a reoccurring basis:

	Real Estate Fund	Beneficial Interest in Trust	Assets Held for Others
December 31, 2020	\$ -	\$ -	\$ 766,313
Agency activity (see Note 5)	-	-	142,278
December 31, 2021	-	-	908,591
Agency activity (see Note 5)	-	-	(125,565)
Purchases/contributions	2,239,330	761,056	-
Net investment return	(104,033)	-	-
December 31, 2022	<u>\$ 2,135,297</u>	<u>\$ 761,056</u>	<u>\$ 783,026</u>

Greenville Area Community Foundation
Notes to the Financial Statements
December 31, 2022 and 2021

Real Estate Fund

The Foundation invests in the IDR Core Property Index Fund (the Fund) which seeks to closely track the NFI-OCDE X Index. Through the use of patented methodology, the Fund was specifically built to solve the common objections of private real estate investing. The Foundation was required to make an initial capital contribution of \$2,250,000. As of December 31, 2022 no additional capital contributions are required. The Foundation's investment is tracked in a capital account which changes value based on the operating income (or loss) of the Fund along with realized and unrealized investment changes. The fair value of the Foundation's portion of the Fund reflected in these financial statements is equal to the ending capital account balance as reported by the Fund.

Beneficial Interest in Trust

The Foundation estimates the fair value of the beneficial interest in charitable lead annuity trust based upon the present value of estimated future distributions, unless the facts and circumstances indicated that the fair value would be different from this method.

Quantitative Information about Level 3 Fair Value Measurements

	Fair Value	Valuation Techniques	Unobservable Input	Range (Weighted Average)
2022				
			Interest rate	7.62%
		Income	Payout %	5.00%
Beneficial interest in trust	\$ 761,056	Method	Payment years	10 years

Assets Held for Others

Assets held for others characterized as a Level 3 liability consists of agency endowment funds established by not-for-profit organizations with their own funds, for which the Foundation reports a liability for the market value. The Foundation estimates the fair value of these assets held for others at the fair value of the underlying assets unless the facts and circumstances indicated the fair value would be different.

Note 11 - Retirement Benefit Plan

The Foundation has a Simple IRA Pension Plan for employees. The plan allows a pretax employee contribution up to \$6,000 per year. The Foundation contributes 3% of eligible employee wages to the plan. The contributions for the years ended December 31, 2022 and 2021 were \$7,016 and \$6,434, respectively.

Note 12 - Related Party Transactions

The Foundation has a volunteer board and received contributions of \$31,225 and \$58,867 from trustees for the years ended December 31, 2022 and 2021, respectively.

Note 13 - Contributed Nonfinancial Assets

The Foundation received non-specialized services from approximately 60 volunteers in the years ending December 31, 2022 and 2021, respectively. No revenue was recognized for these services as the criteria to record such revenue was not met. These services were utilized to support the Foundation's main program of strengthening the community through awarding grants.

Greenville Area Community Foundation
Operating Fund
Schedule of Changes in Net Assets Without Donor Restrictions
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues		
Contributions	\$ 99,750	\$ 250,000
Administrative fees	414,891	452,004
Special event	4,000	6,000
Other income	15,000	6,250
Net investment return	1,978	119
	<u>535,619</u>	<u>714,373</u>
Expenses		
Grants	6,900	2,100
Salaries and wages	248,320	223,944
Employee benefits	7,016	6,434
Payroll taxes	18,951	17,033
Postage and shipping	2,503	1,240
Supplies and office expense	7,617	3,468
Telephone	60	483
Depreciation	32,098	11,084
Donor relations	3,030	1,136
Dues and subscriptions	9,195	3,624
Insurance	4,861	3,350
Meetings	1,599	2,156
Miscellaneous	11,091	4,866
Printing and publicity	3,659	7,159
Professional service fees	42,521	23,505
Repairs and maintenance	10,402	-
Travel expenses	657	552
Utilities	5,620	6,732
	<u>416,100</u>	<u>318,866</u>
Total expenses		
	<u>416,100</u>	<u>318,866</u>
Change in net assets without donor restrictions - operating fund	119,519	395,507
Net assets without donor restrictions - beginning of the year - operating fund	939,120	543,613
Net assets without donor restrictions - end of the year - operating fund	<u>\$ 1,058,639</u>	<u>\$ 939,120</u>