REPORT OF INDEPENDENT AUDITORS AND
CONSOLIDATED FINANCIAL STATEMENTS

COMMUNITIES FOUNDATION OF TEXAS

June 30, 2022 and 2021

Table of Contents

Report of Independent Auditors

The Finance and Audit Committee
Communities Foundation of Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Communities Foundation of Texas, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Communities Foundation of Texas as of June 30, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Communities Foundation of Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 Communities Foundation of Texas's ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Moss Adams LLP

Dallas, Texas
December 7, 2022

Communities Foundation of Texas
Consolidated Statements of Financial Position
June 30, 2022 and 2021
Presented in 000's

ASSETS

	June 30, 2022	June 30, 2021
ASSETS		
Cash and cash equivalents	$ 23,559	$ 23,317
Interest, dividends, and other receivables	1,901	2,078
Contributions receivable, net	26,396	19,290
Investments	1,251,244	1,394,113
Beneficial interest in charitable remainder trusts	4,723	5,993
Real estate held for sale	1,920	2,270
Other investments	14,854	15,377
Property and equipment, net	41,214	40,846
Other assets	3,937	1,888
Total assets	$ 1,369,748	$ 1,505,172

LIABILITIES AND NET ASSETS

	2022	2021
LIABILITIES		
Accounts payable and accrued liabilities	$ 3,263	$ 2,708
Grants payable, net	28,960	22,190
Funds held for others	62,749	69,296
Deferred revenue	197	213
Liabilities associated with split-interest agreements	3,981	3,400
Total liabilities	99,150	97,807
NET ASSETS		
Without donor restriction	961,968	1,088,159
With donor restriction	308,630	319,206
Total net assets	1,270,598	1,407,365
Total liabilities and net assets	$ 1,369,748	$ 1,505,172

See accompanying notes.

Communities Foundation of Texas
Consolidated Statement of Activities
For Year Ended June 30, 2022
Presented in 000's

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND GAINS			
Contributions	$ 109,772	$ 48,234	$ 158,006
Investment loss, net	(104,515)	(32,726)	(137,241)
Loss on real estate held for sale	(350)	-	(350)
Change in value of split-interest agreements	(696)	(1,425)	(2,121)
Other income	12,689	321	13,010
Reclassifications - donor directed	1,984	(1,984)	-
Net assets released from restrictions	22,996	(22,996)	-
Total revenues and gains	41,880	(10,576)	31,304
GRANTS AND EXPENSES			
Programs			
Grants	131,529	-	131,529
Other	21,428	-	21,428
Supporting activities			
General and administrative expenses	11,922	-	11,922
Development	3,192	-	3,192
Total grants and expenses	168,071	-	168,071
CHANGE IN NET ASSETS	(126,191)	(10,576)	(136,767)
NET ASSETS			
Beginning of year	1,088,159	319,206	1,407,365
End of year	$ 961,968	$ 308,630	$ 1,270,598

See accompanying notes.

Communities Foundation of Texas
Consolidated Statement of Activities
For Year Ended June 30, 2021
Presented in 000's

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND GAINS			
Contributions	$ 73,378	$ 30,922	$ 104,300
Investment income, net	249,727	76,641	326,368
Gain on sale of real estate	1,193	-	1,193
Change in value of split-interest agreements	(567)	2,164	1,597
Other income	11,019	122	11,141
Reclassifications - donor directed	(874)	874	-
Net assets released from restrictions	25,324	(25,324)	-
Total revenues and gains	359,200	85,399	444,599
GRANTS AND EXPENSES			
Programs			
Grants	103,704	-	103,704
Other	18,209	-	18,209
Supporting activities			
General and administrative expenses	10,076	-	10,076
Development	2,940	-	2,940
Total grants and expenses	134,929	-	134,929
CHANGE IN NET ASSETS	224,271	85,399	309,670
NET ASSETS			
Beginning of year	863,888	233,807	1,097,695
End of year	$ 1,088,159	$ 319,206	$ 1,407,365

See accompanying notes.

Communities Foundation of Texas
Consolidated Statement of Functional Expenses
For Year Ended June 30, 2022
Presented in 000's

	Programs	General and Administrative	Development	Total
Grants awarded	$ 131,529	$ -	$ -	$ 131,529
Personnel	9,931	5,283	2,660	17,874
Consultants/professional services	7,429	2,304	33	9,766
Occupancy	1,955	3,340	119	5,414
Marketing	652	239	140	1,031
Other	390	376	47	813
Special events	560	232	130	922
Information technology	230	108	41	379
Travel	281	40	22	343
Total	$ 152,957	$ 11,922	$ 3,192	$ 168,071

See accompanying notes.

Communities Foundation of Texas
Consolidated Statement of Functional Expenses
For Year Ended June 30, 2021
Presented in 000's

	Programs	General and Administrative	Development	Total
Grants awarded	$ 103,704	$ -	$ -	$ 103,704
Personnel	9,746	4,120	2,430	16,296
Consultants/professional services	4,918	1,773	62	6,753
Occupancy	1,884	3,698	165	5,747
Marketing	654	198	114	966
Other	522	-	41	563
Special events	213	221	87	521
Information technology	249	66	39	354
Travel	23	-	2	25
Total	$ 121,913	$ 10,076	$ 2,940	$ 134,929

See accompanying notes.

Communities Foundation of Texas
Consolidated Statements of Cash Flows
For Years Ended June 30, 2022 and 2021
Presented in 000's

	Years Ended June 30, 2022	Years Ended June 30, 2021
OPERATING ACTIVITIES		
Change in net assets	$ (136,767)	$ 309,670
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	2,023	2,037
(Accretion) amortization of discount on grants payable	(218)	36
Discount on contribution receivable	(2)	(7)
Net loss (gain) on investments	144,525	(324,803)
Change in value of split interest agreements	2,121	(1,597)
Impairment on real estate held for sale	350	-
Loss (gain) on real estate held for sale	-	(1,193)
Noncash contributions	(44,884)	(18,993)
Changes in operating assets and liabilities		
Contributions, interest, dividends, and other receivables	(6,927)	(4,594)
Other assets	(2,049)	(298)
Accounts payable and accrued liabilities	555	533
Grants payable	6,988	3,686
Funds held for others	(448)	(2,693)
Liabilities associated with split-interest agreements	413	2,927
Net cash used in operating activities	(34,320)	(35,289)
INVESTING ACTIVITIES		
Purchases of investments	(333,875)	(380,235)
Proceeds from the sales of investments	370,278	413,715
Purchases of property and equipment	(2,391)	(309)
Proceeds from sales of real estate	-	1,662
Purchases of other investments	-	(136)
Proceeds from sales of other investments	550	559
Net cash provided by investing activities	34,562	35,256
FINANCING ACTIVITIES		
Distribution from beneficial interest in charitable remainder trusts	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	242	(33)
CASH AND CASH EQUIVALENTS		
Beginning of year	23,317	23,350
End of year	$ 23,559	$ 23,317

See accompanying notes.

Communities Foundation of Texas
Consolidated Statements of Cash Flows (continued)
For Years Ended June 30, 2022 and 2021
Presented in 000's

	Years Ended June 30, 2022	Years Ended June 30, 2021
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Net realized and unrealized (loss) gain on agency funds	$ (6,099)	$ 18,999
Noncash contributions of investments	$ 44,185	$ 17,428
Noncash contributions of charitable remainder trust	$ 699	$ 1,565
Cash paid for taxes	$ 218	$ -

See accompanying notes.

Note 1 – Summary of Significant Accounting Policies

General Purpose and Activities

Communities Foundation of Texas (the Community Foundation) is a nonprofit Texas corporation with no capital stock and is classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and as a non-private foundation under Section 509(a)(1) of the Internal Revenue Code of 1986. The Community Foundation administers more than 1,500 funds comprised of donor advised, non-donor advised, trusts, and endowment funds established with an instrument of gift.

The Community Foundation is committed to serving charitable needs both domestically and abroad through charitable grants and services at the discretion of the Board of Trustees.

In addition, the Community Foundation administers the Educate Texas program, a significant program that provides grants and support to Texas schools, as well as North Texas Giving Day, a significant regional online event.

Reporting Entity

The consolidated financial statements include the Community Foundation and the W.W. Caruth, Jr. Foundation, The Nancy Ann Hunt Foundation, The Robert and Nancy Dedman Foundation, The Dedman Dietz Family Foundation, and Kaleidoscope Park Foundation (collectively, the Supporting Organizations). The Supporting Organizations are consolidated with the Community Foundation in the accompanying consolidated financial statements because the Community Foundation has an economic interest in the organizations, serves as trustee and/or controls the affiliated organizations' boards of directors. The consolidated financial statements also include the accounts and activities of Flora Street, LLC (and its wholly owned entities Flora Street Retail, LLC and Flora Street Retail 1-2, LLC, all of which were terminated on August 17, 2020); Expressway Central Control Company, Inc.; Florida Central Control, Inc.; Suncoast Central Control, LLC; Texas Central Control, LLC; Caruth Building Services, Inc. (terminated on December 16, 2020); Medallion Center Partners, LP; Medallion Center Partners GP, LLC; and SII 1, LLC. The primary purpose of these entities is to hold and manage real estate properties and other investments on behalf of the Community Foundation and certain Supporting Organizations. The Community Foundation, the Supporting Organizations, and all other consolidated entities are collectively referred to as the Foundation throughout these financial statements. All significant inter-organization transactions have been eliminated.

Basis of Presentation

The Foundation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The ASC is the single source of authoritative guidance for accounting principles generally accepted in the United States of America (U.S. GAAP) for nongovernmental entities. The Foundation's consolidated financial statements have been prepared on the accrual basis of accounting.

Note 1 – Summary of Significant Accounting Policies (continued)

Estimates

The preparation of the consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses for the period. Actual results could differ significantly from those estimates.

Significant Estimates

Estimates that are particularly susceptible to significant change include the discount on long-term contributions receivable and grants payable, fair value of investments, beneficial interest in charitable remainder trusts, and contributions receivable and the related allowance for doubtful accounts. Due to the level of risk associated with these financial instruments, it is reasonably possible that changes in the values of the investments and beneficial interests will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position. Significant fluctuations in fair values could occur from year to year, and the amounts the Foundation will ultimately realize could differ materially. Management's estimate of contributions receivable and the related allowance for uncollectible amounts is based on consideration of all relevant available information and an analysis of the collectability of individual contributions at the consolidated financial statement date.

Implemented Accounting Pronouncement

For the year ended June 30, 2022, the Foundation adopted Accounting Standard Update (ASU) 2020-07, *Presentations and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the consolidated statements of activities, apart from contributions of cash and other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. The standard did not have a material impact on the Foundation's consolidated financial statements.

Net Asset Classification

Without donor restriction is defined as that portion of net assets that has no use or time restrictions. As a community foundation, in accordance with United States Treasury Regulations, the Foundation possesses variance power. Variance power is the unilateral right to remove donor-imposed restrictions upon a gift in response to changed circumstances. The Foundation interprets this variance power to apply to endowment restrictions as well as purpose restrictions. This power is exercisable only in narrowly defined circumstances. Since this variance power is incorporated by reference in most gift instruments, the Foundation views its variance power as an explicit expression of donor intent. Based on this provision, except as noted below, the Foundation classifies contributions as without donor restriction for financial statement presentation. A portion of these net assets may be designated by the Foundation's Board of Trustees for the maintenance of the property as well as the funding of program and services.

With donor restriction is defined as that portion of net assets that consists of a restriction on the specific use or the occurrence of a certain future event.

Note 1 – Summary of Significant Accounting Policies (continued)

The Board of Trustees, on the advice of legal counsel, has determined that the majority of the Foundation's endowment funds meet the definition of endowment funds under the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) enacted by the State of Texas effective September 1, 2007 (TUPMIFA). Most of the Foundation's endowment contributions are received subject to the terms of a standard fund agreement. Under the terms of the standard fund agreement, the Board of Trustees has the ability to distribute as much of the corpus of any gift, devise, bequest, or fund as the Board of Trustees, in its sole discretion, shall determine. As a result of the ability to distribute corpus, the Board of Trustees has determined that all endowment contributions received subject to the standard fund agreement, and subject to TUPMIFA, are classified as with donor restriction until appropriated, at which time the appropriation is reclassified to without donor restriction.

In accordance with TUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate with donor restriction endowment funds:

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

In addition to with donor restricted endowments, all contributions received with donor-imposed time restrictions are classified as with donor restriction until the payments are received unless the respective gift is specifically designated for use in the current period by the donor. Contributions received under split-interest agreements, except for charitable gift annuities, are also classified as with donor restriction due to the implied time restriction on the use of such assets.

Endowment Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowments that attempt to provide a predictable stream of funding to programs supported by its endowments. The Foundation's investment and spending policies work together to achieve this objective. The current long-term return objective is compared to a similarly weighted benchmark representing appropriate market-based indices. The performance is also compared to the general inflation rate as measured by the Consumer Price Index. 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 parameters.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowment funds. The spending policy is to distribute an amount not greater than 4.5% of the average preceding 16 quarters net asset balance in the fund at June 30, 2022 and 2021.

Note 1 – Summary of Significant Accounting Policies (continued)

From time to time, certain donor-restricted endowment funds may have fair values less than the corpus value (underwater endowments). At June 30, 2022 and 2021, the Foundation had eleven and three endowment funds with deficiencies of this nature totaling approximately $1,178 and $533, respectively.

These deficiencies are reflected in net assets with donor restrictions. The corpus value of those underwater funds are as follows at June 30 (in thousands):

	2022	2021
Fair value of underwater endowments	$ 15,490	$ 1,905
Original endowment gift amount	16,668	2,438
Deficiencies of underwater endowment funds	$ (1,178)	$ (533)

The Community Foundation has interpreted UPMIFA to permit spending from underwater endowments with the following reductions in the spending policy to maintain the purchasing power of the underwater funds. The table below illustrates the reduction in spending policy for grants from funds with balances that are under historic gift value at June 30, 2022 and 2021:

Amount Underwater	Reduction in Spending
Under 5.00%	None
5.00% to 10.00%	25%
10.01 to 15.00%	50%
More than 15.00%	100% until fair value reaches at least 90% of corpus

Reclassifications-Donor Directed

Donor-directed reclassifications are net asset reclassifications that occur when a donor withdraws or court action removes previously imposed restrictions, when a donor imposes restrictions on amounts otherwise without donor restrictions, when a donor changes or modifies their existing restriction, and/or when an existing donor restriction requires certain amounts to be reclassified.

Net Assets Released from Restrictions

Net assets released from restrictions are net asset reclassifications that result from fulfillment of the purposes for which the net assets were restricted and/or restrictions which expired with the passage of time

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with an original maturity of three months or less when purchased, excluding cash equivalent funds held in the Foundation's investment portfolio.

Note 1 – Summary of Significant Accounting Policies (continued)

Interests, Dividends, and Other Receivables
Outstanding receivables are due from third parties for reimbursement grants, tenant reimbursements on rental property, and interest and dividends earned from investments not yet paid. The Foundation regularly monitors the recovery of these receivables and no allowance for doubtful accounts was considered necessary at June 30, 2022 and 2021. There is no accrued interest on receivables.

Contributions Receivable
Contributions receivable are carried at net realizable value, net of a discount to present value using a rate which is commensurate with the risks involved on the gift date and an allowance for uncollectible accounts at the financial reporting date. Risks associated with individual gifts are assessed annually through the Foundation's review of the status of each gift.

Investments
The Foundation reports investments at fair value. In accordance with U.S. GAAP, certain investments are measured at fair value using the net asset value per share (or its equivalent) practical expedient. The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by Foundation management. All unrealized gains and losses related to the investment portfolio are included in the change in net assets in the consolidated statements of activities. Realized gains and losses are computed on the average cost basis.

Beneficial Interest in Charitable Remainder Trusts
Beneficial interest in charitable remainder trusts represents the amount held for the benefit of the Foundation under irrevocable trust agreements between donors and third-party trustees and are carried at fair value in the consolidated statements of financial position (see Note 6). The Foundation estimates the fair value of the interest annually and recognizes any changes in the fair value as a change in value of split-interest agreements in the consolidated statements of activities.

Real Estate Held for Sale
The Foundation measures assets held for sale at the lower of its carrying amount or fair value less cost to sell. Gains or losses are recognized for any subsequent changes to fair value less cost to sell. Property is classified as held for sale when (1) management with the appropriate authority commits to a plan to sell the asset, (2) the asset is available for immediate sale in its present condition, (3) an active program to locate a buyer and other actions required to complete the plan have been initiated, (4) the sale of the property or asset within one year is probable and will qualify for accounting purposes as a sale, (5) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value, and (6) actions required to complete the plan of sale indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Assets held for sale are not depreciated.

The Foundation recognizes income on land sales during the periods in which such sales are closed and are recorded as gain/(loss) on real estate held for sale in the accompanying consolidated statements of activities.

Note 1 – Summary of Significant Accounting Policies (continued)

Other Investments
Other investments consist of equity interests in privately held corporations, limited partnerships, and limited liability companies which do not have readily determinable fair values.

Investments that give the Foundation the ability to exercise significant influence over operating and financial policies of an investee and/or where ownership interest is between 20% and 50% are accounted for under the equity method of accounting.

For investments where the fair value of an investment in equity securities is not readily determinable and does not qualify to be accounted for under the equity method of accounting, the Foundation uses the measurement alternative of cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

For investments that qualify for the equity method of accounting, the Foundation evaluates its ownership interest and ability to exercise significant influence over an entity in determining whether to carry the investment under the equity method or at cost at the time of purchase or donation. Under the equity method, the interest's carrying amount is (1) increased for the Foundation's proportionate share of earnings or (2) decreased for the Foundation's proportionate share of losses and distributions received.

See Note 13 for additional information regarding the Foundation's other investments.

Property and Equipment
Property and equipment are recorded at estimated fair value at the date of donation or at cost, if purchased. The Foundation capitalizes all contributions or purchases of equipment with an original cost basis of $2,500 or more. Depreciation is recorded using the straight-line method based on expected useful lives. The estimated useful lives are 3 to 5 years for furniture, office equipment, and computer equipment and software. The estimated useful lives for building and building improvements is 3 to 30 years. The Foundation records impairments of its property and equipment when it becomes probable that the carrying value of the assets will not be fully recovered over the estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances at the time of the determination. No property or equipment impairments were recorded for the years ended June 30, 2022 and 2021.

Cash Surrender Value of Life Insurance Policies
Cash surrender value of life insurance policies are recorded at the amount that can be realized at the date of the consolidated statements of financial position and are included in other assets in the consolidated statements of financial position.

Note 1 – Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets and Other Assets

The Foundation reviews long-lived assets, including property and equipment, real estate held for sale and limited partnership and limited liability company interests, for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not otherwise be recoverable. In connection with this review, the Foundation also re-evaluates applicable periods of depreciation and amortization for these assets. The Foundation assesses recoverability by determining whether the carrying value of the related asset will be recovered through the projected undiscounted future cash flows of the asset. If the Foundation determines that the carrying value of the asset may not be recoverable, it measures any impairment based on the asset's fair value as compared to the asset's carrying value. Once impairment is recognized, the asset will not be written back to cost, even if the asset or investment subsequently increases in fair value. The Foundation recorded an impairment of $350 on real estate held for sale during the year ended June 30, 2022. The Foundation did not record any impairment during the year ended June 30, 2021.

Grants Payable and Program Expenses

Grants represent amounts awarded to various not-for-profit organizations to assist with funding of general operations or special programs. Other program expenses are primarily related to operation of Educate Texas and other Foundation initiatives. Grants are recorded as an expense when they are approved by the Foundation officers for payment and all conditions of the grant have been met by the grantee. The Board of Trustees ratifies grants at their quarterly meetings. Grants payable consist of unconditional amounts awarded, but not paid, to not-for-profit organizations. Grants to be paid after one year are discounted to net present value using a rate commensurate with the risks involved on the grant date.

Funds Held for Others

The Foundation accounts for assets that are received from a not-for-profit organization for the benefit of that not-for-profit organization, or one of its affiliated organizations, as a liability to the specified beneficiary concurrent with its recognition of the assets received. All asset transfers of this type, and the activity associated with those assets, are recognized as agency transactions and are not reflected in the consolidated statements of activities. In the consolidated statements of financial position, the assets held on behalf of the agency are included in cash and investments, and the related liability is classified as funds held for others. Assets and liabilities related to such funds totaled approximately $62,749 and $69,296 at June 30, 2022 and 2021, respectively.

Split-Interest Agreements and Gift Annuities

Under charitable remainder trust and annuity agreements, the Foundation pays annual benefits from the trust's assets over the term of the trust to third-party beneficiaries, with remaining trust assets at the end of the trust's term being distributed to the Foundation and/or other charities as directed by the trust instrument. Under charitable gift annuities, assets received are available for immediate use by the Foundation, and annual benefits paid from Foundation assets are distributed to third-party beneficiaries over the term of the agreement. See Note 6 for additional information regarding the Foundation's split-interest agreements, including charitable gift annuities.

Note 1 – Summary of Significant Accounting Policies (continued)

Contribution Revenue Recognition
Unconditional contributions are recognized as revenue when they are received or promised. Bequests are recognized as contribution revenue at the date the will is declared valid by the probate court and the amount to be received by the Foundation can be estimated.

Contributions of assets other than cash are recorded at their estimated fair value on the gift date. Contributions to be received after one year are recorded at the present value of their estimated future cash flows using a discount rate that is commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in the same net asset class and fund as the original contribution.

The Foundation reports gifts of cash and other assets as contributions with donor restriction when they are received under gift instruments with donor stipulations that limit their use (i.e., gifts without variance power) and/or time restrictions (including implied time restrictions). When a restriction expires, that is, when a stipulated time restriction ends or donor restriction is accomplished, the net assets are reclassified to without donor restriction and reported in the consolidated statements of activities as net assets released from restriction.

Conditional promises to give are defined as donor's promises to give with stipulation that represents a barrier that must be overcome before the donee is entitled to the assets promised or transferred and a right of return to the donor of assets promised or transferred. Conditional contributions are recognized in the consolidated financial statements when the conditions on which they depend are met.

The Foundation recognized contributed nonfinancial assets within revenue including contributions of partnerships, real estate, and household goods. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Nonfinancial assets are valued based on the most recently available appraisal. It is the Foundation's policy to sell all contributed nonfinancial assets upon receipt unless the asset is restricted for a specific purpose.

Investment Income
Investment income is recorded when earned and consists of interest, dividends, and realized and unrealized gains and losses on investments. Investment income immediately reinvested is reflected simultaneously as investment income and purchases of investments. Investment income is net of external and direct internal investment expenses. Investment transactions are recorded on a trade date basis, which results in receivables and payables on investment income that have not yet settled at the consolidated financial statement date.

Note 1 – Summary of Significant Accounting Policies (continued)

Rental Revenue

The Foundation, as a lessor, retains substantially all of the risks and benefits of ownership of the investment properties and accounts for all related leases as operating leases. Minimum rents are accrued on a straight-line basis over the terms of their respective leases, and the resulting deferred lease asset is included in other assets on the consolidated statements of financial position. Certain retail tenants are also required to pay overage rents based on sales over a stated base amount during the lease year.

Certain leases require the tenant to reimburse the Foundation for a substantial portion of the operating expenses, including common area maintenance, real estate taxes, and insurance. Operating expenses typically include utilities, insurance, security, janitorial, landscaping, and other administrative expenses. The reimbursable portions of these tenant expenses are recognized as revenue (and receivable) in the period the applicable expenditures are incurred, and are included in other income in the consolidated statements of activities.

Functional Allocation of Expenses

Expenses which apply to more than one functional category have been allocated among program, general and administrative, and development based on the time spent on these functions by specific employees. Indirect expenses such as facilities costs are allocated based on square footage used by functional departments. Other indirect expenses, such as those related to information technology, are allocated based on the overall number of staff in the various functional categories. All other costs are charged directly to the appropriate functional category.

Income Tax Matters

The Community Foundation and the Supporting Organizations are exempt from federal income tax under Section 501(a) of the Internal Revenue Code (IRC), as organizations described in IRC Section 501(c)(3), and have been determined not to be private foundations under Section 509(a) of the IRC. Accordingly, no provision for income taxes has been made related to the Foundation; however, should the Foundation engage in activities unrelated to the purpose for which it was created, taxable income could result. For the year ended June 30, 2022, the Foundation incurred $218 in taxes as a result of rental revenue by a corporation that was previously donated. This amount is included in other expenses in the consolidated statement of functional expenses. No taxes were incurred for the year ended June 30, 2021.

Note 1 – Summary of Significant Accounting Policies (continued)

Accounting for Uncertain Tax Positions
The ASC provides guidance for how uncertain tax positions should be recognized, measured, disclosed, and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Foundation's tax returns to determine whether the tax positions are more likely than not of being sustained when challenged or when examined by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or expense and liability in the current year. Management has determined that there are no material uncertain income tax positions.

Fair Value Measurements
The Foundation follows ASC Topic 820, *Fair Value Measurements*, which provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives 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 inputs to the three levels of the fair value hierarchy under Topic 820 are described as follows:

Level 1 Unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from, or corroborated by, observable market data by correlation to other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All transfers between fair value hierarchy levels are recognized by the Foundation at the end of each reporting period. Financial assets and liabilities carried at fair value on recurring basis include investments, beneficial interest in charitable remainder trust, cash surrender value of life insurance policies, and funds held for others.

Note 1 – Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires, among other things, lessees to recognize a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. The asset will be based on the liability, subject to adjustment, such as for initial direct costs. For income statement purposes, the FASB retained the current dual model whereby leases are classified as either operating or finance. Operating leases will result in straight-line expense while finance leases will result in a front-loaded expense pattern. This is similar to the current income statement treatment for leases. ASU 2016-02 is effective for nonpublic entities for annual reporting periods beginning after December 15, 2021, with early adoption permitted. The new standard must be adopted using a modified retrospective transition and provides for certain practical expedients. Transition will require application of the new guidance at the beginning of the earliest comparative period presented.

Management is currently evaluating the impact of adopting this guidance on the Foundation’s consolidated financial statements.

Subsequent Events

Subsequent events are events or transactions that occur after the consolidated financial position date but before the consolidated financial statements are available to be issued. The Foundation recognized in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Foundation’s consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after that consolidated financial position date and before the consolidated financial statements are available to be issued.

The Foundation has evaluated subsequent events through December 7, 2022, the date the consolidated financial statements were available to be issued.

Presented in 000's (unless otherwise noted)

Note 2 – Liquidity and Availability

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

	Years Ended June 30, 2022	Years Ended June 30, 2021
Financial assets		
Cash and cash equivalents	$ 23,559	$ 23,317
Interest, dividends, and other receivables	1,901	2,078
Contributions receivable, net	26,396	19,290
Investments	1,251,244	1,394,113
Beneficial interest in charitable remainder trusts	4,723	5,993
Other investments, illiquid	14,854	15,377
	1,322,677	1,460,168
Less amounts unavailable for general expenditure		
Contributions receivable beyond one year	(1,490)	(2,858)
Investments not convertible to cash within one year	(69,103)	(90,721)
Investments and financial assets held for others	(62,749)	(69,296)
Endowments and accumulated earnings subject to appropriation beyond one year	(254,728)	(273,590)
Investments in board designated endowments	(27,301)	(31,813)
Beneficial interest in charitable remainder trusts	(7,006)	(8,742)
Other investments, illiquid	(14,854)	(15,377)
Financial assets available to meet the cash needs for general expenditures within one year	$ 885,446	$ 967,771

The Foundation has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. The Foundation invests cash in excess of daily requirements in short-term investments and money market funds.

Presented in 000's (unless otherwise noted)

Note 3 – Contributions Receivable

Unconditional contributions receivable, including amounts due under pledge agreements, are expected to be collected as follows at June 30:

	2022	2021
Less than one year	$ 24,906	$ 16,432
One year to five years	1,490	2,858
Total	$ 26,396	$ 19,290

The Foundation believes all contributions receivable will be fully collected. Due to the timing of the expected payments, discounts of approximately $38 and $40 were recorded as of June 30, 2022 and 2021, respectively, using a discount rate of 0.43% to 2.93%.

The Foundation had $4,047 and $0 of conditional promises to give at June 30, 2022 and 2021, respectively.

Note 4 – Property and Equipment

Property and equipment are summarized as follows at June 30:

	2022	2021
Land	$ 21,947	$ 21,947
Building and improvements	44,876	44,722
Furniture	1,484	1,430
Office equipment	101	101
Computer equipment and software	1,332	1,332
Construction in progress	2,087	-
Total	71,827	69,532
Less accumulated depreciation	(30,613)	(28,686)
Total property and equipment	$ 41,214	$ 40,846

Depreciation expense related to the property and equipment totaled approximately $2,023 and $2,037 in 2022 and 2021, respectively.

Presented in 000's (unless otherwise noted)

Note 5 – Grants Payable

Grants approved and committed for future payment are as follows at June 30, 2022:

Years Ending June 30,		
2023	$	17,598
2024		7,716
2025		2,795
2026		401
2027		247
Thereafter		629
		29,386
Less unamortized discount (0.43%-2.93%)		(426)
Total grants payable	$	28,960

Conditional grants totaled approximately $3,659 and $1,683 at June 30, 2022 and 2021, respectively, and are not recorded as expense until the conditions are met by the grantee. Substantially all conditional grants are contingent upon the grantee raising matching funds or achievement of milestones specified in the terms of the respective grant.

Note 6 – Split-Interest Agreements

At June 30, 2022 and 2021, the Foundation had recorded approximately $7,599 and $7,686, respectively, in fair value of charitable gift annuities and charitable remainder trusts in which the Foundation serves as the trustee and as an asset in its consolidated statements of financial position. Assets received under these agreements are recorded at fair value and in the appropriate net asset category. Related contributions per the agreements are recognized as contribution revenue and are equal to the present value of future benefits to be received by the Foundation over the term of the agreements. The Foundation received contribution revenue related to these agreements of approximately $1,556 and $1,565 during the years ended June 30, 2022 and 2021, respectively. Liabilities have been established for split-interest agreements in which the Foundation is the trustee or for which the Foundation is obligated to an annuitant under a charitable gift annuity, and these liabilities totaled approximately $3,726 and $3,095 at June 30, 2022 and 2021, respectively. For split-interest agreements in which the Foundation is the trustee but is not the charitable beneficiary (or not the only charitable beneficiary), the Foundation has established liabilities to the other not-for-profit organizations, and this obligation totaled approximately $255 and $305 at June 30, 2022 and 2021, respectively.

Note 6 – Split-Interest Agreements (continued)

Some of the Foundation's charitable remainder trusts (included in assets above) are income trusts. Under these agreements, payments to lead beneficiaries (i.e., the individual designated by the donor) are limited to the income earned by the trust, and as such, a liability to the lead beneficiary is not recorded. Gifts of income trusts are recorded at fair value on the gift date. The fair value of the contribution is the fair value of the assets to be received in the future, discounted for the life expectancy of the lead beneficiary. The difference between the fair value of the assets when received and the fair value of the contribution is recognized as deferred revenue in the consolidated statements of financial position and totaled approximately $197 and $213 at June 30, 2022 and 2021, respectively. The discount will be amortized over the term of the trusts as a decrease in deferred revenue and an increase in change in value of split-interest agreements in the consolidated statements of activities.

During the term of the agreements, changes in the value of the split-interest agreements are recognized in the consolidated statements of activities based on accretion of the discounted amount of the contribution and re-evaluations of the expected future benefits (payments) to be received (paid) by the Foundation (beneficiaries), based on changes in life expectancy from mortality tables using annual Internal Revenue Service discount rates and other assumptions. Discount rates ranging from 2.2% to 6.92% were used in these calculations at the dates of the contributions.

The Foundation is the beneficiary of irrevocable charitable remainder trusts held by financial institutions. The beneficial interest is carried at fair value, which is based on the present value of the future distributions expected to be received over the term of the agreements. The Foundation had no contribution revenue related to these agreements in 2022 and 2021. The estimated fair value of the Foundation's beneficial interests totaled approximately $4,723 and $5,993 at June 30, 2022 and 2021, respectively. Changes in fair value of the beneficial interests are reflected as a change in value of split-interest agreements in the consolidated statements of activities.

Note 7 – Total Net Asset Composition

Total net asset composition (in thousands):

	June 30, 2022		
	Without Donor Restriction	With Donor Restriction	Total
Endowment funds	$ 27,301	$ 267,839	$ 295,140
Non-endowment funds			
Donor advised	285,717	-	285,717
Donor purpose restricted	-	26,295	26,295
Non-donor advised	144,565	-	144,565
Total non-endowment funds	430,282	26,295	456,577
Split-interest agreements	1,223	5,783	7,006
Total Community Foundation net assets	458,806	299,917	758,723
Supporting organizations (non-donor advised)	503,162	8,713	511,875
Total net assets	$ 961,968	$ 308,630	$ 1,270,598

	June 30, 2021		
	Without Donor Restriction	With Donor Restriction	Total
Endowment funds	$ 31,813	$ 285,346	$ 317,159
Non-endowment funds			
Donor advised	307,858	-	307,858
Donor purpose restricted	-	16,178	16,178
Non-donor advised	175,703	-	175,703
Total non-endowment funds	483,561	16,178	499,739
Split-interest agreements	1,363	7,379	8,742
Total Community Foundation net assets	516,737	308,903	825,640
Supporting organizations (non-donor advised)	571,422	10,303	581,725
Total net assets	$ 1,088,159	$ 319,206	$ 1,407,365

With donor restriction net assets include contributions received with endowment restrictions, time restrictions, and those received under split-interest agreements with an implied time restriction. In addition, the Foundation continues to classify contributions (and related net assets) received under gift instruments (generally grants), which specifically do not reference variance power and require the return of assets if not used for the donor-specified purpose until such funds are expended in accordance with the donor-restricted purpose as with donor restriction.

Presented in 000's (unless otherwise noted)

Note 7 – Total Net Asset Composition (continued)

Net assets consisting of the initial fair value of the gifts where the donor has specified that the assets donated are to be retained in an endowment, providing a permanent source of revenue for charitable purposes are classified as with donor restriction. The accumulation of assets above the historic gift value, in donor restricted endowment funds is classified as with donor restriction until appropriated based on the Foundation's spending policy. The donor restricted endowment corpus amounts were approximately $174,162 and $145,667 as of June 30, 2022 and 2021, respectively.

The Foundation manages approximately 800 donor-advised funds. Although grant recommendations are accepted from the donors or other advisors of these funds, the ultimate discretion over the use of these funds lies with the Board of Trustees. Non-donor advised funds represent amounts held by the Foundation designated for specific purposes by donors and/or the Foundation.

Note 8 – Endowment Funds

Endowment net asset composition:

	June 30, 2022		
	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	$ -	$ 267,839	$ 267,839
Board-designated endowment funds	27,301	-	27,301
Total endowment funds	$ 27,301	$ 267,839	$ 295,140

	June 30, 2021		
	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	$ -	$ 285,346	$ 285,346
Board-designated endowment funds	31,813	-	31,813
Total endowment funds	$ 31,813	$ 285,346	$ 317,159

Presented in 000's (unless otherwise noted)

Note 8 – Endowment Funds (continued)

Changes in endowment net assets are summarized as follows:

	June 30, 2022		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, at July 1, 2021	$ 31,813	$ 285,346	$ 317,159
Investment loss, net	(3,660)	(31,232)	(34,892)
Contributions	-	23,693	23,693
Other income	-	224	224
Donor-directed reclassifications	-	(1,984)	(1,984)
Appropriation of endowment assets	(852)	(8,208)	(9,060)
Endowment net assets, at June 30, 2022	$ 27,301	$ 267,839	$ 295,140

	June 30, 2021		
	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, at July 1, 2020	$ 23,664	$ 203,430	$ 227,094
Investment income, net	8,950	75,528	84,478
Contributions	1	10,858	10,859
Other income	-	196	196
Donor-directed reclassifications	-	874	874
Appropriation of endowment assets	(802)	(5,540)	(6,342)
Endowment net assets, at June 30, 2021	$ 31,813	$ 285,346	$ 317,159

Note 9 – Employee Benefit Plans

Defined Contribution Plan

The Foundation has a defined contribution plan that covers all full-time employees of the Foundation who have attained the age of 18. Participating employees can contribute on a voluntary basis up to 82% of eligible earnings, not to exceed the amount allowed by law. The Foundation makes matching contributions on a discretionary basis, as determined by the Board of Trustees. In addition, all full-time employees with more than six months of service receive a safe harbor contribution of at least 3% of their annual salary. Costs associated with the defined contribution plan, including contributions, were approximately $875 and $910 for the years ended June 30, 2022 and 2021, respectively.

Note 9 – Employee Benefit Plans (continued)

Defined Contribution Plan (continued)
In 2017, the Foundation initiated a deferred compensation plan under Section 457(b) of the Internal Revenue Code for certain senior executives. Eligible employees may elect to make contributions to the plan under a salary reduction agreement. No employer contributions are made to the plan. The plan liability of approximately $235 and $288 as of June 30, 2022 and 2021, respectively, is an unsecured obligation of the Foundation and is reflected in accounts payable and accrued liabilities in the consolidated statements of position.

Note 10 – Concentrations and Credit Risk

Invested assets which potentially expose the Foundation to concentrations of credit risk include cash and cash equivalents and investments. As a matter of policy, the Foundation only maintains invested assets with highly rated financial institutions. At times, balances of such invested assets may be in excess of FDIC and SIPC insurance limits. At June 30, 2022 and 2021, the Foundation maintained uninsured balances of cash and cash equivalents of approximately $17,867 and $22,826, respectively, in depository accounts with financial institutions. The Foundation monitors financial institution concentrations and does not anticipate any losses from these concentrations. Management believes that the credit risk of investments in the Foundation's portfolio is mitigated by the overall diversification of each management investment portfolio.

One donor made up 76% percent of net contributions receivable at June 30, 2022. Three donors represented 75% of net contributions receivable at June 30, 2021.

The Foundation maintains formal investment policies that set out performance criteria, provide investment guidelines, and require regular review of investment performance. The Foundation works with an investment consultant to review performance and evaluate investments managers. Investments are managed by multiple investment managers, who have responsibility for investing the funds according to the Foundation's investment policy. Risk is managed through rigorous evaluations performed before an investment is made, quarterly monitoring of performance, and regular communication with the investment managers.

Note 11 – Fair Value Measurements

The Board of Trustees of the Community Foundation, as outlined in its bylaws, appoints an Investment Committee responsible for the overall management of the investments of the Community Foundation, the W.W. Caruth, Jr. Foundation, and Kaleidoscope Park Foundation. This responsibility includes the hiring and termination of investment managers, investment consultants, custodian banks, and securities lending agents. The investment department of the Community Foundation is responsible for sourcing, evaluating, and selecting investments for recommendation to the Investment Committee. They are also responsible for the day-to-day operations involving due diligence and other testing procedures in regard to reviewing the reasonableness of fair value for all investments, which includes evaluating the accuracy and adequacy of information provided by custodians, brokers, and managers. The valuation process for investments is the responsibility of the investment department of the Community Foundation, and all other fair value measurements are the responsibility of the accounting department of the Community Foundation. Fair value measurements for beneficial interests in charitable remainder trusts and liabilities associated with split-interest agreements are prepared by the accounting department of the Community Foundation and approved by the Board of Trustees during their review and approval of the periodic internal financial statements of the Foundation. The Board of Directors of the Supporting Organizations perform these functions for the supporting organizations.

The methods and assumptions used to estimate the fair value of assets and liabilities in the consolidated financial statements, including a description of the methodologies used for the classifications within the fair value hierarchy, if applicable, are as follows:

Investments

All of the marketable securities are valued by nationally recognized third-party pricing services. Each organization within the Foundation gives highest priority to quoted prices in active markets for identical assets accessed at the measurement date. An active market for the asset is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis, and the Foundation classifies all such assets as Level 1. The Foundation gives a Level 2 priority to valuation prices where the valuation process involves inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly, using the market approach.

Level 2 inputs under the market approach include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets where there is not sufficient activity, and/or where price quotations vary substantially either over time or among market makers, or in which little information is released publicly. In certain cases, where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy.

Nonmarketable securities are carried at fair value which is based on NAV as provided by the fund manager and/or adjusted by the Foundation. The Foundation uses management agreements, analyst notes, audited financial statements, and underlying investment holdings to evaluate the fund manager's valuation methodology (i.e., in determining whether the fund manager follows ASC 820, *Fair Value Measurements*) and considers various other factors including contributions and withdrawals to the fund and monitoring unaudited interim reporting to determine if any adjustment to the NAV is necessary.

Note 11 – Fair Value Measurements (continued)

Beneficial Interests in Charitable Remainder Trusts
Beneficial interests are carried at fair value, which is based on the present value of the expected future cash inflows from the trusts. The fair value of the underlying trust assets is based on quoted market prices when available or the best estimate of fair value as determined by the third-party trustee. The Foundation's valuation technique considers the fair value of the assets held in the trust and applies a discount rate to convert such amounts to a single present value amount. The discount rate used by the Foundation reflects current market conditions, including the inherent risk in the underlying assets and the risk of nonperformance by the trustee. Due to the significant unobservable inputs required to estimate the expected future cash receipts from the trust agreements under the income approach, the Foundation's beneficial interest is classified as Level 3 in the hierarchy.

Cash Surrender Value of Life Insurance Policies
The asset's carrying amount is the current cash surrender values on life insurance policies for which the Foundation is the beneficiary.

Liabilities Associated with Split-Interest Agreements
The fair value of the liabilities is determined by discounting the future cash flows at rates that could currently be negotiated by the Foundation for borrowings of similar amounts. The carrying value approximates the liabilities' fair value.

Presented in 000's (unless otherwise noted)

Note 11 – Fair Value Measurements (continued)

Assets and liabilities measured at fair value on a recurring basis are classified within the fair value hierarchy as follows at June 30:

	June 30, 2022				
	Level 1	Level 2	Level 3	NAV	Total
Assets					
Investments					
Marketable securities					
Cash equivalents and short-term investments	$ 7,454	$ 140,689	$ -	$ -	$ 148,143
Government securities and municipal bonds	1,051	1,302	-	-	2,353
Corporate bonds	1,955	2,584	-	-	4,539
Exchange-traded funds	6,447	-	-	-	6,447
Equities					
U.S. equities	48,426	-	-	-	48,426
International equities	847	-	-	-	847
Real estate investment trusts (REITs)	235	7,885	-	-	8,120
Mutual funds	116,404	-	-	-	116,404
Investments measured at net asset value	-	-	-	915,965	915,965
Total investments	182,819	152,460	-	915,965	1,251,244
Beneficial interest in charitable remainder trusts	-	-	4,723	-	4,723
Cash surrender value of life insurance policies	-	177	-	-	177
Total assets	$ 182,819	$ 152,637	$ 4,723	$ 915,965	$ 1,256,144
Liabilities					
Funds held for others	$ -	$ -	$ -	$ 62,749	$ 62,749
	$ -	$ -	$ -	$ 62,749	$ 62,749

	June 30, 2021				
	Level 1	Level 2	Level 3	NAV	Total
Assets					
Investments					
Marketable securities					
Cash equivalents and short-term investments	$ 10,895	$ 120,028	$ -	$ -	$ 130,923
Government securities and municipal bonds	889	1,316	-	-	2,205
Corporate bonds	2,602	2,569	-	-	5,171
Exchange-traded funds	11,171	-	-	-	11,171
Future contracts	26	-	-	-	26
Equities					
U.S. equities	62,872	-	-	-	62,872
International equities	444	-	-	-	444
Real estate investment trusts (REITs)	111	6,594	-	-	6,705
Mutual funds	105,183	-	-	-	105,183
Investments measured at net asset value	-	-	-	1,069,413	1,069,413
Total investments	194,193	130,507	-	1,069,413	1,394,113
Beneficial interest in charitable remainder trusts	-	-	5,993	-	5,993
Cash surrender value of life insurance policies	-	187	-	-	187
Total assets	$ 194,193	$ 130,694	$ 5,993	$ 1,069,413	$ 1,400,293
Liabilities					
Funds held for others	$ -	$ -	$ -	$ 69,296	$ 69,296
	$ -	$ -	$ -	$ 69,296	$ 69,296

Presented in 000's (unless otherwise noted)

Note 11 – Fair Value Measurements (continued)

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows:

	Beneficial Interests in Charitable Remainder Trusts
Balance at June 30, 2020	$ 4,924
Contributions	-
Sales and distributions	-
Change in value of split-interest agreements	1,069
Balance at June 30, 2021	5,993
Contributions	-
Sales and distributions	-
Change in value of split-interest agreements	(1,270)
Balance, at June 30, 2022	$ 4,723

The summary of changes in fair value of Level 3 assets has been prepared to reflect the activity in the same categories as those provided in the consolidated statements of activities.

The following table summarizes the valuation techniques and significant unobservable inputs used for the Foundation's assets that is categorized within Level 3 of the fair value hierarchy:

Investment Type	Fair Value at June 30 2022	Fair Value at June 30 2021	Valuation Techniques	Unobservable Input (b)	Range of Inputs (Weighted Average) June 30 2022	Range of Inputs (Weighted Average) June 30 2021
Beneficial interest in charitable remainder trusts	$ 4,723	$ 5,993	Discounted cash flows	Discount rate [a] Expected rate of return [c]	3.8% to 6% (3.90%)	3.8% to 6% (3.89%)

[a] Represents amounts used when the Foundation has determined that market participants would take into account these discounts when pricing the assets or liabilities.

[b] Significant increases or decreases in any of the above unobservable inputs in isolation may result in a significantly lower or higher fair value.

[c] Represents the net fair value of assets to be paid to the Foundation based on terms stated in the trust agreement.

Presented in 000's (unless otherwise noted)

Note 11 – Fair Value Measurements (continued)

The Foundation's investments in certain entities that calculate NAV and for which there is not a readily determinable fair value are summarized as follows:

		Fair Value June 30, 2022	Unfunded Commitments June 30, 2022	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Index funds	(a)	$ 347,385	$ -	Daily	2 days
Equity fund	(b)	34,877	-	Monthly	30 days
International fund	(c)	114,417	-	Weekly, Monthly	3 to 30 days
Emerging market funds	(d)	94,277	-	Daily, Monthly	2 to 90 days
Bond funds	(e)	137,715	-	Daily	15 days or N/A
Fund of funds	(f)	7,690	-	Quarterly, Annually, Semi-Annual	6 to 60 days or N/A
Hedge funds	(g)	62,828	-	Quarterly, Annually, Semi-Annual	30 to 75 days
Private-equity funds	(h)	116,776	65,021	N/A	N/A
Total		$ 915,965	$ 65,021		

(a) This class includes commingled equity index funds that invest in large, mid and small cap domestic public equities. No accounts have short positions.

(b) This class includes commingled funds that invests in domestic public equities. The account has no short positions.

(c) This class includes commingled funds that invests in large and mid-cap international public equities. This account has no short positions.

(d) This class includes commingled emerging market equity index funds. This class may invest in derivatives.

(e) This class includes a commingled fund that invests in fixed income markets across the globe.

(f) Fund of funds consist of investment funds that are designed to invest in diversified holdings. Management of the fund has the ability to hold a net long or net short position.

(g) This class includes commingled funds that provide exposure to a diverse array of absolute return oriented strategies, some implemented by single-strategy specialists and others pursued by managers employing multiple techniques. These strategies may include but are not limited to long/short equity, event-driven investing, capital structured arbitrage, and fixed income arbitrage.

(h) These funds consist of investments in private equity funds and similar investment funds that are generally designed for long-term investment strategies by investing in companies whose stock is not publicly traded, bank debt, real estate, or similar investment securities. Distributions are typically based on capital transactions and other liquidity events within the underlying investment funds. The investments in this category cannot currently be redeemed by the Foundation, and the ultimate outcome of liquidity events and overall duration of the funds cannot reasonably be determined.

Presented in 000's (unless otherwise noted)

Note 12 – Leases

The Foundation leases office, retail, and restaurant space, as well as certain agricultural land to independent third parties. These leases expire over the next 17 years.

Future minimum rental income under non-cancelable operating leases includes the following at June 30, 2022:

Years Ending June 30,		
2023	$	4,613
2024		4,544
2025		4,231
2026		4,085
2027		3,416
Thereafter		15,253
Total	$	36,142

This amount does not include contingent rentals that may be received under certain leases of retail space that are based on a percentage of revenues. There was no revenue from contingent rentals in 2022 and 2021. The Foundation recognized lease income, included in other income in the consolidated statements of activities, of approximately $6,199 and $5,762 for the years ended June 30, 2022 and 2021, respectively.

Note 13 – Other Investments

The Foundation's other investments are comprised of equity interests in privately held corporations, limited partnerships, and limited liability companies which do not have readily determinable fair values. Based on evaluation, the Foundation has determined that its investment in three entities should be reported under the equity method. Under the equity method, the initial investment is reflected at cost and adjusted for the equity in the undistributed net earnings (losses) since acquisition. The Foundation's ownership in the largest investment was 22.61% for the years ended June 30, 2022 and 2021. The Foundation owned 50.0% and 14.3% in the remaining two investments for both of the years ended June 30, 2022 and 2021.

The Foundation reported total investments carried under the equity method of approximately $13,232 at June 30, 2022 and 2021. The Foundation recognized earnings related to its investments carried under the equity method of approximately $1,284 and $1,255 for the years ended June 30, 2022 and 2021, respectively, which are included in other income in the consolidated statements of activities. All earnings were distributed and cash was received by the Foundation for the years ended June 30, 2022 and 2021.

Presented in 000's (unless otherwise noted)

Note 13 – Other Investments (continued)

Summarized financial information for the Foundation's three investments accounted for under the equity method is as follows at June 30:

	2022 Unaudited	2021 Unaudited
Current assets	$ 7,261	$ 6,093
Non-current assets	36,296	37,278
Total assets	$ 43,557	$ 43,371
Current liabilities	$ 525	$ 831
Non-current liabilities	282	280
Total liabilities	807	1,111
Equity	42,750	42,260
Total liabilities and equity	$ 43,557	$ 43,371
Gross revenue	$ 13,418	$ 12,701
Less total expenses	8,084	7,727
Net earnings	$ 5,334	$ 4,974

The Foundation's other investments with a carrying value of approximately $1,623 and $2,145 at June 30, 2022 and 2021, respectively, are comprised of limited partnership and limited liability company interests reported at cost. No events or changes in circumstances occurred in 2022 or 2021 resulting in an impairment evaluation.

Note 14 – Commitments, Contingencies, and Uncertainties

A supporting organization was named a joint pledge member in a joint pledge totaling $5,000. The pledge will be paid in five annual installments beginning in July 2020. As a joint pledge member, payments may or may not be paid using the supporting organization's funds. The pledge is considered to be a conditional grant. Conditional grants will be recognized in the consolidated financial statements when the conditions on which they depend are met.