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# Hudson-Webber Foundation

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**Financial Report**  
**December 31, 2022**

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## Independent Auditor's Report

To the Board of Trustees  
Hudson-Webber Foundation

### **Opinion**

We have audited the financial statements of Hudson-Webber Foundation (the "Foundation"), which comprise the statement of financial position as of December 31, 2022 and 2021 and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the 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 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 Audits of the Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our 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.

### **Emphasis of Matter**

As described in Notes 4 and 9, the financial statements include certain investments whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or partnership general partners. These investments are valued at \$176,194,238 and \$206,187,184 (95 and 99 percent of net assets) as of December 31, 2022 and 2021, respectively. Our opinion is not modified with respect to this matter.

### **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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### **Auditor's Responsibilities for the Audits of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits 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 financial statements.

To the Board of Trustees  
Hudson-Webber Foundation

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*Plante & Moran, PLLC*

July 17, 2023

## Hudson-Webber Foundation

### Statement of Financial Position

December 31, 2022 and 2021

	2022	2021
<b>Assets</b>		
Cash and cash equivalents	\$ 1,087,502	\$ 2,305,531
Investments (Notes 4 and 9)	177,779,241	210,307,684
Unsettled trade receivables	6,318,849	11,306,994
Interest and dividend receivable	6,087	43
Cash value of life insurance policies	-	74,736
Leasehold improvements - Net	184,427	95,279
Bequests receivable	5,000,000	-
Prepaid expenses	62,846	52,809
Right-of-use operating lease assets - Net (Note 6)	419,992	-
	<u>\$ 190,858,944</u>	<u>\$ 224,143,076</u>
Total assets		
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Account payable	\$ 23,050	\$ 22,158
Grants payable (Note 5)	4,106,390	3,579,640
Accrued expenses	92,823	128,827
Federal excise tax payable	-	60,025
Unsettled trade payables	-	11,400,000
Operating lease liability (Note 6)	420,113	-
	<u>4,642,376</u>	<u>15,190,650</u>
Total liabilities		
<b>Net Assets</b>		
Without donor restrictions	181,216,568	208,952,426
With donor restrictions	5,000,000	-
	<u>186,216,568</u>	<u>208,952,426</u>
Total net assets		
	<u>\$ 190,858,944</u>	<u>\$ 224,143,076</u>
Total liabilities and net assets		

## Hudson-Webber Foundation

# Statement of Activities and Changes in Net Assets

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Changes in Net Assets without Donor Restrictions</b>		
Revenue, gains (losses), and other support:		
Contributions	\$ 6,000,000	\$ 199,317
Interest	39,799	2,018
Dividends	155,495	374,146
Net realized and unrealized (losses) gain on investments - Net of investment management fees	<u>(22,681,436)</u>	<u>28,027,115</u>
Total revenue, (losses) gains, and other support	(16,486,142)	28,602,596
Expenses:		
Grants awarded (Notes 5 and 8)	9,144,441	8,778,144
Grantmaking (Note 8)	998,235	821,948
Operational support expenses (Note 8)	<u>1,107,040</u>	<u>990,684</u>
Total expenses	<u>11,249,716</u>	<u>10,590,776</u>
<b>(Decrease) Increase in Net Assets without Donor Restrictions</b>	(27,735,858)	18,011,820
<b>Changes in Net Assets with Donor Restrictions - Contributions</b>	<u>5,000,000</u>	<u>-</u>
<b>(Decrease) Increase in Net Assets</b>	(22,735,858)	18,011,820
<b>Net Assets - Beginning of year</b>	<u>208,952,426</u>	<u>190,940,606</u>
<b>Net Assets - End of year</b>	<u><u>\$ 186,216,568</u></u>	<u><u>\$ 208,952,426</u></u>

**Statement of Cash Flows**

**Years Ended December 31, 2022 and 2021**

	2022	2021
<b>Cash Flows from Operating Activities</b>		
(Decrease) increase in net assets	\$ (22,735,858)	\$ 18,011,820
Adjustments to reconcile (decrease) increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	26,260	-
Net realized and unrealized losses (gains) on investments	22,383,323	(28,369,792)
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Unsettled trade receivables	4,988,145	(8,301,463)
Interest and dividends receivable	(6,044)	44,773
Prepaid expenses	(10,037)	2,577
Prepaid federal excise tax	(60,025)	31,278
Accounts payable	892	6,461
Grants payable	526,750	(588,950)
Accrued expenses	(36,004)	(4,709)
Accrued federal excise tax	-	60,025
Unsettled trade payables	(11,400,000)	11,400,000
Bequests receivable	(5,000,000)	-
Proceeds from life insurance policy	74,736	-
Right-of-use asset and lease liability - Net	121	-
Net cash and cash equivalents used in operating activities	(11,247,741)	(7,707,980)
<b>Cash Flows from Investing Activities</b>		
Purchases of investments	(80,450,336)	(48,578,357)
Proceeds from sales of investments	90,595,456	57,273,574
Purchase of leasehold improvements	(115,408)	(95,279)
Net cash and cash equivalents provided by investing activities	10,029,712	8,599,938
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(1,218,029)	891,958
<b>Cash and Cash Equivalents - Beginning of year</b>	2,305,531	1,413,573
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 1,087,502</b>	<b>\$ 2,305,531</b>

**Note 1 - Nature of Business**

Hudson-Webber Foundation (the "Foundation"), located in Detroit, Michigan and established in 1943, is a private foundation. The Foundation concentrates its efforts and resources in support of projects primarily within four program missions, each of which impacts the vitality and quality of life in the metropolitan Detroit community. The four mission areas are Built Environment, Arts & Culture, Community & Economic Development, and Safe & Just Communities.

**Note 2 - Significant Accounting Policies**

***Basis of Accounting***

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

**Net Assets without Donor Restrictions**

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of management and the board of trustees.

**Net Assets with Donor Restrictions**

Net assets subject to stipulations imposed by donors and grantors. For the year ended December 31, 2022, the Foundation received an \$11,000,000 bequest, of which \$5,000,000 has been recorded as a bequest receivable. While there is not a purpose restriction on the bequest, due to the time restriction resulting from the nature of the receivable, \$5,000,000 of the contribution has been reported as an increase in donor-restricted net assets as of December 31, 2022. There were no donor-restricted net assets as of December 31, 2021.

***Cash Equivalents***

For the purpose of the accompanying financial statements, the Foundation considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The carrying amount reported in the statement of financial position for cash and cash equivalents approximates fair value due to the short-term nature of these investments.

***Concentration of Credit Risk Arising from Deposit Accounts***

The Foundation maintains cash balances in multiple bank accounts. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Foundation evaluates the financial institutions with which it deposits funds; however, it is not practical to insure all cash deposits.

***Investments***

Investments in marketable securities are carried at quoted fair market value whenever available. Fair value is determined based on the fair value measurement principles described in Note 9. The alternative investments (see Note 9), composed primarily of trust funds (which include domestic and foreign equities and domestic and foreign fixed income), multiasset, hedge funds, and private equities, which are not readily marketable, are measured at estimated fair values. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed. Investments are recorded at fair value in the accompanying financial statements. Purchases and sales of investments are recorded as of the trade date.

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.



**Note 2 - Significant Accounting Policies (Continued)**

Realized and unrealized gains and losses in investments represent the difference between the original cost of the investments and sales proceeds (realized) or the fair market value at the end of the year (unrealized). Cost is determined on a first-in, first-out basis.

***Life Insurance Cash Surrender Value***

The Foundation is the owner and beneficiary of life insurance policies originated by a donor. These policies are valued at their cash surrender value. The cash surrender value is based on the amount paid less any surrender charges and outstanding loans or interest. During 2022, the policy was surrendered for cash proceeds of \$74,736.

***Accounts Receivable***

Accounts receivable consist of a bequest receivable and unsettled trade receivables.

The bequest receivable consists of an irrevocable trust in which the donor is deceased. Payment on the receivable is expected 12 to 18 months subsequent to year end pending final approval of the IRS estate tax review. While the bequest receivable is an estimate, it is deemed fully collectible as of December 31, 2022.

The unsettled trade receivables consist of investment trades that have been initiated as of December 31 but have not been settled as of year end. The trades are settled shortly after year end and, therefore, have been deemed fully collectible as of December 31. Amounts receivable as of December 31, 2022 and 2021 were \$6,318,849 and \$11,306,994, respectively.

***Excise Taxes***

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code. As a private foundation, the Foundation is subject to an excise tax on net investment income, including realized gains, as defined in the Tax Reform Act of 1969.

The Foundation's excise tax expense as of December 31, 2022 and 2021 was \$353,424 and \$191,303, respectively.

In addition, the Internal Revenue Code requires that certain minimum distributions be made in accordance with a specified formula. The Foundation will have paid or set aside approximately \$3,690,000 and \$3,810,000 as qualifying distributions for 2022 and 2021, respectively.

***Contributions***

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the period in which the gift is received are both reported as contributions without donor restrictions. Contributions of \$11,000,000 and \$199,317 from a related party are reported on the statement of activities and changes in net assets for the years ended December 31, 2022 and 2021, respectively.

***Leases***

The Foundation has an operating lease for its office space as described in Note 6. Certain long-term leases require the Foundation to recognize a right-of-use asset and related lease liability. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. The Foundation recognizes expense for operating leases on a straight-line basis over the lease term. The right-of-use asset and liability are calculated considering available lease options and renewal terms.

December 31, 2022 and 2021

### Note 2 - Significant Accounting Policies (Continued)

The Foundation has operating leases for certain equipment with a lease term of one year or less that the Foundation elected to account for as short-term leases. As these leases are short-term leases, they are not included in the right-of-use asset and lease liability.

The Foundation elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for the office space.

#### *Use of Estimates*

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

#### *Subsequent Events*

The financial statements and related disclosures include evaluation of events up through and including July 17, 2023, which is the date the financial statements were available to be issued.

### Note 3 - Adoption of New Accounting Pronouncement

As of January 1, 2022, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases*. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. The Foundation elected to adopt the ASU using the modified retrospective method as of January 1, 2022 and applied the following practical expedients:

- The Foundation did not reassess if expired or existing contracts are or contain a lease.
- The Foundation did not reassess the lease classification for expired or existing leases.
- The Foundation did not reassess initial direct costs of existing leases.

As a result of the adoption of the ASU, the Foundation recorded a right-of-use asset of \$488,446 and a lease liability of \$488,446 as of January 1, 2022 for existing operating leases. There was no impact on net assets as a result of adopting the new ASU.

December 31, 2022 and 2021

**Note 4 - Investments**

Investments consisted of the following at December 31:

	2022	
	Cost	Fair Value
Traditional asset class securities:		
Domestic equity securities	\$ 48,291,463	\$ 44,127,122
Foreign equity securities	51,751,213	43,861,009
Domestic fixed-income securities	18,774,649	16,866,014
Foreign fixed-income securities	1,238,032	1,094,313
Total traditional asset class securities	120,055,357	105,948,458
Alternative investments:		
Hedge funds and multistrategy	12,484,912	15,237,768
Private equity and venture capital	42,114,292	56,593,015
Total alternative investments	54,599,204	71,830,783
Total investments	\$ 174,654,561	\$ 177,779,241
	2021	
	Cost	Fair Value
Traditional asset class securities:		
Domestic equity securities	\$ 35,382,045	\$ 57,421,285
Foreign equity securities	41,326,530	49,402,572
Domestic fixed-income securities	21,220,978	21,443,552
Foreign fixed-income securities	4,055,677	4,120,500
Total traditional asset class securities	101,985,230	132,387,909
Alternative investments:		
Hedge funds and multistrategy	19,782,618	24,066,246
Private equity and venture capital	34,200,661	53,853,529
Total alternative investments	53,983,279	77,919,775
Total investments	\$ 155,968,509	\$ 210,307,684

**Note 5 - Grants Payable**

Unconditional grants are recognized as an expense at the time of formal approval by trustees of the Foundation. At times, the trustees may approve multiyear grants that are contingent upon the occurrence of an event or certain requirements being satisfied. When these requirements are substantial and the likelihood of the requirement not being met by the grantee is more than remote, the grants are approved on a conditional basis. Conditional grants, if any, are expensed when such conditions are substantially met.

The following summarizes the changes in grants payable as of December 31:

	2022	2021
Grants payable - Beginning of year	\$ 3,579,640	\$ 4,168,590
Grants approved	9,144,441	8,778,144
Payments made	(8,617,691)	(9,367,094)
Grants payable - End of year	\$ 4,106,390	\$ 3,579,640

December 31, 2022 and 2021

**Note 5 - Grants Payable (Continued)**

Grant commitments outstanding at December 31, 2022 are scheduled for payment as shown below:

Amounts due in:	
2023	\$ 2,776,140
2024	1,280,250
2025	<u>50,000</u>
Total	<u>\$ 4,106,390</u>

Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee substantially meets the terms of the conditions. Conditional grants approved for future payment totaled \$5,500,000 and \$7,350,000 as of December 31, 2022 and 2021, respectively. These grant awards have not been recognized as expense in the respective years. At December 31, 2022 and 2021, conditional grants included \$5,500,000 and \$6,000,000, respectively, to the Foundation for Detroit's Future (FDF), payable in \$500,000 installments over a 20-year period, subject to fulfillment of the conditions, as monitored by the FDF.

**Note 6 - Leases**

The Foundation is obligated under operating leases primarily for office space, expiring in February 2028, and a copier, expiring in July 2026. The office space lease agreement provides for a base rental and electricity amount, plus a pro rata share of increases in property taxes and operating expenses related to the building. The right-of-use asset and related lease liability for both the office space and copier have been calculated using a discount rate of 4.0 percent. Total rent expense under the leases was \$93,932 and \$91,095 for 2022 and 2021, respectively. Cash paid for amounts included in the measurement of lease liabilities was \$85,529 for the year ended December 31, 2022.

Future minimum annual commitments under these operating leases are as follows:

Years Ending December 31	Amount
2023	\$ 87,338
2024	89,154
2025	90,957
2026	91,675
2027	91,958
Thereafter	<u>15,377</u>
Total	466,459
Less amount representing interest	<u>46,346</u>
Present value of net minimum lease payments	<u>\$ 420,113</u>

**Note 7 - Defined Contribution Plan**

The Foundation established a defined contribution pension plan as of January 1, 2000. The plan covers eligible employees with at least one year of service. The Foundation makes contributions to the plan based upon each eligible employee's base salary. Contributions to the plan for the years ended December 31, 2022 and 2021 totaled \$72,554 and \$82,841, respectively.

December 31, 2022 and 2021

**Note 8 - Expenses**

A portion of the Foundation's expenses have been allocated between grantmaking and operational support activities. Grantmaking expenses pertain to comprehensive grantmaking activities, such as formulating mission and program strategy; reviewing proposals; and awarding, monitoring, and evaluating grants. Operational support expenses include costs related to managing the Foundation. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Compensation is allocated based on estimates made by the Foundation's management of time spent by employees on direct conduct or supervision of grantmaking or support activities. Rent expense is based on estimates of employee time spent per square footage of space used by those employees.

Expenses are as follows for the years ended December 31:

	2022		
	Grantmaking	Operational Support	Total
Grants awarded	\$ 9,144,441	\$ -	\$ 9,144,441
Compensation	673,132	461,615	1,134,747
Accounting fees	-	79,200	79,200
Other professional fees	110,068	2,917	112,985
Rent	55,420	38,512	93,932
Travel, conferences, and meetings	56,188	11,043	67,231
Federal excise tax	-	353,424	353,424
Other expense	103,427	160,329	263,756
<b>Total</b>	<b>\$ 10,142,676</b>	<b>\$ 1,107,040</b>	<b>\$ 11,249,716</b>

  

	2021		
	Grantmaking	Operational Support	Total
Grants awarded	\$ 8,778,144	\$ -	\$ 8,778,144
Compensation	632,492	564,881	1,197,373
Legal fees	-	6,083	6,083
Accounting fees	-	33,200	33,200
Other professional fees	38,369	715	39,084
Rent	60,123	30,972	91,095
Travel, conferences, and meetings	25,373	11,878	37,251
Federal excise tax	-	191,303	191,303
Other expense	65,591	151,652	217,243
<b>Total</b>	<b>\$ 9,600,092</b>	<b>\$ 990,684</b>	<b>\$ 10,590,776</b>

**Note 9 - Fair Value Measurements**

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

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

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

December 31, 2022 and 2021

**Note 9 - Fair Value Measurements (Continued)**

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 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.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their 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.

Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

Disclosures concerning assets measured at fair value on a recurring basis are as follows:

Assets Measured at Fair Value on a Recurring Basis at December 31, 2022					
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at December 31, 2022
Assets:					
Domestic equities	\$ -	\$ -	\$ -	\$ 44,127,122	\$ 44,127,122
Foreign equities	-	-	-	43,861,009	43,861,009
Domestic fixed income	490,690	-	-	16,375,324	16,866,014
Foreign fixed income	1,094,313	-	-	-	1,094,313
Hedge funds and multistrategy	-	-	-	15,237,768	15,237,768
Private equity and venture capital	-	-	-	56,593,015	56,593,015
Total assets	<u>\$ 1,585,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,194,238</u>	<u>\$ 177,779,241</u>
Assets Measured at Fair Value on a Recurring Basis at December 31, 2021					
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at December 31, 2021
Assets:					
Domestic equities	\$ -	\$ -	\$ -	\$ 57,421,285	\$ 57,421,285
Foreign equities	-	-	-	49,402,572	49,402,572
Domestic fixed income	-	-	-	21,443,552	21,443,552
Foreign fixed income	4,120,500	-	-	-	4,120,500
Hedge funds and multistrategy	-	-	-	24,066,246	24,066,246
Private equity and venture capital	-	-	-	53,853,529	53,853,529
Total assets	<u>\$ 4,120,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 206,187,184</u>	<u>\$ 210,307,684</u>

December 31, 2022 and 2021

## Note 9 - Fair Value Measurements (Continued)

*Investments in Entities that Calculate Net Asset Value per Share*

The fair value of the domestic and foreign equities, domestic fixed income, and hedge and multistrategy funds at December 31, 2022 and 2021 was determined primarily based on net asset value. The Foundation estimates the fair value of these investments based on its proportionate ownership interest in the fair value of the net assets of the fund, which is based on actual underlying securities using quoted market prices in active and nonactive markets or prices based on market-corroborated inputs where applicable. For private equity and venture capital funds, the Foundation estimates the fair value of investments based on reports received by the investment's general partners and fund managers based on quoted market prices, where available; audited financial statements; tax reports; or other methods of reported fair value, as disclosed by the general partners or fund managers. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Investments Held at December 31, 2022			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge funds and multistrategy	\$ 15,237,768	\$ -	Daily, Monthly, Quarterly	0 to 95 Days
Equity funds	87,988,131	-	Monthly, Daily	0 to 15 Days
Fixed-income funds	16,375,324	-	Daily	0 to 2 Days
Private equity and venture capital funds	56,593,015	28,658,378	Quarterly	N/A
Total	<u>\$ 176,194,238</u>	<u>\$ 28,658,378</u>		
	Investments Held at December 31, 2021			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge funds and multistrategy	\$ 24,066,246	\$ -	Daily, Monthly, Quarterly	0 to 95 Days
Equity funds	106,823,857	-	Monthly, Daily	0 to 15 Days
Fixed-income funds	21,443,552	-	Daily	0 to 2 Days
Private equity and venture capital funds	53,853,529	27,522,762	Quarterly	N/A
Total	<u>\$ 206,187,184</u>	<u>\$ 27,522,762</u>		

Equity funds invest in publicly traded domestic and international common stocks.

The fixed-income funds invest in U.S. Treasury funds and core domestic fixed income.

The hedge funds category invests in hedge funds that range from managers that invest in equity-linked, credit-linked, event-driven, and global macro strategies.

The multistrategy funds invest across multiple asset class categories to diversify risks and reduce volatility.

December 31, 2022 and 2021

**Note 9 - Fair Value Measurements (Continued)**

The private equity funds category consists of investments typically made through limited partnership structures that are illiquid in nature. Private equity encompasses a broad array of strategies and securities. Venture capital includes strategies in technology, financial and business services, health care, and senior structured credit securities. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the fund will be liquidated over the next 2 to 10 years.

**Note 10 - Liquidity and Availability of Resources**

The Foundation's financial assets available within one year of December 31, 2022 and 2021 for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,087,502	\$ 2,305,531
Interest and dividend receivable	6,087	43
Unsettled trade receivables	6,318,849	11,306,994
Equity securities	87,988,131	106,823,857
Fixed-income securities	17,960,327	25,564,052
Hedge funds and multistrategy	15,237,768	24,066,246
Private equity and venture capital funds	4,136,519	-
Total	<u>\$ 132,735,183</u>	<u>\$ 170,066,723</u>

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for grants and general expenditure within one year of the statement of financial position date.

The Foundation endeavors to structure its financial assets to be available to support the operations and programs of the Foundation to satisfy its share of liquidity obligations. The Foundation also realizes there could be unanticipated liquidity needs. In addition to the available financial assets listed above, there are likely to be additional components of the Foundation's investments that may be available and liquid within one year. These components include certain portions of private company investments.