
Community Foundation of Jackson Hole

Financial Report
December 31, 2021

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Independent Auditor's Report

To the Board of Directors
Community Foundation of Jackson Hole

Opinion

We have audited the financial statements of Community Foundation of Jackson Hole (the "Foundation"), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, functional expenses, and cash flows for the year 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, 2021 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 the Foundation and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

To the Board of Directors
Community Foundation of Jackson Hole

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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Other Information

Management is responsible for the other information included in the 2021 Annual Report. The other information comprises the key financial section of the 2021 Annual Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Plante & Moran, PLLC

August 9, 2022

Community Foundation of Jackson Hole

Statement of Financial Position

December 31, 2021
(With Comparative Totals for 2020)

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,072,498	\$ 2,256,927
Investments - Short term (Note 4)	3,857,943	7,663,748
Total current assets	8,930,441	9,920,675
Other Assets		
Investments - Long term (Note 4)	103,122,798	84,712,870
Contributions receivable (Note 5)	510,000	480,000
Total other assets	103,632,798	85,192,870
Property and Equipment - Net (Note 7)	1,427,422	1,451,792
Total noncurrent assets	105,060,220	86,644,662
Total assets	\$ 113,990,661	\$ 96,565,337
Liabilities and Net Assets		
Current Liabilities		
Grants and accounts payable	\$ 914,152	\$ 196,131
Accrued liabilities and other	78,476	55,265
Total current liabilities	992,628	251,396
Nonprofit Agency Funds (Note 8)	28,912,512	21,231,576
Total liabilities	29,905,140	21,482,972
Net Assets		
Without donor restrictions:		
Advised and designated	46,041,496	41,238,497
Discretionary grants and scholarship	4,257,784	2,991,187
Operating	5,156,498	4,861,967
Invested in property and equipment	1,427,422	1,451,792
Endowments (Note 9)	26,692,321	24,058,922
Total without donor restrictions	83,575,521	74,602,365
With donor restrictions	510,000	480,000
Total net assets	84,085,521	75,082,365
Total liabilities and net assets	\$ 113,990,661	\$ 96,565,337

Statement of Activities

Year Ended December 31, 2021
(With Comparative Totals for 2020)

	2021	2020
Changes in Net Assets without Donor Restrictions		
Revenue, gains, and other support:		
Contributions	\$ 40,010,598	\$ 35,398,610
Less contributions received for nonprofit agency funds (Note 8)	(5,964,336)	(401,687)
Net investment return	9,694,872	9,608,060
Less investment return on nonprofit agency funds (Note 8)	(2,890,446)	(2,550,748)
Paycheck Protection Program loan forgiveness	-	206,500
Other income	17,588	11,916
Net assets released from restrictions	-	1,708
Total revenue, gains, and other support	40,868,276	42,274,359
Expenses:		
Program services:		
Program expenses	31,792,159	33,071,396
Less disbursements from nonprofit agency funds (Note 8)	(1,173,846)	(1,273,906)
Total program services	30,618,313	31,797,490
Management and general	824,731	537,342
Development and fundraising	452,076	464,132
Total expenses	31,895,120	32,798,964
Increase in Net Assets without Donor Restrictions	8,973,156	9,475,395
Changes in Net Assets with Donor Restrictions		
Contributions - Amortization of discount on contributions receivable	30,000	40,000
Net assets released from restrictions	-	(1,708)
Increase in Net Assets with Donor Restrictions	30,000	38,292
Increase in Net Assets	9,003,156	9,513,687
Net Assets - Beginning of year	75,082,365	65,568,678
Net Assets - End of year	\$ 84,085,521	\$ 75,082,365

Statement of Functional Expenses

Year Ended December 31, 2021
(With Comparative Totals for 2020)

	Program Services					Support Services			Total	2020
	Old Bill's Fun Run and Tin Cup Challenge	Fund Management	Discretionary Grants and Scholarships	Nonprofit Services	Total Program Services	Management and General	Development and Fundraising	Total Support Services		
Grants	\$ 18,301,900	\$ 7,832,048	\$ 2,349,843	\$ -	\$ 28,483,791	\$ -	\$ -	\$ -	\$ 28,483,791	\$ 29,653,676
Salaries	233,173	201,209	254,217	284,429	973,028	406,476	244,569	651,045	1,624,073	1,484,444
Payroll taxes and employee benefits	46,426	40,062	50,616	56,632	193,736	80,932	48,695	129,627	323,363	287,057
Advertising and promotion	188,912	-	-	1,559	190,471	-	44,363	44,363	234,834	208,840
Event production, program supplies, workshops, and surveys	15,712	3,846	337,835	42,974	400,367	-	-	-	400,367	635,540
Donor relations, meetings, and appreciation	21,475	3,031	4,078	4,284	32,868	6,123	62,920	69,043	101,911	46,883
Insurance and fees	103,448	874	1,104	1,235	106,661	35,810	1,062	36,872	143,533	130,713
Consulting and professional services	-	-	-	-	-	12,891	-	12,891	12,891	13,823
Software services and IT support	18,636	12,109	22,141	14,940	67,826	19,412	11,680	31,092	98,918	86,297
Supplies and other operating	26,202	21,193	26,840	29,959	104,194	42,814	25,760	68,574	172,768	102,497
Occupancy	6,215	5,363	6,776	7,581	25,935	10,835	6,519	17,354	43,289	38,967
Depreciation	5,959	5,142	6,496	7,268	24,865	10,387	6,250	16,637	41,502	36,635
Printing and publications	13,706	135	171	191	14,203	6,528	164	6,692	20,895	17,373
Other	88	76	96	108	368	192,523	94	192,617	192,985	56,219
Total functional expenses	\$ 18,981,852	\$ 8,125,088	\$ 3,060,213	\$ 451,160	\$ 30,618,313	\$ 824,731	\$ 452,076	\$ 1,276,807	\$ 31,895,120	\$ 32,798,964

Statement of Cash Flows

Year Ended December 31, 2021
(With Comparative Totals for 2020)

	2021	2020
Cash Flows from Operating Activities		
Increase in net assets	\$ 9,003,156	\$ 9,513,687
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation	41,502	36,635
Loss on disposal of property and equipment	614	-
Amortization of the discount on contributions receivable	(30,000)	(40,000)
Contributions of real estate property	(525,000)	-
Contributions of investment securities held	-	(560,346)
Endowment contributions	(655,879)	(216,204)
Net realized and unrealized gains on investments	(9,652,863)	(9,604,480)
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Contributions receivable	-	1,708
Grants and accounts payable	718,021	(44,581)
Accrued liabilities and other	23,211	27,520
Nonprofit agency funds	7,680,936	1,678,529
	6,603,698	792,468
Cash Flows from Investing Activities		
Purchase of property and equipment	(17,746)	(129,656)
Purchases of investments	(40,207,290)	(33,113,205)
Proceeds from sales of investments	35,781,030	29,832,641
	(4,444,006)	(3,410,220)
Cash Flows Provided by Financing Activities - Endowment contributions	655,879	216,204
Net Increase (Decrease) in Cash and Cash Equivalents	2,815,571	(2,401,548)
Cash and Cash Equivalents - Beginning of year	2,256,927	4,658,475
Cash and Cash Equivalents - End of year	\$ 5,072,498	\$ 2,256,927

December 31, 2021

Note 1 - Nature of Business

Community Foundation of Jackson Hole (the "Foundation") is a Wyoming nonprofit organization created in 1989 as an affiliate of the Wyoming Community Foundation to serve Teton County, Wyoming. In 1995, the Foundation became an independent nonprofit corporation and received a distribution of assets from the Wyoming Community Foundation attributable to its funds.

The mission of the Foundation is to improve lives through philanthropic leadership by providing superior donor services; making grants that positively impact the community; ensuring sustainability of the philanthropic community; and acting as a leader, catalyst, and resource. To better serve the neighboring community of Teton Valley (composed of Teton County, Idaho and Alta, Wyoming), the Foundation established an affiliate known as the Community Foundation of Teton Valley in 2007. Based in Driggs, Idaho, the Community Foundation of Teton Valley operates as an unincorporated division of the Foundation. The core programs and services of the Foundation and its affiliate are described below.

Old Bill's Fun Run and Tin Cup Challenge: Since 1997, the Foundation has produced Old Bill's Fun Run (Old Bill's), an innovative community initiative that has generated over \$208 million since inception to support local nonprofits. Consistent with its mission, the Foundation's goal with Old Bill's is to nurture and grow communitywide philanthropy while simultaneously providing local nonprofits with a platform to increase their operating capacity; enhance public awareness of their work; expand their donor base; and easily receive a variety of gifts, including online and stock contributions. Each year, Mr. and Mrs. Old Bill create a matching grant opportunity that challenges and inspires the community to give. Through this collaborative effort, donors make a single donation to support one or more participating organizations, making giving easy and efficient. Nonprofits participate for free and receive 100 percent of donations designated to them, along with a partial matching grant, providing an effective way for them to develop broader name recognition and operating resources. To amplify these benefits, all initiative costs, including community outreach and education, promotion, gift processing, and credit card fees, are absorbed by the Foundation. In 2008, the Community Foundation of Teton Valley launched the Tin Cup Challenge, modeled after Old Bill's Fun Run, which has generated over \$18 million to date for Teton Valley nonprofits. In 2021, approximately 4,200 donors gave \$19.7 million to support 208 organizations participating in Old Bill's; over 1,300 donors gave \$2.2 million to support 46 organizations participating in the Tin Cup Challenge. For the year ended December 31, 2021, initiative expenses totaled \$19,288,882, including management costs of \$174,020, composed of gift processing and associated credit card fees, and fundraising costs of \$133,010, attributable to matching funds resource development.

Charitable Fund Management: The Foundation administers over 240 charitable funds designed to make giving easy and effective for local donors and to provide cost-effective, professional asset management for local nonprofits. Fund holders may select the fund type (advised, affinity, or designated) and structure (endowed or nonendowed) that best suits their needs and philanthropic goals. In 2021, the Foundation received approximately 900 gifts totaling \$21.4 million for its donor-advised, affinity, and designated funds and processed over 2,400 grants totaling \$17.8 million, including interfund grants, to benefit qualified charities working in a variety of fields throughout the United States.

Discretionary Grants, Scholarships, and Fellowships: The Foundation's competitive, opportunities, youth philanthropy, microgrants, and other discretionary grant programs provide financial support on a competitive and discretionary basis to organizations that are effectively addressing community needs. The Edelweiss Endowment provides additional discretionary support to compelling projects across Wyoming. The Youth Philanthropy Program introduces local high school students to philanthropy and strategic grant making, while a variety of scholarship opportunities help them to pursue their educational and vocational dreams. In 2021, the Foundation's grant programs provided over \$1.1 million to 118 local organizations addressing important issues in Jackson Hole and Teton Valley, and 178 students were awarded approximately \$520,000 in scholarships and fellowships.

December 31, 2021

Note 1 - Nature of Business (Continued)

In March 2020, the Foundation launched COVID-19 response funds to address the impact of the pandemic on Jackson Hole and Teton Valley. The Foundation continued to deploy funding support into the community during 2021 as the pandemic persisted. During 2021, over 61 donors contributed an additional \$700,000 to the Community Emergency Response Fund serving Teton County, Wyoming; over \$900,000 in grants was distributed to 15 different organizations to mitigate the impact of COVID-19. A total of 12 donors also contributed \$9,000 to the Teton Valley Emergency Response Fund; a grant of \$6,600 was distributed to a local organization. Throughout the year, the Foundation worked closely with nonprofits, governmental agencies, and issue-focused working groups to broadly support the community's response, providing funding to address critical needs, supporting community outreach and education, and facilitating coordination of services to identify gaps and maximize efficiency.

Workshops and Advisory Services: In recognition of Jackson Hole's and Teton Valley's isolation and relatively limited access to professional development options and advisory support for local nonprofits, the Foundation offers a variety of workshops on nonprofit management and best practices throughout the year and coordinates networking and information-sharing opportunities and services. As a recognized nonprofit leader in the community, foundation staff regularly provide technical assistance and advice to other nonprofit board and staff members. In 2021, more than 450 participants from over 200 different organizations attended 23 workshops, classes, and/or networking events offered by the Foundation. Almost 220 organizations are registered users of Volunteer Jackson Hole, the Foundation's online forum for volunteers, and 20 nonprofits posted 34 volunteer opportunities during 2021. Approximately 1,650 individuals currently subscribe to the Foundation's nonprofit list-serve.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Foundation have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions.

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

As all of the Foundation's gift instruments explicitly grant the Foundation variance power to redirect the use of assets at its sole discretion, only contributions that are encumbered by a time restriction are classified as restricted. All fund assets are managed and invested consistent with the corresponding fund agreements and are designated accordingly by the Foundation, as described below. These designations may be modified or removed by the Foundation's board of directors.

Advised and Designated

Grants from these funds are recommended by fund advisors and/or benefit-qualified charities that have been designated in advance.

Discretionary Grants and Scholarships

Discretionary grants and scholarships are distributed at the direction of the Foundation's staff and supporting committees pursuant to the goals and objectives of the fund.

December 31, 2021

Note 2 - Significant Accounting Policies (Continued)

Operating

Operating assets include all assets used to support the Foundation's operations, including its management and delivery of programs and services and its related administrative and fundraising expenses. Management of the Foundation's operating assets is guided by the Foundation's board rather than a fund agreement.

Endowments

Endowment funds are intended to exist in perpetuity, providing an annual distribution pursuant to the Foundation's spending policy that may be used for any of the grant-making or operating activities described above. See Note 9 for additional detail.

Net Assets with Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. The Foundation's net assets with donor restrictions are time-restricted receivables of \$510,000 as of December 31, 2021.

Summarized Comparative Information

The financial information presented for comparative purposes for the year ended December 31, 2020 is not intended to be a complete financial statement presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's 2020 financial statements, from which the summarized information was derived.

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.

Cash and Cash Equivalents

The Foundation's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase. Cash and cash equivalents held within any of the Foundation's investment portfolios are classified as investments and are not considered to be cash equivalents.

Investments

Investments include cash and cash equivalents (including government money market funds) considered to be part of the Foundation's investment portfolio and other investments described in Note 4. Short-term investments consist of debt securities with original maturities of 12 months or less. Long-term investments include debt securities with original maturities greater than 12 months.

December 31, 2021

Note 2 - Significant Accounting Policies (Continued)

Investments are initially recorded at cost, if purchased, or at fair value if donated. Purchases and sales of securities are reflected on a trade-date basis. Investments with readily determinable fair values are carried at their fair values in the statement of financial position, and the change in unrealized appreciation or depreciation of investments is included in investment return on the statement of activities. Realized gains and losses on sales of securities are based on average cost and are recorded on the statement of activities as part of investment return in the period in which the securities are sold. Interest is recorded when earned. The Foundation has elected to measure nonmarketable securities and oil and gas interests (real assets) with no readily determinable fair value at fair value subsequent to initial recognition, but the carrying value is only adjusted upon the receipt of additional valuation information.

Property and Equipment

Purchased building, furniture, equipment, and improvements are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation of property, furniture, and equipment is provided over estimated useful lives of 3 to 40 years for the respective assets on a straight-line basis. The Foundation's capitalization policy is to capitalize any fixed asset expenditures costing more than \$1,000.

There are no restrictions or limitations on the use of the Foundation's capitalized property, furniture, and equipment.

Nonprofit Agency Funds

In accordance with FASB standards, funds that are established by a nonprofit organization for its own benefit are classified as liabilities, even though the organization explicitly grants the Foundation variance power. The Foundation refers to these funds as nonprofit agency funds. Most nonprofit agency fund assets are invested in the long-term endowment portfolio with a liability equal to their fair value recorded under nonprofit agency funds. See Note 8 for additional detail.

Revenue and Revenue Recognition

The Foundation's primary sources of revenue are contributions and grants. Contributions, which may include noncash assets, unconditional promises to give, and beneficial interests in irrevocable trusts or other legally binding agreements, are recognized as revenue at fair value in the period unconditionally pledged or received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor-imposed restrictions that are met in the period in which the contributions are received are recorded as contributions without donor restrictions.

Contributed Services

Contributions of services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received. No contributed services met the recognition criteria during the year ended December 31, 2021.

The Foundation benefits from the work of numerous volunteers, principally to produce Old Bill's Fun Run and the Tin Cup Challenge. Approximately 200 volunteers contributed over 1,100 hours in volunteer support during the year ended December 31, 2021.

December 31, 2021

Note 2 - Significant Accounting Policies (Continued)

Concentration of Credit Risk

The Foundation maintains the majority of its cash balances at two banks located in Jackson, Wyoming. These balances are separately insured by the Federal Deposit Insurance Corporation up to \$250,000.

The Foundation maintains the majority of its cash, mutual funds, equities, and government securities with three brokerage firms. Investments held by investment firms are separately insured up to \$500,000 through the Securities Investor Protection Corporation (SIPC) and up to \$70 million through other insurance providers.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statements of activities and functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Costs have been allocated between the various program and support services based on estimates determined by management. Salaries and benefits, occupancy costs, supplies, insurance, and information technology (IT) costs are allocated based on time and effort. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts. The costs of activities and events that benefit more than one functional area (joint costs) are immaterial and have been allocated as described in this paragraph.

Income Taxes

The Foundation is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including August 9, 2022, which is the date the financial statements were available to be issued.

Declines in Investment Values

Subsequent to year end, the Foundation's investment portfolio has incurred declines in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, any amount of declines that may be recognized as of December 31, 2022 or in subsequent periods, if any, cannot be determined as of the date noted above.

Impact Investing

Subsequent to December 31, 2021, during June, July, and August 2022, the Foundation has engaged in impact investing related to affordable housing in cooperation with a private foundation and Teton County. During this period, the Foundation received a sizable contribution of funds and land into a newly established field of interest fund and has invested those assets into Jackson Street Apartments LLC, which will develop an affordable housing project in the community. The Foundation's interest in this LLC represents a majority of the voting units; however, due to substantial participating rights of the other member, the Foundation has determined it does not hold a controlling interest. This investment will be accounted for as an equity method investment.

December 31, 2021

Note 3 - Liquidity and Availability of Resources

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

Cash and cash equivalents	\$ 5,072,498
Short-term investments	<u>3,857,943</u>
Total	<u>\$ 8,930,441</u>

The Foundation manages its liquidity by structuring its financial assets to be available for grants, general expenditures, liabilities, and other obligations as they become due. The Foundation invests cash in excess of anticipated near-term needs in treasuries, money market funds, and short-term fixed-income mutual funds.

Cash required for near-term granting is estimated by examining the nature of foundation funds, whether or not they are endowed, and historical gift and grant activity. Capital preservation and liquidity are prioritized in the short-term and intermediate investment portfolios, where funds are generally subject to withdrawal at any time. Long-term endowment assets are pooled for investment with a focus on both capital preservation and principal growth. Liquidity is managed through the endowment portfolio's target asset allocation and periodic review of the portfolio's aggregate illiquidity and funding commitments.

Funds invested in the long-term endowment portfolio, including the Foundation's operating endowment, generally operate in accordance with the Foundation's spending policy, as described in Note 9. A spendable amount of approximately \$2 million will be made available for grant-making and administrative expenses from these funds during the next 12 months. Although there is no intention to spend more than the amount appropriated for general expenditures pursuant to the spending policy from the Foundation's operating endowment, those funds could be made available if necessary.

Note 4 - 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.

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

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets 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. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the 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; however, their total fair value is included in the table below to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

December 31, 2021

Note 4 - Fair Value Measurements (Continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used during the year ended December 31, 2021:

Level 1: Money market funds, public securities, mutual funds, and select real asset funds and real estate investment trusts (REITs): These investments are valued based on the daily reported closing price as of December 31.

Level 2: Fixed-income U.S. Treasury bills and life insurance policies: These investments are valued using pricing models, quoted prices of similar securities, discounted cash flows, or other observable inputs and are classified within Level 2 of the fair value hierarchy. Quoted prices of U.S. Treasury bills were noted on the custodian's year-end statement. Life insurance policy inputs were composed of the cash surrender value shown on the most recent statement at or before year end.

Level 3: Certain real assets and nonpublic securities: These investments were initially valued using valuation reports or estimates prepared by independent third parties. Subsequent to initial recognition, the Foundation updates the fair value carrying amounts upon receipt of additional valuation reports or similar information. In years when no additional valuation information is available and no events or other changes that may have a significant adverse effect on the securities are identified, the Foundation does not adjust the fair value, as it is impractical to do so, and there are no identified events or changes in circumstances that may have a significant adverse effect on the securities. For the year ended December 31, 2021, those investments for which updated valuation reports or other pertinent information were received have recognized updates to fair value carrying amounts. There were other investments between nonpublic securities and oil and gas interests (real assets) with no readily determinable fair value for which there were no updated valuation reports or other pertinent information received.

Net asset value per share: Hedge fund and private equity investments: These investments are valued based on net asset value per share of the investments.

Cash is not required to be measured at fair value. However, cash balances have been included in the table below to reconcile the investment balance to the statement of financial position.

December 31, 2021

Note 4 - Fair Value Measurements (Continued)

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

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
Short-term investments:					
Cash in investment portfolio	\$ 1,519,011	\$ -	\$ -	\$ -	\$ 1,519,011
Money market funds	1,642,640	-	-	-	1,642,640
Fixed income - U.S. Treasury bills	-	399,983	-	-	399,983
Life insurance policies	-	296,309	-	-	296,309
Total short-term investments	3,161,651	696,292	-	-	3,857,943
Long-term investments:					
Public securities:					
Domestic equity	4,160,934	-	-	-	4,160,934
International equity	290,990	-	-	-	290,990
Total public securities	4,451,924	-	-	-	4,451,924
Mutual funds:					
Domestic equity	22,296,817	-	-	-	22,296,817
International equity	16,061,444	-	-	-	16,061,444
Domestic fixed income	33,614,326	-	-	-	33,614,326
International fixed income	1,814,478	-	-	-	1,814,478
Total mutual funds	73,787,065	-	-	-	73,787,065
Other investments:					
Real assets and REITs	5,502,663	-	775,000	-	6,277,663
Hedge funds	-	-	-	12,217,895	12,217,895
Private equity funds	-	-	-	4,388,251	4,388,251
Nonpublic securities	-	-	2,000,000	-	2,000,000
Total other investments	5,502,663	-	2,775,000	16,606,146	24,883,809
Total investments	\$ 86,903,303	\$ 696,292	\$ 2,775,000	\$ 16,606,146	\$ 106,980,741

Investments in Entities that Calculate Net Asset Value per Share

At December 31, 2021, the fair value, unfunded commitments, and redemption rules of those investments valued at net asset value are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Hedge funds (a)	\$ 12,217,895	\$ -	Quarterly, semiannually	95 days
Private equity (b)	4,388,251	2,011,073	N/A	N/A
Total	\$ 16,606,146	\$ 2,011,073		

Note 4 - Fair Value Measurements (Continued)

(a) This category includes investments in two diversified global funds of hedge funds predominantly composed of traditional and multistrategy long/short funds, in addition to eight direct investments in hedge funds with varied investments to provide further diversification and reduce total volatility of the overall portfolio. The fair values of the investments in this category have been calculated using net asset value per share of the investments.

(b) This category includes investments in private companies, both domestic and international. The fair values of the investments in this category have been calculated using net asset value per share of the investments. Certain investments cannot be redeemed because the investments have lockup periods of several years.

Note 5 - Contributions Receivable

The Foundation is the beneficiary of an irrevocable contribution to be received in future years with an estimated fair value included in net assets with donor restrictions at December 31, 2021 of \$510,000; payments are estimated at \$25,000, with an estimated 3 percent annual increase scheduled to begin in 2025 and end in 2093. The unamortized discount from 2025, the year payments begin, to the year ended December 31, 2021 is estimated at \$157,000. The contribution receivable has been discounted at an approximate rate of 7 percent. The discount amortization for the year ended December 31, 2021 was \$30,000. An allowance for uncollectible promises to give has not been recorded.

Note 6 - Conditional Promises to Give

The Foundation's Legacy Society is composed of potential donors intending to leave a legacy for those that follow them. The gifts are dependent on unknown future events that affect timing and valuation and, accordingly, are not recorded as contributions until received.

Various donors have made conditional promises to give totaling \$475,000 in matching funds for Old Bill's Fun Run 2021, contingent upon successful execution of the event and the receipt of eligible gifts for matching. It is fully anticipated that the \$475,000 will be recognized as contribution revenue during the year ending December 31, 2022.

Note 7 - Property and Equipment

At December 31, 2021, property and equipment are summarized as follows:

Land	\$ 600,000
Buildings and improvements	1,009,094
Furniture and equipment	<u>131,881</u>
Total cost	1,740,975
Accumulated depreciation	<u>313,553</u>
Net property and equipment	<u><u>\$ 1,427,422</u></u>

Note 8 - Nonprofit Agency Funds

The Foundation accepts contributions and agrees to transfer those assets, the return on investment thereof, or both to another nonprofit organization that is specified by the donor. If a nonprofit organization establishes a fund at the Foundation and names itself as the beneficiary of that fund, the Foundation accounts for the transfer of such assets as a liability. The Foundation refers to these funds as nonprofit agency funds.

December 31, 2021

Note 8 - Nonprofit Agency Funds (Continued)

Consistent with all of its funds, the Foundation holds legal title to, and maintains variance power over, nonprofit agency fund assets and includes them in its assets on the statement of financial position. The Foundation also records a corresponding liability equal to their fair value. Most of the Foundation's nonprofit agency funds are invested in the long-term endowment pool and administered in accordance with the endowment policies described in Note 9. Financial activity associated with the Foundation's nonprofit agency funds only affects their asset and liability balances. The change in those funds is detailed below for the year ended December 31, 2021:

Beginning balance	\$ 21,231,576
Contributions	5,964,336
Net investment return	2,890,446
Distributions	<u>(1,173,846)</u>
Ending balance	<u>\$ 28,912,512</u>

Note 9 - Endowments

Due to the Foundation's variance power, all of the Foundation's endowment funds consist of net assets without donor restrictions that are internally designated to be managed as permanent assets in accordance with applicable fund agreements, the Foundation's investment policy, and the Wyoming Uniform Prudent Management of Institutional Funds Act. The Foundation has adopted investment and spending policies that seek to provide the greatest level of support for current, as well as future, grant-making and administrative needs while maintaining the purchasing power of its endowment assets over time. Funds are invested with a perpetual investment horizon, focusing on diversification to minimize risk while seeking to achieve long-term growth in excess of annual distributions and fees.

The Foundation's spending policy, reviewed annually by the Foundation's investment committee, currently provides for an annual distribution of up to 4 percent of the rolling 12-quarter trailing average fair market value of endowment assets. All or a portion of the calculated annual distribution may be reinvested. Due to the endowment portfolio's low liquidity needs and very long-term investment time frame, the Foundation is willing to tolerate a reasonable degree of volatility but seeks to limit it to the minimum level necessary to achieve its return objectives in order to minimize the variability of annual distributions.

Board-designated endowments by type of fund as of December 31, 2021 are as follows:

Advised and designated	\$ 7,737,677
Discretionary grants and scholarship	11,535,814
Operating	<u>7,418,830</u>
Total	<u>\$ 26,692,321</u>

Changes in the board-designated endowments for the year ended December 31, 2021 are as follows:

Endowment net assets - Beginning of year	\$ 24,058,922
Investment return	3,125,722
Contributions	655,879
Appropriation of endowment assets for expenditure	<u>(1,148,202)</u>
Endowment net assets - End of year	<u>\$ 26,692,321</u>

December 31, 2021

Note 10 - Related Party Transactions

Contributions received from board members during the year totaled \$3,559,206. Contributions received from supporting organizations, as described by the Internal Revenue Code, were \$1,862,268. No other significant related party transactions occurred during the year ended December 31, 2021.

Note 11 - Retirement Plans

The Foundation sponsors a 401(k) plan for eligible employees. The plan provides for the Foundation to make a safe harbor matching contribution of 100 percent on the first 3 percent of the eligible employee's compensation plus 50 percent of the employee's compensation deferrals between 3 to 5 percent of the employee's compensation. The safe harbor matching contribution is 100 percent vested. The plan provides for the Foundation to make an employer discretionary matching contribution equal to a uniform percentage of an employee's compensation deferrals with a limit of 6 percent of an employee's compensation. The plan allows for an employer profit-sharing contribution. Eligibility requirements include a minimum age of 21 for all types of contributions in addition to completion of one year of service for employer profit-sharing contributions. Contributions to the plan and related fees totaled \$159,738 for the year ended December 31, 2021.