



**AND SUPPORTING ORGANIZATIONS**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED**  
**DECEMBER 31, 2020 AND 2019**

**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Central Valley Community Foundation and Supporting Organizations  
Fresno, California

We have audited the accompanying consolidated financial statements of the Central Valley Community Foundation (the "Foundation") and Supporting Organizations, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, 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.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the consolidated financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

570 N. Magnolia Avenue, Suite 100  
Clovis, CA 93611

tel 559.299.9540  
fax 559.299.2344

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Central Valley Community Foundation and Supporting Organizations as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, activities and schedules of functional expenses on pages 28-33 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in blue ink that reads "Price Paige & Company". The signature is written in a cursive, flowing style.

Clovis, California  
September 2, 2021

**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 17,787,442	\$ 13,574,803
Investment securities	74,940,422	60,561,780
Investments in other entities	32,538,574	32,800,303
Assessment fees and other receivables	12,552	10,604
Prepaid expenses and other assets	382,995	90,506
Taxes receivable	211,509	121,273
Contributions receivable	10,823,801	2,330,134
Property and equipment, net	155,906	145,520
Program related investment, net	-	199,178
Land and real estate held for investment	<u>1,906,816</u>	<u>1,906,816</u>
 Total assets	 <u>\$ 138,760,017</u>	 <u>\$ 111,740,917</u>
 <b><u>LIABILITIES</u></b>		
Accounts payable	\$ 275,228	\$ 87,366
Accrued payroll	58,101	41,443
Accrued expenses	150,227	110,138
Grants and pledges payable, net	9,740,955	11,046,625
Agency and trust funds	17,988,660	12,509,231
Note payable, program related investment	-	1,000,000
Deferred unrelated business income tax	<u>2,113,332</u>	<u>1,910,104</u>
 Total liabilities	 <u>30,326,503</u>	 <u>26,704,907</u>
 <b><u>NET ASSETS</u></b>		
Without donor restrictions	22,734,917	14,849,577
With donor restrictions	<u>85,698,597</u>	<u>70,186,433</u>
 Total net assets	 <u>108,433,514</u>	 <u>85,036,010</u>
 Total liabilities and net assets	 <u>\$ 138,760,017</u>	 <u>\$ 111,740,917</u>

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, gains and support:			
Gifts, grants, and contributions	\$ 10,002,777	\$ 25,828,853	\$ 35,831,630
Administrative assessments	83,806	-	83,806
Investment income, net	1,350,665	5,016,918	6,367,583
Equity earnings on investees	-	1,030,212	1,030,212
Other income	457	49,063	49,520
	<u>11,437,705</u>	<u>31,925,046</u>	<u>43,362,751</u>
Total revenues, gains and support before net assets released from restrictions	11,437,705	31,925,046	43,362,751
Net assets released from restrictions	<u>16,412,882</u>	<u>(16,412,882)</u>	<u>-</u>
	<u>27,850,587</u>	<u>15,512,164</u>	<u>43,362,751</u>
Total revenue, gains and support after net assets released from restrictions	27,850,587	15,512,164	43,362,751
Costs and expenses:			
Program services	17,858,189	-	17,858,189
Management and general	1,180,750	-	1,180,750
Fundraising	525,677	-	525,677
Tax provision:			
Current	200,428	-	200,428
Deferred	200,203	-	200,203
	<u>19,965,247</u>	<u>-</u>	<u>19,965,247</u>
Total costs and expenses	19,965,247	-	19,965,247
Change in net assets	7,885,340	15,512,164	23,397,504
Net assets, beginning of year	<u>14,849,577</u>	<u>70,186,433</u>	<u>85,036,010</u>
Net assets, end of year	<u>\$ 22,734,917</u>	<u>\$ 85,698,597</u>	<u>\$ 108,433,514</u>

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, gain and support:			
Gifts, grants, and contributions	\$ 1,941,817	\$ 15,339,768	\$ 17,281,585
Administrative assessments	108,374	-	108,374
Investment income (loss), net	894,158	7,130,927	8,025,085
Equity earnings on investees	3,300	1,524,290	1,527,590
Other income	<u>10,203</u>	<u>-</u>	<u>10,203</u>
Total revenues, gain and support before net assets released from restrictions	2,957,852	23,994,985	26,952,837
Net assets released from restrictions	<u>11,809,257</u>	<u>(11,809,257)</u>	<u>-</u>
Total revenue, gain and support after net assets released from restrictions	<u>14,767,109</u>	<u>12,185,728</u>	<u>26,952,837</u>
Costs and expenses:			
Program services	12,020,183	-	12,020,183
Management and general	1,056,873	-	1,056,873
Fundraising	488,066	-	488,066
Tax provision:			
Current	161,149	-	161,149
Deferred	<u>228,260</u>	<u>-</u>	<u>228,260</u>
Total costs and expenses	<u>13,954,531</u>	<u>-</u>	<u>13,954,531</u>
Change in net assets	812,578	12,185,728	12,998,306
Net assets, beginning of year	<u>14,036,999</u>	<u>58,000,705</u>	<u>72,037,704</u>
Net assets, end of year	<u>\$ 14,849,577</u>	<u>\$ 70,186,433</u>	<u>\$ 85,036,010</u>

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

		Supporting Services		
	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 556,603	\$ 749,764	\$ 262,111	\$ 1,568,478
Payroll taxes and benefits	102,734	143,365	50,119	296,218
Workmen's compensation	3,421	4,608	1,611	9,640
Total personnel costs	662,758	897,737	313,841	1,874,336
Board/donor development training/coaching	-	148	241	389
Depreciation	11,023	13,990	10,996	36,009
Education and training	18,343	5,589	2,389	26,321
Fees and memberships	13,018	14,290	6,129	33,437
Insurance	25,730	21,357	9,130	56,217
Interest	8,143	-	-	8,143
Marketing and advertising	126,472	11,647	4,979	143,098
Meetings, luncheons, dinners	5,212	2,460	1,159	8,831
Office supplies and expenses	35,191	16,728	7,148	59,067
Other	11,799	11,007	8,599	31,405
Printing	4,163	5,607	1,960	11,730
Professional fees	56,398	59,493	25,431	141,322
Receptions and other events	61,711	-	90,353	152,064
Rent and related	305,554	92,453	39,522	437,529
Taxes and licenses	-	19,601	-	19,601
Telephone and internet	5,030	6,382	2,728	14,140
Travel and auto	2,902	2,261	1,072	6,235
Total costs and expenses	690,689	283,013	211,836	1,185,538
Total costs and expenses before gifts, grants and programs	1,353,447	1,180,750	525,677	3,059,874
Gifts, grants and programs	16,504,742	-	-	16,504,742
Total costs and expenses after gifts, grants and programs	\$ 17,858,189	\$ 1,180,750	\$ 525,677	\$ 19,564,616

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.



**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

		Supporting Services		
	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 452,144	\$ 609,055	\$ 212,920	\$ 1,274,119
Payroll taxes and benefits	70,014	94,311	32,970	197,295
Workmen's compensation	3,202	4,314	1,508	9,024
	<u>525,360</u>	<u>707,680</u>	<u>247,398</u>	<u>1,480,438</u>
Total personnel costs				
Board/donor development training/coaching	-	5,438	-	5,438
Depreciation	10,781	14,523	5,077	30,381
Education and training	11,217	5,467	1,970	18,654
Fees and memberships	9,010	11,980	4,317	25,307
Insurance	27,658	24,886	8,968	61,512
Interest	20,000	-	-	20,000
Marketing and advertising	63,828	24,344	8,772	96,944
Meetings, luncheons, dinners	56,129	4,520	1,791	62,440
Office supplies and expense	28,582	65,682	22,962	117,226
Other	125,814	4,871	1,543	132,228
Printing	5,279	7,111	2,486	14,876
Professional fees	32,980	30,002	10,489	73,471
Receptions and other events	289,695	-	130,982	420,677
Rent and related	367,279	99,565	35,878	502,722
Taxes and licenses	20	36,039	-	36,059
Telephone and internet	4,333	5,838	2,041	12,212
Travel and auto	464,996	8,927	3,392	477,315
	<u>1,517,601</u>	<u>349,193</u>	<u>240,668</u>	<u>2,107,462</u>
Total costs and expenses				
Total costs and expenses before gifts, grants and programs	2,042,961	1,056,873	488,066	3,587,900
Gifts, grants and programs	9,977,222	-	-	9,977,222
	<u>12,020,183</u>	<u>1,056,873</u>	<u>488,066</u>	<u>13,565,122</u>
Total costs and expenses after gifts, grants and programs				

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 23,397,504	\$ 12,998,306
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	36,009	30,381
Unrealized (gains) losses	(4,336,845)	(6,195,993)
Change in equity earnings on investee	261,729	(1,856,372)
Donated securities	(7,710,609)	(2,306,423)
Changes in operating assets and liabilities:		
Accounts and contributions receivable	(8,495,615)	3,122,545
Program investments	199,178	703,322
Prepaid expenses and other assets	(382,725)	(81,100)
Accounts and grants payable	(1,117,808)	(1,854,017)
Deferred unrelated business income tax	203,228	229,328
Accrued payroll	16,658	13,930
Accrued expenses and taxes payable	40,089	18,937
Agency and trust funds	<u>5,479,429</u>	<u>2,280,125</u>
Net cash provided by (used in) operating activities	<u>7,590,222</u>	<u>7,102,969</u>
Cash flows provided by (used in) investing activities:		
Purchase of property and equipment	(46,395)	(106,829)
Purchase of investment securities	(24,703,071)	(26,606,646)
Proceeds from sales of investment securities	<u>22,371,883</u>	<u>26,097,150</u>
Net cash provided by (used in) investing activities	<u>(2,377,583)</u>	<u>(616,325)</u>
Cash flows provided by (used in) financing activities:		
Principal payments on long term debt	<u>(1,000,000)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(1,000,000)</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents	4,212,639	6,486,644
Cash and cash equivalents, beginning of year	<u>13,574,803</u>	<u>7,088,159</u>
Cash and cash equivalents, end of year	<u>\$ 17,787,442</u>	<u>\$ 13,574,803</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	<u>\$ 8,143</u>	<u>\$ 25,000</u>
Income taxes paid	<u>\$ 211,720</u>	<u>\$ 282,836</u>

See Independent Auditor's Report and Notes to the Consolidated Financial Statements.

**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1 – ORGANIZATION AND OPERATIONS**

**Nature of Operations**

The Central Valley Community Foundation (the “Foundation”) is a California non-profit corporation formed in 1966 for the purpose of improving the quality of life in the Central San Joaquin Valley. It promotes and encourages charitable giving, provides grants to qualified organizations and projects, and administers funds established by donors and others for the benefit of the community. The Foundation is primarily supported by contributions and grants from the general public and private foundations, investment earnings, and administrative fees from services as a fiscal agent and fund manager.

The Foundation administers approximately 260 separate donor funds established by businesses and individuals for various charitable purposes. Funds provided to the Foundation by such donors are administered in accordance with the terms established by the donors and/or the Foundation’s Board of Directors, as appropriate. The Foundation generally assesses each fund an administration fee based on the fund’s average balance.

In connection with the acquisition of a real estate property and other assets, the Foundation formed Edna Lake, LLC in 2008 and FRF Holdings, LLC in 2013 to hold title to real estate parcels and other assets. In anticipation of further acquisitions of real estate parcels and other assets, the Foundation formed CVCF Holdings, LLC in 2016. Additionally in 2016, the Foundation formed LHCF, LLC to manage, operate and maintain a public park located in Lost Hills, California. The LLC’s were formed to protect the Foundation from any claims related to assets acquired. These financial statements include the account balances and financial activities of the Foundation and its wholly owned LLCs.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**New Accounting Pronouncement**

In May 2014, the FASB issued guidance (Accounting Standards Codification [ASC] 606, Revenue from Contracts with Customers) which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The Foundation adopted ASC 606 with a date of the initial application of January 1, 2020.

The Foundation applied ASC 606 using the cumulative effect method, which resulted in recognizing the cumulative effect of initially applying the new guidance as an adjustment to the opening balance of retained earnings at January 1, 2020. The details of the significant changes and quantitative impact of the changes are discussed below.

As part of the adoption of ASC 606, the Foundation elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

There were no significant changes that resulted from the adoption of ASC 606. The adoption of the new accounting policy did not have a significant impact on net income, and therefore, there was no adjustment to the opening balance of retained earnings. The Foundation does not expect the adoption of the new revenue standard to have a material impact on its net income on an ongoing basis.

**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

New Accounting Pronouncement (Continued)

During the year ended December 31, 2019, the Foundation adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2018-08 – Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08). This update clarifies and improves the scope and accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluation whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Foundation's accounting policies have been updated in the consolidated financial statements to reflect the provisions of ASU 2018-08. The adoption of ASU 2018-08 has had no material effect on the change in net assets or net asset balances, by classification, as previously reported.

Supporting Organizations

The Foundation is the named beneficiary of at least two Supporting Organizations. One of the Supporting Organizations was funded in 2002 and the other was funded in 2010. Supporting Organizations are established by certain donors in connection with sponsoring non-profit organizations similar to the Foundation and have independent Boards of Directors.

The Lyles Foundation ("LF") was established in October 2002 as a non-profit charitable trust and Supporting Organization to the Central Valley Community Foundation. The Indenture, which established the Lyles Foundation Trust, specifically states that it was organized to support the charitable activities of the Central Valley Community Foundation. Immediately following its organization and again in 2012, the Lyles Foundation Trust received donations consisting of shares of stock in privately held businesses that had an "S" election in effect for Federal and State of California income tax purposes. Future sales of the donated stock by the Lyles Foundation Trust as well as its share of the private company's annual earnings give rise to an Unrelated Business Income Tax ("UBIT"). For this reason, the value of the donations for financial reporting purposes has been adjusted to reflect any estimated deferred tax liability. Any UBIT incurred is paid directly by the Lyles Foundation Trust. The value of any private company stock is determined by an independent business valuation expert upon donation and annually thereafter. As a Type I Supporting Organization, the Board of Directors comprises three directors elected by the Foundation and two members elected by the LF.

The Silkwood Family Foundation ("SFF") was established in 1999 as a non-profit charitable trust and Type III Supporting Organization to the Central Valley Community Foundation for their various community services and programs. As a Type III Supporting Organization, the Board of Directors comprises two directors elected by the Foundation, two directors elected by SFF, and one jointly elected by the four directors. This supporting organization was initially funded during 2010.

The Central Valley Foundation ("CVF") was established in 1993 as a non-profit charitable trust and a Type I Supporting Organization to the Central Valley Community Foundation and the Sacramento Region Community Foundation. As a Type I Supporting Organization, the Board of Directors shall not be less than three nor more than eleven and must comprise of a simple majority of directors appointed by the supported organizations. As the Foundation does not have control over this Supporting Organization, the activities of the Central Valley Foundation are not consolidated with the Foundation.

**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Classification of Net Assets

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US 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 Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

Certain net assets without donor restrictions have been specifically designated by the Board of Directors to be separately maintained for various projects and operating funds. Such funds are identified as Board Designated Net Assets.

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, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

Principles of Consolidation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include accounts of the Lyles Foundation and Silkwood Family Foundation. All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of various demand and interest bearing accounts on deposit with insured financial and brokerage institutions. The Foundation considers all investments with an original maturity of three months or less to be cash equivalents.

Fair Value of Certain Financial Instruments

The Foundation considers its cash and cash equivalents, assessment fees, receivables, prepaid expenses and other assets, accounts payable, and accrued expenses to be short-term in nature, and therefore their fair values approximate their carrying values. The carrying amount of grants payable approximates fair value because such liabilities are recorded at estimated net present value based on anticipated future cash flows.

Investment Securities

The Foundation maintains master trust and brokerage accounts for the investment of Agency and Trust Funds and certain of its Net Assets. All of the Foundation's investment securities are available for sale. Investment income and expenses, including realized and unrealized gains and losses, are generally allocated to the various maintained funds based on their relative fair values. Investment income, including unrealized gains and losses, interest, dividends and related items are recognized in the Consolidated Statement of Activities or Agency and Trust Funds Liability, as appropriate, as they occur. The Foundation's investment managers or advisors estimate such investments at their fair values based on quoted closing brokerage prices or other factors.

**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Land and Real Estate Held for Investment

Land and real estate held for investment is stated at its fair value as determined by real estate sales options applicable to the land, formal real estate appraisals and/or the Foundation's real estate consultant, less any sales option deposits collected. Appreciation or declines in land value during the year are recorded as unrealized gains or losses on real estate investments in the Consolidated Statement of Activities.

Allowance for Doubtful Accounts

The Foundation provides an allowance for doubtful accounts based on its review of the outstanding receivables and Program Related Investments. In considering the allowance account reserve, the Foundation evaluates certain factors including the organization and borrower's ability to pay, their financial condition, loan collateralized assets and others. Recoveries of accounts and programs previously written-off or changes in allowance estimates are recognized as income when received or recorded.

Reclassification

Certain reclassifications were made to the 2019 financial statements in order to conform to the presentation shown. These reclassifications had no effect on the Foundation's net assets at December 31, 2019.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the fair value at the date of donation. All assets acquired by the Foundation whose initial value or cost exceeds \$1,000 are capitalized and depreciated. Routine repairs and maintenance, including planned major maintenance activities, are expensed when incurred. Depreciation and amortization are recorded using the straight-line method over estimated useful lives of 3 to 10 years.

Agency and Trust Funds

The Foundation also serves as a fiscal agent/sponsor for third party donors that conduct various community programs. As a fiscal agent/sponsor, the Foundation has received funds with donor-imposed restrictions for which it does not have either 1) a unilateral right to redirect the funds to other uses ("variance power") or 2) significant involvement in the determination of specific beneficiaries. Such funds are not considered contributions and are recorded as Agency and Trust Fund liabilities. Changes in the Agency and Trust Fund liabilities are reported separately and are not included in the Foundation's Consolidated Statement of Activities.

Revenue and Revenue Recognition

The Foundation recognizes contributions when cash, securities, or other assets; unconditional promise to give; or a notification of a beneficial interest is received. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions and a net asset released from restriction if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Revenue and Revenue Recognition (Continued)

A portion of the Foundation's revenue is obtained through the assessment of administrative fees. The Foundation assesses fees to cover the cost of administration and to continue its important work in the community. Fees deducted from fund balances provide the necessary resources to operate efficiently and effectively, ensuring fiscal responsibility in grant due diligence, donor and nonprofit education, investment management, research, and other activities. Total fees per fund are determined by the fund type and the choice of investment vehicle. Each fund pays a fund management fee plus an investment management fee. These fees are recognized at a point in time.

Endowment Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets (net assets with donor restrictions) that attempt to provide a predictable stream of funding to programs supported by endowments while seeking to maintain the purchasing power of the endowments' assets. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes the projected return objective through diversification of asset classes. The portfolio is designed to generate real rates of return in excess of inflation with regard to an appropriate balance of risk and reward for long-term capital growth.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current income (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributable from the Foundation's various endowed funds for grants and administration. At December 31, 2020 and 2019, the spending policy seeks to distribute an amount equal to 4.5% of the fund balance, calculated over a 16 quarter average. Accordingly, over the long term, the Foundation expects its current spending policy to allow its endowment assets to grow at an average rate of approximately 1% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment returns.

Method of Accounting for the Lyles Foundation (Supporting Organization)

The Lyles Foundation has significant investments in a number of limited partnerships. These individual limited partnerships generally encounter delays in completing their accounting and reporting their annual valuations to Lyles Foundation. In prior years, the completion of the Foundation's financial statements has been delayed as a result of the delay in receiving the Lyles Foundation accounting. In order to expedite the preparation of the Foundation's financial statements, the Foundation has decided not to wait for the completion of the Lyles Foundation 2020 accounting and instead report the 2019 and 2018 Lyles Foundation balances. The net asset value of Lyles Foundation for the year ended December 31, 2019 increased by \$2,491,859. The net asset value of the Lyles Foundation for the year ended December 31, 2018 increased by \$8,026,811. The ultimate change in value, if any, for the Lyles Foundation's activities for the year ended December 31, 2020 will be reflected in the Foundation's consolidated financial statements for the year ending December 31, 2021. This policy is being applied consistently in current and future years and will allow the Foundation to prepare its consolidated financial statements in a timely manner.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Donated In-Kind Assets and Services

Donated in-kind assets are recognized as contributions if they have ascertainable fair values and are able to be realized in cash or other liquid assets. Donated services are recognized as contributions if they 1) significantly enhance non-financial assets or 2) involve a service that would otherwise have been purchased and whose values can be objectively measured. The Foundation received donated investment securities of approximately \$7,710,000 and \$2,306,000 for the years ended December 31, 2020 and 2019, respectively. The Foundation received approximately \$3,500 and \$55,000 in donated services during the years ended December 31, 2020 and 2019.

Marketing and Advertising

The Foundation expenses all marketing and advertising costs as incurred. Total marketing and advertising costs for the years ended December 31, 2020 and 2019 were \$143,098 and \$96,944, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results will differ from those estimates.

Functional Classification of Expenses

The costs of providing the Foundation's various charitable and general services have been summarized on a functional basis in the Consolidated Schedule of Functional Expenses. Accordingly, direct and indirect expenses have been allocated to program services or other activities based on their specific identification or the personnel resources utilized in the function. Supporting services consist principally of general, administrative and management costs not directly allocable to Program Services or Fundraising activities.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Payroll taxes and benefits	Time and effort
Workmen's compensation	Time and effort
Accounting and legal fees	Time and effort
Depreciation	Time and effort
Education and training	Time and effort
Fees and memberships	Time and effort
Insurance	Time and effort
Marketing and advertising	Time and effort
Meetings, luncheons, dinners	Time and effort
Office supplies	Time and effort
Printing	Time and effort
Rent and related	Time and effort
Telephone and internet	Time and effort
Travel and auto	Time and effort



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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Tax Exempt Status**

The Foundation and its Supporting Organizations have qualified as non-profit organizations and have been granted tax-exempt status pursuant to Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). The Foundation's LLCs are subject to the State of California's minimum tax for each entity.

Generally accepted accounting principles provides accounting and disclosures guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Foundation, Supporting Organizations and LLC's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

**NOTE 3 – AVAILABILITY AND LIQUIDITY**

Financial assets available for general expenditure within one year of the Statement of Financial Position date, consist of the following:

	<u>2020</u>	<u>2019</u>
Cash in bank	\$ 17,787,442	\$ 13,574,803
Grants and other receivables	11,047,862	2,462,011
Investments	<u>74,940,422</u>	<u>60,561,780</u>
Total financial assets	103,775,726	76,598,594

Less amounts not available to be used within one year:

Board-designated with liquidity horizons greater than one year	(1,800,320)	(1,649,008)
Donor-restricted with liquidity horizons greater than one year	<u>(73,103,084)</u>	<u>(60,278,056)</u>
Financial assets not available to be used within one year	<u>(74,903,404)</u>	<u>(61,927,064)</u>

Financial assets available to meet general expenditures within one year	<u>\$ 28,872,322</u>	<u>\$ 14,671,530</u>
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The Foundation has certain board-designated and donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above for financial assets to meet general expenditures within one year. However, the board-designated amounts could be made available, if necessary. The Foundation also has other assets limited to use for donor-restricted purposes.

As part of the Foundation's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds. Funds that have been Board designated may be undersigned by the Board for alternative use to meet any unexpected liquidity needs.

**CENTRAL VALLEY COMMUNITY FOUNDATION  
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**NOTE 4 – PROPERTY AND EQUIPMENT, NET**

Property and equipment consist of the following at December 31:

	2020	2019
Construction in process	\$ -	\$ 27,443
Furniture, fixtures and office equipment	192,454	184,566
Leasehold improvements	91,399	81,019
Software	116,764	61,192
Less accumulated depreciation	<u>(244,711)</u>	<u>(208,700)</u>
Total property and equipment, net	<u>\$ 155,906</u>	<u>\$ 145,520</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$36,009 and \$30,381 respectively.

**NOTE 5 – INVESTMENT SECURITIES**

Investment securities consist of the following at December 31:

	Fair Value	
	2020	2019
Equities	\$ 37,234,036	\$ 28,944,106
Fixed income	25,301,158	20,172,402
Mutual funds	2,657,117	2,048,372
Exchange traded products	517,705	461,153
Alternative investments	<u>9,230,406</u>	<u>8,935,747</u>
Total investments	<u>\$ 74,940,422</u>	<u>\$ 60,561,780</u>

At December 31, 2020 and 2019, approximately \$74,477,000 and \$57,753,000, respectively, of the Foundation's funds were held in custodial accounts at SEI Private Trust Company. These custodial accounts are managed by SEI Investments ("SEI"), an independent investment management and advisory firm. The investment securities and cash and cash equivalents are invested primarily in SEI sponsored mutual funds and investment pools. At December 31, 2020 approximately 53%, 33%, and 14% of the Foundation's total investment securities at SEI were invested in SEI Large & Small "Cap" Funds, Core Fixed Income Funds, and Alternate Investment Funds, respectively. At December 31, 2019 approximately 50%, 34%, and 16% of the Foundation's total investment securities at SEI were invested in SEI Large & Small "Cap" Funds, Core Fixed Income Funds, and Alternate Investment Funds, respectively.

SEI manages the Foundation's funds in accordance with an Investment Policy established by the Foundation's Investment Committee and approved by its Board of Directors after considering the Foundation's needs for near-term financial resources, appropriate asset allocations and diversification. SEI's parent company, SEIC, and its subsidiaries maintain in full force and effect a comprehensive property/casualty insurance program that extends to all its subsidiaries and is underwritten by reputable insurers having an A.M. Best rating of A- or higher. The corresponding limits of coverage are in-line with peers and at levels SEIC management deems reasonable given the company's financial standing and its insurable risks. As a publicly held company, detailed information regarding SEIC's corporate insurance program is deemed proprietary and confidential, and is evidenced to third parties per terms specified by written agreement (i.e. client's written and fully executed SEI service agreement) that imposes conditions of confidentiality over the release of such information.

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**NOTE 5 – INVESTMENT SECURITIES** (Continued)

At December 31, 2020 and 2019, approximately \$232,000 and \$223,000 of the Foundation's funds, including approximately \$4,100 and \$4,100, respectively, of the Foundation's cash and cash equivalents, were held by First Republic Securities Company LLC., an independent investment management and advisory firm.

At December 31, 2020 and 2019, approximately \$7,080,000 and \$6,180,000, respectively, of the Lyles Foundation's funds, including approximately \$1,888,000 and \$3,820,000, respectively, of the Lyles Foundation's cash and cash equivalents, were also held by First Republic. The funds with First Republic are covered by a combination of insurance provided by FDIC, SIPC and private insurance provided by First Republic.

The Foundation also maintains cash balances in various accounts with other financial institutions. At December 31, 2020 and 2019, cash in the amounts of approximately \$10,017,000 and \$7,162,000, respectively, were in excess of insurance provided by the FDIC.

The Foundation's investment earnings from investment securities activities during year ended December 31 were as follows:

	2020	2019
Interest and dividends	\$ 2,040,498	\$ 1,658,349
Unrealized gains (losses)	4,336,845	6,195,993
Realized gains	211,478	387,040
Investment fees	<u>(221,238)</u>	<u>(216,297)</u>
Total investment income, net	<u>\$ 6,367,583</u>	<u>\$ 8,025,085</u>

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the levels of risk associated with certain investment securities, it is reasonably possible that changes, either increases or decreases, in the values of investment securities will occur in the near term and those changes could materially affect the Foundation's account balances and amounts reported in the Consolidated Statement of Activities.

**NOTE 6 – INVESTMENTS IN OTHER ENTITIES**

The Lyles Foundation has significant investments in other entities that are accounted for under the equity method of accounting. Under the equity method of accounting, an investor accounts for the ownership interest in another entity initially at cost and that value is periodically adjusted to reflect the changes in value due to the investor's ownership share in the entity's income or losses. The primary criteria in determining whether the equity method of accounting should be used is whether an investor is deemed to have the ability to significantly influence the investee's operating and financial policies, and is not solely based on the ownership percentage.

The Lyles Foundation's investments in other entities are as follows for the years ended December 31 (see Note 2 - Method of Accounting for the Lyles Foundation):

	2020	2019
	Ownership Interest	Carrying Value
Lyles Diversified, Inc.	6.28%	\$ 22,824,780
Lyles Investments, LLC	2.58%	3,997,963
Lyles United, LLC	1.26%	5,699,639
Pelco Sales, Inc. Liquidating Trust	2.07%	<u>8,692</u>
Total investments in other entities		<u>\$ 32,531,074</u>
		<u>\$ 32,786,135</u>

See Independent Auditor's Report.

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**NOTE 6 – INVESTMENTS IN OTHER ENTITIES** (Continued)

The Lyles Foundation has the ability to significantly influence the activities of the investees as the Lyles Foundation has certain Board of Director representatives that serve as the investees' management and participate in the investees' policy-making processes.

**NOTE 7 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable comprises amounts due from grantors for the implementation of various community programs activities and services. The Foundation generally has discretion as to how funds are disbursed and expended for such programs and services. Grants are generally made by the Grantor in various annual progress installments, based upon contractual agreements. Grant progress payments are dependent upon approval by the Grantor of project or program progress reports.

The Foundation's contributions receivable consists of the following at December 31:

	2020	2019
JPMorgan Chase Foundation	\$ -	\$ 1,500,000
Kresge Foundation	-	506,000
Central Valley Opportunity Fund	450,000	-
Bill and Melinda Gates Foundation	94,134	94,134
James Irvine Foundation	10,004,667	60,000
Silicon Valley Community Foundation	150,000	-
The William and Flora Hewlett Foundation	-	45,000
College Futures Foundation	125,000	-
Bank of America	-	25,000
Central Valley Foundation	-	100,000
	<u>                    </u>	<u>                    </u>
Total contributions receivable	<u>\$ 10,823,801</u>	<u>\$ 2,330,134</u>

Contributions receivable at December 31, 2020 represent unconditional promises to give to the Foundation that remain uncollected at year-end and are expected to be collected as follows:

Less than one year	\$ 5,521,467
Two to five years	5,302,334
More than five years	<u>-</u>
Total	<u>\$ 10,823,801</u>

**NOTE 8 – LAND AND REAL ESTATE HELD FOR INVESTMENT**

The Foundation owns two commercial land properties that were donated in the prior years. The fair value of the Foundation's Land and Real Estate Held for Investment was \$1,906,816 each at December 31, 2020 and 2019. Increases or decreases in the fair value of the land parcels are recognized in the Consolidated Statement of Activities as gains or losses on real estate investments in accordance with the Foundation's policies.

**CENTRAL VALLEY COMMUNITY FOUNDATION  
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**NOTE 9 – PROGRAM RELATED INVESTMENT AND NOTE PAYABLE**

The Foundation implemented a program which provides financing to Valley Small Business Development Corporation ("VSBDC") to make micro loans to small businesses and farmers in the San Joaquin Valley community. The Foundation obtained financing from Wells Fargo Bank for an amount up to \$1,000,000, with interest only payments made on the outstanding balance at an annual interest rate of 2%. Interest only payments are due quarterly and the principal balance is payable on the maturity date in February 2021. The note due to Wells Fargo Bank is unsecured. The loan was paid in full during the year ended December 31, 2020. At December 31, 2019, the balance outstanding on this note to Wells Fargo Bank was \$1,000,000. Interest expense related to the loan for the years ended December 31, 2020 and 2019 was \$8,143 and \$20,000, respectively.

The funds received from the Wells Fargo Bank loan to the Foundation were re-loaned to VSBDC. Funds advanced to VSBDC bear interest at 3% annually. Funding of the loan by the Foundation to VSBDC was used to finance small businesses and farmers based on certain lending criteria that would not otherwise be available in traditional bank financing. Financing of the loans by the VSBDC to the borrower bears interest at various rates based on the borrower's credit worthiness and other factors. The loan was paid in full by VSBDC during the year ended December 31, 2020. The amount due to the Foundation from VSBDC was \$246,678 at December 31, 2019. The Foundation had recorded an allowance reserve of \$47,500 related to this Program Related Investment at December 31, 2019. The Foundation had security interests in the assets of the micro loan borrowers in an event of default as collateral. Interest income was \$5,551 and \$21,409 for the years ended December 31, 2020 and 2019, respectively.

**NOTE 10 – CHARITABLE REMAINDER AND OTHER TRUSTS**

The Foundation is named as a remainder beneficiary of several charitable remainder and other trusts administered by other trustees. The balances in the trusts and the income thereon, are available in various amounts to the life beneficiaries. In several cases, the donors have the right to change the beneficiary prior to their demise. Any balances remaining in the trusts upon the demise of the life beneficiaries may be distributed to the Foundation and/or other named beneficiaries. Amounts ultimately available to the Foundation from these trusts are dependent upon future events and cannot reasonably be determined. Such amounts are recognized as donations when the donor's conditions are met and/or when received by the Foundation.

**NOTE 11 – LEASE COMMITMENTS**

During April 2015, the Foundation entered into a new lease agreement for a period of 124 months in another building which commenced August 2015. The Foundation or lessor has the option to terminate the lease on the last day of the 64<sup>th</sup> full calendar month under certain conditions. Terms of the agreement provides for the Foundation to make monthly rental payments of \$17,093 (base rent and other costs related to common area maintenance of the facilities) commencing December 2015 through November 2025. The aggregate future commitment remaining on this lease is as follows: \$205,117 for each year from 2021 to 2024, and an aggregate of \$188,024 for 2025, expiring November 2025. Rent and related expense for the years ended December 31, 2020 and 2019 was \$202,848 and \$206,373, respectively.

The Foundation leases a copier under an operating lease agreement with base monthly lease payments of \$757, plus applicable taxes and usage fees through September 2024. The aggregate future commitment remaining on the lease is as follows: \$9,806 for each year 2021 to 2023 and \$7,355 for 2024. Total office expense related to the lease was \$9,452 and \$8,156 for the years ended December 31, 2020 and 2019, respectively.

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**NOTE 12 – GRANTS AND PLEDGES PAYABLE**

Grants and pledges payable, net of discount, at December 31, 2020, consist of approved grant and pledge commitments that are expected to be paid during the following year-ends:

	Grants Payable	Pledges Payable
2021	\$ 2,317,147	\$ 1,000,000
2022	1,112,400	1,000,000
2023	59,250	1,000,000
2024	21,875	1,000,000
2025 and thereafter	-	3,000,000
	3,510,672	7,000,000
Less discount	-	(769,717)
Total grants and pledges payable, net	<u>\$ 3,510,672</u>	<u>\$ 6,230,283</u>

The pledges have been discounted to net present value using a 3.0% discount rate determined during the year of origination of the initial pledge.

**NOTE 13 – AGENCY AND TRUST FUND LIABILITY**

The Foundation's Agency and Trust Fund Liability activities consist of the following at December 31:

	2020	2019
Contributions and grant income	\$ 3,786,376	\$ 982,288
Investment income (expense):		
Interest and dividends	696,280	424,642
Investment gains (losses), net	1,265,145	1,108,622
Investment management fees	(77,886)	(64,932)
Administrative assessments paid to the Central Valley Community Foundation	(87,015)	(69,843)
Gifts and grants made	(103,471)	(100,652)
Total agency and trust fund activity	5,479,429	2,280,125
Agency and trust fund balance, beginning of year	12,509,231	10,229,106
Agency and trust fund balance, end of year	<u>\$ 17,988,660</u>	<u>\$ 12,509,231</u>

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**NOTE 14 – FAIR VALUE MEASUREMENTS**

In accordance with generally accepted accounting principles, fair value is defined as the price that the Foundation would receive upon selling an asset or have paid to transfer a liability at the reporting date. Generally accepted accounting principles established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the asset or liability developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, and fair value is determined through the use of other valuation methodologies.

Level 3 – Valuations based on inputs that are not observable and significant to the overall fair value measurement, including the Foundation's own assumptions in determining the fair value of assets or liabilities.

The following is a summary of the inputs used as of December 31, 2020 in valuing the Foundation's assets carried at fair value:

Asset Description	Level 1	Level 2	Level 3	Total
Investment securities:				
Equities	\$37,234,036	\$ -	\$ -	\$37,234,036
Fixed income	25,301,158	-	-	25,301,158
Mutual funds	2,657,117	-	-	2,657,117
Exchange Traded products	517,705	-	-	517,705
Alternative investments	9,230,406	-	-	9,230,406
Program related investment, net	-	-	-	-
Land and real estate held for investment	-	1,906,816	-	1,906,816
Assets measured at fair value	<u>\$74,940,422</u>	<u>\$ 1,906,816</u>	<u>\$ -</u>	<u>\$76,847,238</u>

The following is a summary of the inputs used as of December 31, 2019 in valuing the Foundation's assets carried at fair value:

Asset Description	Level 1	Level 2	Level 3	Total
Investment securities:				
Equities	\$28,944,106	\$ -	\$ -	\$28,944,106
Fixed income	20,172,402	-	-	20,172,402
Mutual funds	2,048,372	-	-	2,048,372
Exchange Traded products	461,153	-	-	461,153
Alternative investments	8,935,747	-	-	8,935,747
Program related investment, net	-	199,178	-	199,178
Land and real estate held for investment	-	1,906,816	-	1,906,816
Assets measured at fair value	<u>\$60,561,780</u>	<u>\$ 2,105,994</u>	<u>\$ -</u>	<u>\$62,667,774</u>

See Independent Auditor's Report.

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**NOTE 14 – FAIR VALUE MEASUREMENTS** (Continued)

The following methods and assumptions were used by the Foundation in estimating the fair value of other financial instruments:

Investment Securities – All of the Foundation's Investment Securities are available for sale, and are stated at their fair value based on quoted closing prices.

Program Related Investments – The fair value of Program Related Investments approximates its carrying value, net of considerations for uncollectible accounts.

Land Held for Investment – The fair value of land is generally determined by independent real estate appraisals, as updated for changes in market conditions.

**NOTE 15 – RETIREMENT PLAN**

The Foundation maintains an Internal Revenue Code Section 403(b) plan (the "Plan") for eligible employees administered by the American Funds Service Company. An employee becomes eligible to participate on the date of hire. The Plan provides for the Foundation to make discretionary and/or matching contributions of up to 5% of the deferring employee's salary after completion of 30 days of service. The Foundation's matching contributions for the years ended December 31, 2020 and 2019 was \$52,904 and \$37,278, respectively.

**NOTE 16 – NET ASSETS WITH DONOR RESTRICTIONS**

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the Foundation to classify as endowments (included with Net Assets with Donor Restrictions), the fair value of the original gift as of the gift date and the original value of subsequent gifts, including any accumulations to the donor-restricted endowments made in accordance with the applicable gift instruments. Accumulated earnings above or deficits below the original gift values in each endowment fund are reported as an increase or decrease to each fund within Net Assets with Donor Restrictions.

Variance Power

The Foundation's fund agreements generally provide the Foundation with variance power. Variance power grants the Foundation's governing board the power to modify certain restrictions or conditions on the distribution of funds for any specified charitable purpose or purposes, or to a specified charitable organization or organizations, if such restrictions or conditions become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.



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**NOTE 16 – NET ASSETS WITH DONOR RESTRICTIONS** (Continued)

Net assets with donor restrictions consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
<u>Subject to expenditure for specified programs:</u>		
Arts, Culture, and Humanities	\$ 535,612	\$ 642,697
Civil Rights, Social Action and Advocacy	26,693	-
Community Improvement and Capacity Building	13,196,566	3,219,669
Education	3,401,119	3,272,420
Environment	3,712,511	3,777,577
Food, Agriculture and Nutrition	75,000	-
Health Care	94,805	-
Human Services	3,059,803	3,090,543
Interest in supporting organizations	35,334,990	32,832,401
Philanthropy, Voluntarism and Grantmaking Foundation	156,866	643,182
Public Safety, Disaster Preparedness and Relief	77,629	-
Recreation and Sports	63,830	64,151
Youth Development	7,585	151,085
	<u>59,743,009</u>	<u>47,693,725</u>
Total subject to expenditure for specified programs	<u>59,743,009</u>	<u>47,693,725</u>
Investment in perpetuity (including amounts above original gift amounts of \$20,548,103 and \$18,971,980 for the years ended December 31, 2020 and 2019), which, once appropriated, is expendable to support:		
<u>Subject to Foundation's spending policy and appropriation:</u>		
Animal Related	11,952	11,266
Arts, Culture, and Humanities	212,296	193,347
Education	7,386,918	5,355,193
Environment	153,038	146,750
Human Services	151,223	141,776
Philanthropy, Voluntarism and Grantmaking Foundation	6,486,002	6,068,634
Recreation and Sports	1,898,591	1,763,992
Science and Technology	26,456	24,142
Youth Development	9,629,112	8,787,608
	<u>25,955,588</u>	<u>22,492,708</u>
Total subject to Foundation's spending policy and appropriation	<u>25,955,588</u>	<u>22,492,708</u>
Total net assets with donor restrictions	<u>\$ 85,698,597</u>	<u>\$ 70,186,433</u>

See Independent Auditor's Report.

**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 16 – NET ASSETS WITH DONOR RESTRICTIONS** (Continued)

The Foundation's Endowment Net Assets by Composition is as follows for the year ended December 31, 2020:

	Without Donor Restrictions	With Donor Restriction			Total Funds as of December 31, 2020
		Original Gift	Accumulated Gains (Losses)	Total	
Board designated endowment funds	\$ 1,878,920	\$ -	\$ -	\$ -	\$ 1,878,920
Donor restricted endowment funds:					
Underwater funds	-	30,779	(5,735)	25,044	25,044
Other funds	-	20,512,824	5,417,720	25,930,544	25,930,544
Total endowment funds	<u>\$ 1,878,920</u>	<u>\$ 20,543,603</u>	<u>\$ 5,411,985</u>	<u>\$ 25,955,588</u>	<u>\$ 27,834,508</u>

The Foundation's Endowment Net Assets by Composition is as follows for the year ended December 31, 2019:

	Without Donor Restrictions	With Donor Restriction			Total Funds as of December 31, 2020
		Original Gift	Accumulated Gains (Losses)	Total	
Board designated endowment funds	\$ 1,727,844	\$ -	\$ -	\$ -	\$ 1,727,844
Donor restricted endowment funds:					
Underwater funds	-	30,779	(3,759)	27,020	27,020
Other funds	-	18,941,201	3,524,486	22,465,687	22,465,687
Total endowment funds	<u>\$ 1,727,844</u>	<u>\$ 18,971,980</u>	<u>\$ 3,520,727</u>	<u>\$ 22,492,707</u>	<u>\$ 24,220,551</u>

The Foundation classifies as endowments (included with Net Assets with Donor Restrictions) funds that have both explicit restrictions by donors in their agreements prohibiting the spending of principal and endowment funds which are subject to the Foundation's spending policy, absent of specific donor restrictions on the spending of principal under the guidelines of UPMIFA.

The following represents endowment funds that have explicit donor stipulations prohibiting the spending of principal and endowment funds that do not have specific donor stipulations, however subject to the Foundation's endowment spending policies at December 31, 2020 and 2019:

	2020	2019
Endowment funds with explicit donor restrictions on expending principal	\$ 4,510,592	\$ 2,360,027
Endowment funds subject to the Foundation's spending policy	<u>21,444,996</u>	<u>20,132,680</u>
Total endowment net assets	<u>\$ 25,955,588</u>	<u>\$ 22,492,707</u>

**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 16 – NET ASSETS WITH DONOR RESTRICTIONS** (Continued)

The changes in endowment net assets for the years ended December 31, 2020 and 2019 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2018	\$ 1,617,852	\$ 20,643,876	\$ 22,261,728
Investment return, net	225,802	2,978,962	3,204,764
Contributions and others	-	106,675	106,675
Appropriation of endowment assets for expenditure	(115,810)	(1,236,806)	(1,352,616)
Other changes and reclassifications	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, December 31, 2019	1,727,844	22,492,707	24,220,551
Investment return, net	184,800	2,636,043	2,820,843
Contributions and others	-	1,576,765	1,576,765
Appropriation of endowment assets for expenditure	(33,724)	(749,927)	(783,651)
Other changes and reclassifications	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, December 31, 2020	<u>\$ 1,878,920</u>	<u>\$ 25,955,588</u>	<u>\$ 27,834,508</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist in 2 donor-restricted endowment funds, which together have an original gift value of \$30,779, a current fair value of \$25,044, and a deficiency of \$5,735 as of December 31, 2020. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

**NOTE 17 – REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue from performance obligations satisfied at a point in time consists of the assessment of fees to cover the costs of administration of the funds. The total amount of revenue recognized from the assessment of administrative fees during the years ended December 31, 2020 and 2019 was \$83,806 and \$108,374, respectively.

**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 18 – CONTINGENCIES**

Financial Resources

The ability of the Foundation to maintain its present level of operations is dependent upon the continuity of sufficient annual financial support from grantors and other funders, program support, donations from individuals and fees from its ongoing operations. Operations are also supported by distributions of funds at the discretion of the Board of Directors.

**NOTE 19 – UNCERTAINTY**

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus, COVID-19, a pandemic. Accordingly, some functions of the Foundation's operations were limited to protect the health and safety of its employees. The financial impact that could occur as a result of the pandemic is unknown at this time.

**NOTE 20 – SUBSEQUENT EVENTS**

On August 25, 2021, the Foundation entered into an agreement to sell the Edna Lake property to Wilson Premier homes for the sale price of \$2,178,000.

Management has evaluated and concluded that there were no subsequent events that have occurred from December 31, 2020 through the date the financial statements were available to be issued at September 2, 2021 that would require disclosure or adjustment.

## SUPPLEMENTARY INFORMATION

**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2020**

<u>ASSETS</u>	CVCF	Supporting Organizations		Consolidated Total
		SFF	LF	
Cash and cash equivalents	\$ 12,177,830	\$ (1,136)	\$ 5,610,748	\$ 17,787,442
Investment securities	69,523,183	100,421	5,316,818	74,940,422
Investments in other entities	7,500	-	32,531,074	32,538,574
Assessment fees and other receivables	12,543	9	-	12,552
Prepaid expenses and other assets	382,995	-	-	382,995
Taxes receivable	-	-	211,509	211,509
Contributions receivable	10,823,801	-	-	10,823,801
Property and equipment, net	155,906	-	-	155,906
Land and real estate held for investment	1,906,816	-	-	1,906,816
 Total assets	 <u>\$ 94,990,574</u>	 <u>\$ 99,294</u>	 <u>\$ 43,670,149</u>	 <u>\$ 138,760,017</u>
 <u>LIABILITIES</u>				
Accounts payable	\$ 184,389	\$ -	\$ 90,839	\$ 275,228
Accrued payroll	58,101	-	-	58,101
Accrued expenses	150,227	-	-	150,227
Grants and pledges payable, net	3,510,672	-	6,230,283	9,740,955
Agency and trust funds	17,988,660	-	-	17,988,660
Deferred unrelated business income tax	-	-	2,113,332	2,113,332
 Total liabilities	 <u>21,892,049</u>	 <u>-</u>	 <u>8,434,454</u>	 <u>30,326,503</u>
 <u>NET ASSETS</u>				
Without donor restrictions	22,734,917	-	-	22,734,917
With donor restrictions	50,363,608	99,294	35,235,695	85,698,597
 Total net assets	 <u>73,098,525</u>	 <u>99,294</u>	 <u>35,235,695</u>	 <u>108,433,514</u>
 Total liabilities and net assets	 <u>\$ 94,990,574</u>	 <u>\$ 99,294</u>	 <u>\$ 43,670,149</u>	 <u>\$ 138,760,017</u>

**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019**

<u>ASSETS</u>	CVCF	Supporting Organizations		Consolidated
		SFF	LF	Total
Cash and cash equivalents	\$ 7,263,257	\$ 510	\$ 6,311,036	\$ 13,574,803
Investment securities	58,017,277	88,075	2,456,428	60,561,780
Investments in other entities	14,168	-	32,786,135	32,800,303
Assessment fees and other receivables	10,604	-	-	10,604
Prepaid expenses and other assets	90,506	-	-	90,506
Taxes receivable	-	-	121,273	121,273
Contributions receivable	2,330,134	-	-	2,330,134
Property and equipment, net	145,520	-	-	145,520
Program related investment, net	199,178	-	-	199,178
Land and real estate held for investment	1,906,816	-	-	1,906,816
 Total assets	 <u>\$ 69,977,460</u>	 <u>\$ 88,585</u>	 <u>\$ 41,674,872</u>	 <u>\$ 111,740,917</u>
 <u>LIABILITIES</u>				
Accounts payable	\$ 86,106	\$ 20	\$ 1,240	\$ 87,366
Accrued payroll	41,443	-	-	41,443
Accrued expenses	110,138	-	-	110,138
Grants and pledges payable, net	4,026,933	-	7,019,692	11,046,625
Agency and trust funds	12,509,231	-	-	12,509,231
Note payable, program related investment	1,000,000	-	-	1,000,000
Deferred unrelated business income tax	-	-	1,910,104	1,910,104
 Total liabilities	 <u>17,773,851</u>	 <u>20</u>	 <u>8,931,036</u>	 <u>26,704,907</u>
 <u>NET ASSETS</u>				
Without donor restrictions	14,849,577	-	-	14,849,577
With donor restrictions	37,354,032	88,565	32,743,836	70,186,433
 Total net assets	 <u>52,203,609</u>	 <u>88,565</u>	 <u>32,743,836</u>	 <u>85,036,010</u>
 Total liabilities and net assets	 <u>\$ 69,977,460</u>	 <u>\$ 88,585</u>	 <u>\$ 41,674,872</u>	 <u>\$ 111,740,917</u>

**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>CVCF</u>	<u>SFF</u>	<u>LF</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
Revenues, gain and support:					
Gifts, grants, and contributions	\$ 33,842,308	\$ -	\$ 1,989,322	\$ -	\$ 35,831,630
Administrative assessments	1,103,458	-	-	(1,019,652)	83,806
Investment income (losses), net	4,902,812	12,345	1,452,426	-	6,367,583
Equity earnings on investees	-	-	1,030,212	-	1,030,212
Other income	<u>48,662</u>	<u>-</u>	<u>858</u>	<u>-</u>	<u>49,520</u>
Total revenues, gain and support before net assets released from restrictions	39,897,240	12,345	4,472,818	(1,019,652)	43,362,751
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue, gain and support after net assets released from restrictions	<u>39,897,240</u>	<u>12,345</u>	<u>4,472,818</u>	<u>(1,019,652)</u>	<u>43,362,751</u>
Costs and expenses:					
Program services	17,295,897	1,616	1,580,328	(1,019,652)	17,858,189
Management and general	1,180,750	-	-	-	1,180,750
Fundraising	525,677	-	-	-	525,677
Tax provision:					
Current	-	-	200,428	-	200,428
Deferred	<u>-</u>	<u>-</u>	<u>200,203</u>	<u>-</u>	<u>200,203</u>
Total costs and expenses	<u>19,002,324</u>	<u>1,616</u>	<u>1,980,959</u>	<u>(1,019,652)</u>	<u>19,965,247</u>
Change in net assets	20,894,916	10,729	2,491,859	-	23,397,504
Net assets, beginning of year	<u>52,203,609</u>	<u>88,565</u>	<u>32,743,836</u>	<u>-</u>	<u>85,036,010</u>
Net assets, end of year	<u>\$ 73,098,525</u>	<u>\$ 99,294</u>	<u>\$ 35,235,695</u>	<u>\$ -</u>	<u>\$ 108,433,514</u>



**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	CVCF	SFF	LF	Eliminating Entries	Consolidated Total
Revenues, gain and support:					
Gifts, grants, and contributions	\$ 11,446,837	\$ -	\$ 5,834,748	\$ -	\$ 17,281,585
Administrative assessments	1,010,459	-	-	(902,085)	108,374
Investment income (losses), net	5,220,372	16,746	2,787,967	-	8,025,085
Equity earnings on investees	2,500	-	1,525,090	-	1,527,590
Unrealized gain on real estate investment	-	-	-	-	-
Other income	10,203	-	-	-	10,203
Total revenues, gain and support before net assets released from restrictions	17,690,371	16,746	10,147,805	(902,085)	26,952,837
Net assets released from restrictions	-	-	-	-	-
Total revenue, gain and support after net assets released from restrictions	17,690,371	16,746	10,147,805	(902,085)	26,952,837
Costs and expenses:					
Program services	11,188,480	2,203	1,731,585	(902,085)	12,020,183
Management and general	1,056,873	-	-	-	1,056,873
Fundraising	488,066	-	-	-	488,066
Tax provision:					
Current	-	-	161,149	-	161,149
Deferred	-	-	228,260	-	228,260
Total costs and expenses	12,733,419	2,203	2,120,994	(902,085)	13,954,531
Change in net assets	4,956,952	14,543	8,026,811	-	12,998,306
Net assets, beginning of year, restated	47,246,657	74,022	24,717,025	-	72,037,704
Net assets, end of year, restated	\$ 52,203,609	\$ 88,565	\$ 32,743,836	\$ -	\$ 85,036,010

**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	CVCF	SFF	LF	Eliminating Entries	Consolidated Total
Salaries	\$ 1,568,478	\$ -	\$ -	\$ -	\$ 1,568,478
Payroll taxes and benefits	296,218	-	-	-	296,218
Workmen's compensation	9,640	-	-	-	9,640
Total personnel costs	1,874,336	-	-	-	1,874,336
Administrative assessments	815,641	1,616	202,395	(1,019,652)	-
Board/staff development training/coaching	389	-	-	-	389
Depreciation	36,009	-	-	-	36,009
Education and training	26,321	-	-	-	26,321
Fees and memberships	33,277	-	160	-	33,437
Insurance	56,217	-	-	-	56,217
Interest	8,143	-	-	-	8,143
Marketing and advertising	143,098	-	-	-	143,098
Meetings, luncheons, dinners	8,831	-	-	-	8,831
Office supplies and expenses	59,041	-	26	-	59,067
Other	31,002	-	403	-	31,405
Printing	11,730	-	-	-	11,730
Professional fees	131,809	-	9,513	-	141,322
Receptions and other events	152,064	-	-	-	152,064
Rent and related	437,529	-	-	-	437,529
Taxes and licenses	19,601	-	-	-	19,601
Telephone and internet	14,140	-	-	-	14,140
Travel and auto	6,235	-	-	-	6,235
Total costs and expenses	1,991,077	1,616	212,497	(1,019,652)	1,185,538
Total costs and expenses before gifts, grants and programs	3,865,413	1,616	212,497	(1,019,652)	3,059,874
Gifts, grants and programs	15,136,911	-	1,367,831	-	16,504,742
Total costs and expenses after gifts, grants and programs	\$ 19,002,324	\$ 1,616	\$ 1,580,328	\$ (1,019,652)	\$ 19,564,616

**CENTRAL VALLEY COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS  
CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	CVCF	SFF	LF	Eliminating Entries	Consolidated Total
Salaries	\$ 1,274,119	\$ -	\$ -	\$ -	\$ 1,274,119
Payroll taxes and benefits	197,295	-	-	-	197,295
Workmen's compensation	<u>9,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,024</u>
Total personnel costs	<u>1,480,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,480,438</u>
Administrative assessments	736,538	1,683	163,864	(902,085)	-
Board/staff development training/coaching	5,438	-	-	-	5,438
Depreciation	30,381	-	-	-	30,381
Education and training	18,654	-	-	-	18,654
Fees and memberships	25,147	-	160	-	25,307
Insurance	61,512	-	-	-	61,512
Interest	20,000	-	-	-	20,000
Marketing and advertising	96,944	-	-	-	96,944
Meetings, luncheons, dinners	62,440	-	-	-	62,440
Office supplies and expenses	117,226	-	-	-	117,226
Other	126,479	-	5,749	-	132,228
Printing	14,876	-	-	-	14,876
Professional fees	62,763	500	10,208	-	73,471
Receptions and other events	420,677	-	-	-	420,677
Rent and related	502,722	-	-	-	502,722
Taxes and licenses	36,039	20	-	-	36,059
Telephone and internet	12,212	-	-	-	12,212
Travel and auto	<u>477,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>477,315</u>
Total costs and expenses	<u>2,827,363</u>	<u>2,203</u>	<u>179,981</u>	<u>(902,085)</u>	<u>2,107,462</u>
Total costs and expenses before gifts, grants and programs	4,307,801	2,203	179,981	(902,085)	3,587,900
Gifts, grants and programs	<u>8,425,618</u>	<u>-</u>	<u>1,551,604</u>	<u>-</u>	<u>9,977,222</u>
Total costs and expenses after gifts, grants and programs	<u>\$ 12,733,419</u>	<u>\$ 2,203</u>	<u>\$ 1,731,585</u>	<u>\$ (902,085)</u>	<u>\$ 13,565,122</u>