HEALTHY COMMUNITIES FOUNDATION

Audited Financial Statements

Years Ended December 31, 2021 and 2020

Assurance

LOCAL
KNOWLEDGE,
GLOBAL
EXPERTISE

HEALTHY COMMUNITIES FOUNDATION
AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Healthy Communities Foundation

Opinion

We have audited the accompanying financial statements of Healthy Communities Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (collectively, financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Healthy Communities Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Healthy Communities Foundation's ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

PKF Mueller

Chicago, Illinois
January 13, 2023

HEALTHY COMMUNITIES FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS

		2021	2020
Cash	$	7,144	480,619
Accounts receivable		1,300	22,654
Due from redemption of securities		112,548	1,351,781
Prepaid expenses and deposits		28,095	45,383
Investments		142,006,004	130,887,939
Property and equipment, net		486,158	596,149
Total assets	$	142,641,249	133,384,525

LIABILITIES AND NET ASSETS

		2021	2020
Liabilities:			
Accounts payable	$	273,795	213,515
Grants payable		6,990,000	250,500
Excise and unrelated business income taxes payable		31,538	-
Total liabilities		7,295,333	464,015
Net assets:			
Without donor restrictions		135,345,916	132,920,510
Total liabilities and net assets	$	142,641,249	133,384,525

The accompanying notes are an integral part of the financial statements.

HEALTHY COMMUNITIES FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Revenue, gains, and support:		
Investment income, net	$ 19,275,654	14,505,898
Miscellaneous income	108,591	6,136
Total revenue, gains, and support	19,384,245	14,512,034
Expenses:		
Program services	15,896,833	9,410,511
Management and general	1,062,006	849,095
Total expenses	16,958,839	10,259,606
Change in net assets	2,425,406	4,252,428
Net assets without donor restrictions, beginning of year	132,920,510	128,668,082
Net assets without donor restrictions, end of year	$ 135,345,916	132,920,510

The accompanying notes are an integral part of the financial statements.

HEALTHY COMMUNITIES FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL EXPENSES	PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL EXPENSES
Grants	$ 14,959,296	-	14,959,296	8,530,238	-	8,530,238
Salaries and employee benefits	638,354	536,304	1,174,658	587,207	539,122	1,126,329
Professional fees	81,571	76,924	158,495	34,854	67,142	101,996
Excise taxes	-	260,776	260,776	-	45,190	45,190
Other expense	217,612	188,002	405,614	258,212	197,641	455,853
Total expenses	$ 15,896,833	1,062,006	16,958,839	9,410,511	849,095	10,259,606

The accompanying notes are an integral part of the financial statements.

HEALTHY COMMUNITIES FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash provided (used) by operating activities:		
Change in net assets	$ 2,425,406	4,252,428
Adjustments to reconcile change in net assets to net cash applied to operating activities:		
Depreciation and amortization	109,991	56,130
Realized gains on sales of investments	(13,247,583)	(1,526,093)
Unrealized gains on sales of investments	(3,929,227)	(11,475,818)
Changes in:		
Accounts receivable	21,354	(2,654)
Due from U.S. Treasury	-	671,174
Prepaid expenses and deposits	17,288	(29,975)
Accounts payable	60,280	143,927
Grants payable	6,739,500	(126,158)
Excise and unrelated business income taxes payable	31,538	(67,105)
Net cash used by operating activities	(7,771,453)	(8,104,144)
Cash provided (used) by investing activities:		
Purchases of property and equipment	-	(646,325)
Purchases of investments	(66,460,653)	(25,232,733)
Proceeds from sales of investments	72,519,398	35,583,156
Due from redemption of securities	1,239,233	(1,351,781)
Net cash provided by investing activities	7,297,978	8,352,317
Net increase (decrease) in cash and cash equivalents	(473,475)	248,173
Cash, beginning of year	480,619	232,446
Cash, end of year	$ 7,144	480,619
Other cash flow information:		
Taxes paid	$ 260,776	45,190

The accompanying notes are an integral part of the financial statements.

NOTE 1 - NATURE OF OPERATIONS

Healthy Communities Foundation (Foundation), formerly The Arthur Foundation and preceding that, the MacNeal Health Foundation, is a corporation organized under the Illinois General Not for Profit Corporation Act of 1986. The Foundation was originally funded by a $100,000,000 contribution from the MacNeal Memorial Hospital Association as a result of the sale of the hospital it owned.

The Foundation is a not-for-profit organization that makes grants to other not-for-profit organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code (IRC) of 1986 to promote health equity, quality, and access for all. Grants are given to organizations located within the Foundation's geographic target area or serving a significant percentage of the local population in these communities.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles applicable to not-for-profit organizations and in accordance with accounting principles generally accepted in the United States of America.

Investments

The Foundation invests in cash reserves, mutual funds, and other investments such as real estate partnerships, commodity funds, hedge funds, and private equity funds with a primary goal of preserving and increasing principal through diversification.

Investments are reported at fair value in the statements of financial position. Investment income or loss (including realized and unrealized gains and losses, interest, and dividends) is reported net of external and direct internal investment expenses and is included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Interest and dividend income is recorded on the accrual basis.

In addition, there are various investments with future lock-up periods and redemption notice periods, as well as unfunded commitments that are stated in Note 4.

The Foundation’s investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term that will materially affect the amounts reported in the financial statements.

At December 31, 2021, the Foundation had amounts due from the redemption of securities of $112,548. These redemptions were executed prior to year-end and represent the return of investor principal to the Foundation. There were $1,351,781 outstanding redemptions at December 31, 2020.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property and Equipment

Property and equipment have been recorded at cost if purchased or at fair value at time of donation if received as a gift. The Foundation capitalizes property and equipment over $2,500 that have a useful life of more than one year. Depreciation and amortization of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Leasehold improvements are amortized over the term of the lease. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. The useful lives of property and equipment for purposes of computing depreciation and amortization are as follows:

Computer equipment and software	5 years
Furniture and fixtures	5 years
Leasehold improvements	6 years

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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.

Support and Expenses

The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Foundation did not receive any contributions during the years ended December 31, 2021 and 2020.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Support and Expenses, Continued

The Foundation reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and management and general activities.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and employee benefits, and professional fees, which are allocated on the basis of estimates of time and effort. Other expenses are allocated in proportion to the full-time equivalent personnel benefited by those expenses.

Income Taxes

The Foundation has been determined to be exempt from income tax under provisions of the IRC Sections 501(a) and 501(c)(3).

Accounting Estimates

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

Concentration of Credit Risk

The Foundation maintains its cash in bank deposits which at times, may exceed federally insured limits. The Foundation believes it is not exposed to significant credit risk on these accounts.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

New Accounting Standard – Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The FASB also subsequently issued additional ASUs, which amend and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases in the statements of financial position. The ASUs are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Foundation is currently evaluating the methods of adoption allowed and the effect that adoption is expected to have on its financial position, changes in net assets, cash flows, and related disclosures.

Management Evaluation of Going Concern

In accordance with accounting principles generally accepted in the United States of America, management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about the Foundation's ability to continue as a going concern for the one-year period from the date the financial statements were available to be issued. Management's evaluation did not identify any conditions or events that raise substantial doubt about the Foundation's ability to continue as a going concern for the period from January 13, 2023 to January 13, 2024.

Subsequent Events

Subsequent events have been evaluated through January 13, 2023, the date that the financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND AVAILABILITY

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

	2021	2020
Financial assets at year-end:		
Cash	$ 7,144	480,619
Accounts receivable	1,300	22,654
Due from redemption of securities	112,548	1,351,781
Investments	142,006,004	130,887,939
Total financial assets	142,126,996	132,742,993
Financial assets available to meet cash needs for general expenditures within one year	$ 142,126,996	132,742,993

NOTE 3 - LIQUIDITY AND AVAILABILITY, CONTINUED

As part of the Foundation's liquidity management plan, cash in excess of daily requirements is invested in the Foundation's investment portfolio. The Foundation keeps approximately 70% of its total investments in funds with daily liquidity. The Foundation's goal is to maintain available financial assets sufficient to meet 60 days of general operating funds in cash and will make withdrawals from the investment portfolio as needed or in order to meet the obligations of its annual grant portfolio in accordance with minimum distribution requirements.

NOTE 4 - FAIR VALUE MEASUREMENTS

Accounting standards generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that management has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

NOTE 4 - FAIR VALUE MEASUREMENTS, CONTINUED

Investment Level 1 Inputs - Fair value were determined using quoted prices in active markets for identical assets that the Foundation has the ability to access.

Investments in Entities that Calculate Net Asset Value per Share - The Foundation holds shares or interests in investment companies at year end whereby the fair value of investment of the investment held is estimated based on the net asset value (NAV) per share (or its equivalent) of the investment company.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2021 and 2020:

	Assets at Fair Value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	$ 3,430,794	-	-	3,430,794
Mutual funds - equity focused	35,486,442	-	-	35,486,442
Mutual funds - fixed income focused	14,800,987	-	-	14,800,987
Mutual funds- real asset focused	4,245,104	-	-	4,245,104
Separately managed account - equity focused	28,194,891	-	-	28,194,891
Separately managed account - fixed income focused	5,288,059	-	-	5,288,059
Assets measured at NAV[(a)]				
Hedge funds - equity focused	-	-	-	10,301,264
Hedge funds - fixed-income focused	-	-	-	19,777,872
Hedge funds - multi-strategy	-	-	-	-
Commodity funds	-	-	-	97,909
Real estate partnerships	-	-	-	843,686
Private equity funds	-	-	-	19,538,996
Total investments	$ 91,446,277	-	-	142,006,004

NOTE 4 - FAIR VALUE MEASUREMENTS, CONTINUED

	Assets at Fair Value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	$ 3,810,738	-	-	3,810,738
Mutual funds - equity focused	56,105,477	-	-	56,105,477
Mutual funds - fixed income focused	28,140,087	-	-	28,140,087
Assets measured at NAV[a]				
Hedge funds - equity focused	-	-	-	12,027,364
Hedge funds - fixed-income focused	-	-	-	18,279,115
Hedge funds - multi-strategy	-	-	-	184
Commodity funds	-	-	-	97,909
Real estate partnerships	-	-	-	1,236,079
Private Equity Funds	-	-	-	11,190,986
Total investments	$ 88,056,302			130,887,939

[a] Investments that are measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

For the years ended December 31, 2021 and 2020, there were no significant transfers into or out of Level 3.

NOTE 4 - FAIR VALUE MEASUREMENTS, CONTINUED

Investments Measured Using the Net Asset Value per Share Practical Expedient

The following table summarizes investments measured at fair value based on the NAV per share practical expedient as of December 31, 2021 and 2020.

December 31, 2021	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Equity focused [b]	$ 10,301,264	-	General partners discretion	n/a
Fixed income focused [c]	19,777,872	-	Monthly or quarterly	30, 45, 60, or 90 days
Multi-strategy [d]	-	-	n/a	n/a
Commodity funds [e]	97,909	3,041,463	At general partner's discretion	n/a
Real estate partnerships [f]	843,686	147,613	At general partner's discretion or upon dissolution of fund	n/a
Private equity funds [g]	19,538,996	17,912,757	At general partner's discretion	n/a
Total	$ 50,559,727	21,101,833		

NOTE 4 - FAIR VALUE MEASUREMENTS, CONTINUED

December 30, 2020	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Equity focused [b]	$ 12,027,364	-	General partners discretion	n/a
Fixed income focused [c]	18,279,115	150,000	Monthly or quarterly	30, 45, 60, or 90 days
Multi-strategy [d]	184	-	As deals realize	60 days
Commodity funds [e]	97,909	3,041,463	At general partner's discretion	n/a
Real estate partnerships [f]	1,236,079	147,613	At general partner's discretion or upon dissolution of fund	n/a
Private equity funds [g]	11,190,986	16,449,887	At general partner's discretion	n/a
Total	$ 42,831,637	19,788,963		

[b] This category includes hedge funds that invest in a variety of equity-focused strategies, including securities of domestic and foreign publicly traded companies. The fair values of the underlying investments in this category have been estimated using their respective net asset values. Investments totaling $272,984 entered into liquidation effective June 30, 2020 and is pending dissolution of assets. For the year ended December 31, 2020, investments totaling $868,361 were subject to lockup, which expired on June 30, 2020.

[c] This category includes hedge funds that invest in a variety of fixed-income focused strategies, including distressed and below-investment-grade debt securities, mortgage-backed securities, asset-backed securities, corporate bonds, unconstrained or opportunistic bonds, collateralized debt obligations and commodities. The fair values of the investments in this category have been estimated using their respective net asset values. For year ended December 31, 2021, investments in the amount of $5,326,233 and $2,626,901 are subject to a 25% investor level and fund level gate, respectively. For the year ended December 31, 2020, investments in the amount of $2,523,607 and $2,317,543 were subject to a 25% investor level and fund level gate, respectively.

NOTE 4 - FAIR VALUE MEASUREMENTS, CONTINUED

(d) This category included hedge funds that invest using a multiple-strategy approach, including short-term deposits, publicly traded equity and debt securities, asset-backed and mortgage-backed securities, derivative instruments, convertible bonds and options, emerging markets, arbitrage securities, equity restructurings, and residential and commercial real estate assets. The fair values of the investments in this category have been estimated using their respective net asset values. For years ended December 31, 2021 and 2020, investments totaled $0 and $184, respectively, and were subject to a 10% holdback upon redemption, which was paid after the completion of the audited financial statements for the year in which the redemption was made.

(e) This category includes funds that are invested in natural commodities, including coal mines and methane. The fair values of the investments in this category have been estimated using their respective net asset values. These funds are expected to terminate within a year.

(f) This category includes funds that invest in a variety of real estate ventures, including limited partnerships, LLC's, and private real estate investment trusts. The types of real estate include offices, apartments, industrial buildings, and other commercial real estate properties primarily located in the United States of America. The fair values of the investments in this category have been estimated using their respective net asset values. One investment with a value of $376,799 and $415,319 for the years ended December 31, 2021 and 2020, respectively, will terminate upon such time as reasonably necessary to wind down the affairs of the partnership after the date of which all of the partnership’s investments in the underlying funds have been liquidated.

(g) This category includes funds that invest in a variety of private equity strategies, including health care, media, technology, and venture capital. The fair values of the investments in this category have been estimated using their respective net asset values. One investment in the amount of $195,576 and $278,550 for years ended December 31, 2021 and 2020, respectively, is in a fund that is currently in liquidation and pending the dissolution of assets.

For investments whose fair values are estimated based on NAV per share (or its equivalent) above there were no investment restrictions of greater than one year for the years ended December 31, 2021 and 2020.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Computer equipment and software	$ 10,401	32,462
Furniture and fixtures	949	45,186
Leasehold improvements	646,325	646,325
	657,675	723,973
Less accumulated depreciation and amortization	(171,517)	(127,824)
Total property and equipment, net	$ 486,158	596,149

Depreciation and amortization expense included in other expense on the statements of functional expenses was $109,991 and $56,130 for the years ended December 31, 2021 and 2020, respectively.

NOTE 6 - FEDERAL TAXES AND MINIMUM REQUIRED DISTRIBUTIONS

In accordance with the applicable provisions of the IRC of 1986, as amended (the Code), the Foundation is subject to an excise tax on net investment income, including realized gains, as defined in the Code. Federal excise tax expense for the years ended December 31, 2021 and 2020 was estimated to be $260,776 and $45,190, respectively. In addition, the Foundation is subject to unrelated business income tax on a portion of the income provided by certain investment partnerships. The Foundation had no federal unrelated business income tax expenses for the years ended December 31, 2021 and 2020.

For the year ended December 31, 2021 the Foundation had excise taxes payable in the amount of $31,538, and $0 for year ending December 31, 2020.

The Code requires that certain minimum distributions be made in accordance with a specific formula. The Foundation has met the minimum distribution requirements for the years ended December 31, 2021 and 2020.

NOTE 7 - GRANTS PAYABLE

Grants payable consists of multi-year unconditional grants that are generally payable over one to three years. The Foundation estimates these grants will be paid as follows:

	2022	$ 3,845,000
	2023	3,145,000
Total grants payable		$ 6,990,000

NOTE 8 - OPERATING LEASES

The Foundation is obligated under operating leases, primarily for office space and office equipment which expire on various dates through 2026. Additionally, the office space lease requires the Foundation to be responsible for the real estate taxes, all utilities, repairs and maintenance of the facilities, and adequate insurance on the facilities.

Total rent expense under all operating leases amounted to $60,760 and $50,428 for the years ended December 31, 2021 and 2020, respectively, and is included with other expenses in the statements of functional expenses.

The aggregate future minimum lease commitment on these leases as of December 31, 2021 is as follows:

2022	$	74,045
2023		73,808
2024		73,915
2025		76,135
2026		40,875
Total	$	338,778

NOTE 9 - RETIREMENT PLAN

The Foundation sponsors a 401(k) retirement plan (Plan). The Foundation contributes a discretionary profit sharing amount of eligible employees' salaries, as well as a stated contribution amount of 15% of eligible employees' salaries in the form of a safe harbor contribution. The Plan also allows for employee salary deferral contributions. The Foundation expenses contributions to the Plan as incurred. Employer contributions for the year ended December 31, 2021 and 2020 totaled $122,895 and $117,645, respectively.

NOTE 10 - IMPACT OF COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States of America and the world. To date, the impact on the Foundation's operations and results has not been significant and management expects this to remain the case. Management continues to actively monitor the global situation in order to mitigate any potential future impact on the Foundation's changes in net assets and financial performance.

NOTE 11 - RECLASSIFICATIONS

Certain amounts in the December 31, 2020 financial statements have been reclassified to conform to the December 31, 2021 presentation.