
Ann Arbor Area Community Foundation

**Financial Report
December 31, 2018 and 2017**

Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Financial Statements	8-23

Independent Auditor's Report

To the Board of Trustees
Ann Arbor Area Community Foundation

We have audited the accompanying financial statements of the Ann Arbor Area Community Foundation (the "Community Foundation"), which comprise the statement of financial position as of December 31, 2018 and 2017 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ann Arbor Area Community Foundation as of December 31, 2018 and 2017 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, the Community Foundation adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of January 1, 2018, applied retrospectively. Our opinion is not modified with respect to this matter.

To the Board of Trustees
Ann Arbor Area Community Foundation

As explained in Note 12, the financial statements include investments valued at \$51,062,984 (42 percent of net assets) at December 31, 2018 and \$54,279,277 (41 percent of net assets) at December 31, 2017, whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

June 27, 2019

Ann Arbor Area Community Foundation

Statement of Financial Position

December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents (Note 2)	\$ 2,869,040	\$ 4,650,939
Investments (Note 3)	119,159,843	124,102,871
Accounts receivable	18,399	35,480
Bequests and other deferred gifts receivable	2,731,377	3,266,642
Pledges receivable - Net (Note 4)	264,662	320,798
Receivable from trusts (Note 5)	185,393	201,312
Charitable remainder unitrust (Note 8)	1,031,574	1,180,401
Property and equipment - Net (Note 6)	1,107,010	1,147,594
	<u>\$ 127,367,298</u>	<u>\$ 134,906,037</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 25,218	\$ -
Grants payable (Note 7)	1,196,496	216,822
Liability to life beneficiaries of planned gifts (Note 8)	530,137	495,714
Annuity payable (Note 13)	130,767	135,414
Other liabilities	33,122	39,596
Assets held for others:		
Endowed	3,066,482	2,353,685
Nonendowed (Note 2)	18,142	144,851
	<u>5,000,364</u>	<u>3,386,082</u>
Total liabilities	5,000,364	3,386,082
Net Assets		
Without donor restrictions	118,684,065	127,092,207
With donor restrictions	3,682,869	4,427,748
	<u>122,366,934</u>	<u>131,519,955</u>
Total net assets	122,366,934	131,519,955
	<u>\$ 127,367,298</u>	<u>\$ 134,906,037</u>
Total liabilities and net assets	<u>\$ 127,367,298</u>	<u>\$ 134,906,037</u>

Ann Arbor Area Community Foundation

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Gifts, grants, and pledges (Note 2)	\$ 6,130,950	\$ 110,093	\$ 6,241,043	\$ 40,741,198	\$ 2,728,969	\$ 43,470,167
In-kind donations	9,500	-	9,500	24,767	-	24,767
Rental income	-	-	-	1,628	-	1,628
Change in value of deferred gifts receivable	-	(101,041)	(101,041)	-	709,261	709,261
Net realized and unrealized (losses) gains on investments (Note 3)	(7,958,636)	-	(7,958,636)	11,278,451	-	11,278,451
Interest and dividends (Note 3)	2,011,308	-	2,011,308	1,489,354	-	1,489,354
Change in value of charitable remainder trust (Note 8)	-	(101,242)	(101,242)	-	(89,838)	(89,838)
Net assets released from restrictions	652,689	(652,689)	-	965,654	(965,654)	-
Total revenue, gains, and other support	845,811	(744,879)	100,932	54,501,052	2,382,738	56,883,790
Expenses						
Program services:						
Grants (Note 7)	7,363,284	-	7,363,284	4,236,527	-	4,236,527
Programs and grants administration	753,827	-	753,827	485,365	-	485,365
Total program services	8,117,111	-	8,117,111	4,721,892	-	4,721,892
Support services:						
Management and general	657,697	-	657,697	553,272	-	553,272
Development	479,145	-	479,145	475,420	-	475,420
Total support services	1,136,842	-	1,136,842	1,028,692	-	1,028,692
Total expenses	9,253,953	-	9,253,953	5,750,584	-	5,750,584
(Decrease) Increase in Net Assets	(8,408,142)	(744,879)	(9,153,021)	48,750,468	2,382,738	51,133,206
Net Assets - Beginning of year	127,092,207	4,427,748	131,519,955	78,341,739	2,045,010	80,386,749
Net Assets - End of year	\$ 118,684,065	\$ 3,682,869	\$ 122,366,934	\$ 127,092,207	\$ 4,427,748	\$ 131,519,955

Ann Arbor Area Community Foundation

Statement of Functional Expenses

Year Ended December 31, 2018

	Program Services	Support Services		Total
	Community Services	Management and General	Development	
Salaries and wages	\$ 329,182	\$ 377,698	\$ 190,578	\$ 897,458
Payroll taxes and fringe benefits	57,167	65,592	33,096	155,855
Total salaries and related expenses	386,349	443,290	223,674	1,053,313
Advertising	150	559	30,529	31,238
Annual report	-	-	3,164	3,164
Bad debt expense	-	-	80,372	80,372
Community leadership	152,806	(1,367)	-	151,439
Conferences and meetings	7,265	19,213	10,098	36,576
Depreciation	21,243	24,526	10,235	56,004
Donor services	37,635	3,300	33,791	74,726
Dues and subscriptions	1,012	2,925	1,578	5,515
Events	2,646	3,044	29,975	35,665
Tech licenses and fees	40,039	43,316	23,577	106,932
In-kind expense	-	5,500	4,000	9,500
Insurance	-	8,097	-	8,097
Miscellaneous	-	(8,762)	1,495	(7,267)
Occupancy	14,012	16,178	6,751	36,941
Postage	50	2,555	3,451	6,056
Professional fees	73,161	75,680	-	148,841
Supplies	9,174	10,078	4,713	23,965
Telephone	4,293	4,957	2,069	11,319
Website	3,992	4,608	9,673	18,273
Grants	7,363,284	-	-	7,363,284
Total functional expenses	\$ 8,117,111	\$ 657,697	\$ 479,145	\$ 9,253,953

Ann Arbor Area Community Foundation

Statement of Functional Expenses

Year Ended December 31, 2017

	Program Services	Support Services		Total
	Community Services	Management and General	Development	
Salaries and wages	\$ 263,007	\$ 342,707	\$ 191,278	\$ 796,992
Payroll taxes and fringe benefits	39,191	51,069	28,507	118,767
Total salaries and related expenses	302,198	393,776	219,785	915,759
Advertising	700	-	26,682	27,382
Annual report	-	-	2,853	2,853
Bad debt expense	-	-	87,108	87,108
Community leadership	57,386	-	90	57,476
Conferences and meetings	11,179	3,095	3,537	17,811
Depreciation	19,696	24,529	9,489	53,714
Donor services	12,299	5,219	38,374	55,892
Dues and subscriptions	2,130	2,926	3,497	8,553
Events	-	292	29,985	30,277
Tech licenses and fees	27,175	33,845	13,093	74,113
Insurance	-	7,508	-	7,508
Miscellaneous	381	(12,492)	-	(12,111)
Occupancy	12,418	15,467	5,983	33,868
Postage	-	2,033	3,241	5,274
Professional fees	13,169	44,365	-	57,534
Supplies	5,993	7,001	4,458	17,452
Telephone	5,307	6,610	2,759	14,676
Website	15,334	19,098	24,486	58,918
Grants	4,236,527	-	-	4,236,527
Total functional expenses	\$ 4,721,892	\$ 553,272	\$ 475,420	\$ 5,750,584

Ann Arbor Area Community Foundation

Statement of Cash Flows

Years Ended December 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	\$ (9,153,021)	\$ 51,133,206
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation	56,003	53,714
Amortization of discount on pledges receivable	(4,318)	(188)
Noncash charitable remainder unitrust	148,827	(140,012)
Net unrealized loss (gain) on investments	8,481,369	(10,397,367)
Net realized gain on investments	(949,481)	(1,335,531)
Donated investments	(1,300,890)	(3,424,750)
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Receivables	17,081	(2,726)
Pledges and trusts receivable	76,373	61,053
Bequests and other deferred gifts receivable	535,265	(2,351,242)
Accounts payable and other liabilities	18,744	7,081
Grants payable	979,674	147,969
Annuity payable	(4,647)	(22,849)
Assets held for others - Endowed	712,797	348,003
Assets held for others - Nonendowed	(126,709)	(18,185,300)
Liability to life beneficiaries of planned gifts	34,423	47,650
Net cash and cash equivalents (used in) provided by operating activities	(478,510)	15,938,711
Cash Flows from Investing Activities		
Purchases of property and equipment	(15,419)	(307,165)
Purchases of investments	(32,656,449)	(104,501,670)
Proceeds from sales and maturities of investments	31,368,479	70,750,657
Net cash and cash equivalents used in investing activities	(1,303,389)	(34,058,178)
Net Decrease in Cash and Cash Equivalents	(1,781,899)	(18,119,467)
Cash and Cash Equivalents - Beginning of year	4,650,939	22,770,406
Cash and Cash Equivalents - End of year	<u><u>\$ 2,869,040</u></u>	<u><u>\$ 4,650,939</u></u>

Note 1 - Nature of Activities

The Ann Arbor Area Community Foundation (the "Community Foundation") enriches the quality of life in its region through its knowledgeable leadership, engaged grantmaking, and creative partnerships with donors to make philanthropic investments and build endowment.

Note 2 - Significant Accounting Policies

Financial Statement Presentation

The financial statements are prepared on the accrual basis of accounting. The Community Foundation has determined that the use of fund accounting to segregate assets, liabilities, net assets, income, and expenses, although not required by accounting standards, is a meaningful practice to continue. The Community Foundation utilizes eight fund types to segregate activities as follows:

- General unrestricted - Totally unrestricted resources
- Field of interest - Resources used to support specific areas, such as community development, the performing arts, healthcare, environmental preservation, education, services for the elderly, or programs for youth
- Scholarship - Resources used to help area students complete their education
- Donor advised - Resources for which the donors are active participants in the giving process, sharing their insights and preferences with the Community Foundation's trustees as fund distributions are made
- Designated - Resources for which the donors specify certain charities as recipients of their gifts. Agency endowments held in the designated funds are shown as a liability.
- Special - This fund is used to account for agency transactions entered into by the Community Foundation. The agreement between the Community Foundation and the interested party allows for distributions of both income and principal. The resources received under these agreements are not considered contributions to the Community Foundation and, therefore, have been classified as a liability.
- Trust - This fund is composed of a charitable remainder unitrust gift and a charitable gift annuity.
- Administrative - Resources used to provide financial support for day-to-day programs and operations

The Community Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Due to variance power, the Community Foundation has no net assets with donor restrictions that are required to be maintained in perpetuity.

Contributions Received

Contributions received are recorded as "with donor restrictions" or "without donor restrictions," depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. A transfer of assets to the Community Foundation shall be accounted for as a liability if one or more of the following conditions is present:

- a. The transfer is subject to the resource provider's unilateral right to redirect the use of the assets to another beneficiary.
- b. The transfer is accompanied by the resource provider's conditional promise to give or is otherwise revocable or repayable.
- c. The resource provider controls the recipient organization and specifies an unaffiliated beneficiary.

Note 2 - Significant Accounting Policies (Continued)

d. The resource provider specifies itself or its affiliate as the beneficiary and the transfer is not an equity transaction.

It is the board of trustees' (the "Board") interpretation of accounting standards that all gifts and grants received by the Community Foundation constitute net assets without donor restrictions, other than those with time restrictions, on the use of the contributions, such as pledges, bequests receivable, and trusts. The bylaws of the Community Foundation, under variance power, give the Board the authority to modify any restriction or condition on distribution of resources for any charitable purposes or to specific organizations if, in its sole judgment, such restrictions or conditions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

Agency Transactions

The Community Foundation has adopted established standards for transactions in which the Community Foundation accepts a contribution from a donor and agrees to transfer those assets, the return on the investment of those assets, or both to another entity that is specified by the donor. The Community Foundation refers to these types of resources as designated, agency endowment, or special funds and has accounted for these three types of funds in the designated and/or special fund categories. The statement of financial position refers to agency endowment funds held within the designated fund category as "endowed" assets held for others. The statement of financial position also refers to "nonendowed" assets held for others. These assets represent temporary special funds that have an impact on the community and support the individual donors to support time-limited initiatives.

The designated fund agreements between the Community Foundation and the organizations allow for distributions per the spending policy of the Community Foundation. The special fund agreements between the Community Foundation and the organizations or individuals allow for distribution of both income and principal. The resources received under these agreements are not considered contributions to the Community Foundation and, therefore, have been classified as a liability.

In 2018 and 2017, funds of \$993,329 and \$362,078, respectively, were received under agency endowment fund agreements and were recorded directly to the "assets held for others" statement of financial position liability account.

During 2016, the Community Foundation entered into an agreement with Glacier Hills, Inc. (Glacier Hills) and Trinity Continuing Care Services (dba Trinity Senior Living Communities) (Trinity) to temporarily hold charitable assets totaling approximately \$18,000,000 generated through the acquisition of the membership interest in Glacier Hills by Trinity. Due to the conditions of the agreement, the transfer was considered an agency transaction and the assets received were recorded as nonendowed assets held for others. During 2017, the Community Foundation and Glacier Hills entered into new agreements to establish a temporary fund and legacy fund with these assets. As a result of these new agreements, a contribution and a corresponding reduction in nonendowed assets held for others were recorded.

Accounting Treatment for Each Type of Fund

Designated Funds - Designated funds typically are established with gifts from a donor with a request to distribute the transferred assets, the return on the investment of those assets, or both to a specified unaffiliated beneficiary. Additionally, the donor has granted the Community Foundation variance power, which allows the Community Foundation the flexibility to ensure that the donor's charitable interest will be served in perpetuity. When accounting for additions to designated funds, the Community Foundation records the assets received or promised as contributed revenue.

December 31, 2018 and 2017

Note 2 - Significant Accounting Policies (Continued)

Agency Endowment Funds - If a not-for-profit organization (NPO) establishes, with its own funds, a fund at the Community Foundation for its own benefit, the transfer of assets to the Community Foundation is not contribution revenue and is accounted for as a liability. The Community Foundation continues to report the fund as an asset of the Community Foundation; however, a liability for the market value is also recorded, representing the present value of the future payments expected to be made to the NPO.

Cash Equivalents

The Community Foundation considers all unrestricted, highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Concentration of Credit Risk Arising from Deposit Accounts

The Community Foundation maintains cash balances at one institution. Accounts at this institution are insured by the Federal Deposit Insurance Corporation in accordance with the program limit. In addition, the Community Foundation uses a cash management product through its primary depository institution to ensure that any deposits over \$250,000 are insured with other banking institutions. At times, the balances held in the primary deposit account may exceed federally insured amounts.

Investments

Money market investment funds held under the custody of fund managers represent temporarily uninvested monies and are considered short-term investments. Investments in common and preferred stocks, bonds, U.S. Treasury bills, and mutual funds are carried at quoted fair value. The Community Foundation's investments in nonmarketable limited partnerships are generally carried at fair value, which is estimated based on the net asset value per share (or its equivalent) by the investment manager. Audited information is only available annually, typically six months or more after the end of the partnership's year. Management of the Community Foundation reviews monthly and/or quarterly valuations provided by the general partner or manager of the funds and assesses the reasonableness of the fair values provided at the interim dates and included in the Community Foundation's financial statements. Because of the inherent uncertainty of valuations, the fair values used may differ from values that would have been used had a ready market existed. Realized gains and losses on sales of investments represent the difference between the net sales price and the cost of the securities sold. Unrealized gains or losses on investments represent the net change for the reported year in unrealized appreciation between the balance at the beginning and the end of the year.

Risks and Uncertainties

The Community Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Bequests Receivable and Other Deferred Gifts Receivable

Bequests receivable consist of gifts made by means of wills and trusts for which the donor is deceased and are otherwise considered irrevocable. Other deferred gifts receivable consist of other gifts for which payment is expected in the future. Deferred gifts are recorded at the present value of the revenue to be received using discount rates appropriate for the time frame and risk level of the asset. Payment on these receivables is expected in the next year. The bequests receivable totaled \$2,702,377 and \$3,015,729 as of December 31, 2018 and 2017, respectively, and are deemed fully collectible.

December 31, 2018 and 2017

Note 2 - Significant Accounting Policies (Continued)

Pledges Receivable

Pledges receivable consist of contributions that donors intend to contribute over time. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible.

In-kind Donations

In-kind donations consist of materials and services given without remuneration. In 2018 and 2017, this consisted of artwork, professional services, catering services, and construction-related materials and services.

Property and Equipment

Property and equipment are recorded at cost when purchased and at estimated fair value when donated. Depreciation on property and equipment is calculated on a straight-line basis over the estimated useful lives of the assets, ranging from 3 to 40 years.

Tax Status

The Internal Revenue Service has ruled that the Community Foundation is a public charity, as described in Section 509(a)(1) of the Internal Revenue Code (IRC). Consequently, the Community Foundation is exempt from federal income tax and certain excise taxes imposed on private foundations under Section 501(c)(3) of the United States IRC.

Functional Allocation of Expenses

The Community Foundation allocates expenses on a functional basis to program and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Wages, payroll taxes and benefits are allocated based on an estimate of the time each staff member spends related to each of the functional categories. Other expenses, such as certain administration and occupancy expenses, are allocated based on estimates of overall staff time allocated to each functional category. Although allocation methods used are considered reasonable, other methods could be used that would produce different results. Management and general and development costs are shown as administrative costs under support services on the statement of activities and changes in net assets.

Grants

Grants are recorded as expense in the year they are approved for payment by the authorized Community Foundation personnel, as empowered by the Board.

Fair Value Disclosures

The estimated fair value amounts have been determined by the Community Foundation using available market information and appropriate valuation methodologies. These estimates are subjective in nature and involve uncertainties and matters of considerable judgment. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Community Foundation could realize in a current market exchange. The use of different assumptions, judgments, and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The Community Foundation adopted a standard permitting the Community Foundation to choose to measure many financial instruments and certain other items at fair value. The fair value option may be applied instrument by instrument, is irrevocable, and is applied only to entire instruments and not to a portion of instruments. The Community Foundation has elected the fair value option election with respect to the liability to life beneficiaries of planned gifts related to the charitable remainder unitrust.

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

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

Adoption of New Accounting Pronouncements

The Community Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This standard requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. In addition, the underwater portion of donor-restricted endowments is now reported as net assets with donor restrictions. This standard also requires changes in the way certain information is aggregated and reported by the Community Foundation, including disclosures of quantitative and qualitative information about the liquidity and availability of resources and the presentation of expenses by both functional and natural classification. The standard also clarifies the definition of management and general and prohibits certain expenses from being allocated out of management and general. The standard was adopted as of January 1, 2018 and applied retrospectively, except for the liquidity footnote, which was applied prospectively. As a result of the adoption of this standard, the financial information for the year ended December 31, 2017 has been restated as follows: net assets of \$4,427,748 previously reported as temporarily restricted net assets are now reported as net assets with donor restrictions, \$454,447 of investment fees previously reported as program expenses have been netted against investment income, management and general expenses increased by \$107,175, development expenses increased by \$3,531, and as a result of the previously mentioned increase to management and general and development expenses, program expenses decreased by \$110,706.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820), Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. The update modifies certain disclosure requirements for fair value measurements and is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Community Foundation elected to early adopt this standard as of January 1, 2018, applied retrospectively. The adoption of this guidance resulted in changes to certain fair value measurement disclosures and does not have a material impact on the financial statements.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including June 27, 2019, which is the date the financial statements were available to be issued.

Note 3 - Investments

Investments are composed of the following fair values at December 31:

	2018	2017
Money market funds	\$ 4,466,135	\$ 7,416,001
Fixed income	19,664,345	17,880,850
Equity securities	43,966,379	44,526,743
Alternative investments	51,062,984	54,279,277
Total	<u>\$ 119,159,843</u>	<u>\$ 124,102,871</u>

December 31, 2018 and 2017

Note 3 - Investments (Continued)

Investment income and expenses are composed of the following at December 31:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 2,011,308	\$ 1,489,354
Net realized gains	949,481	1,335,531
Net unrealized (losses) gains	(8,481,369)	10,397,367
Investment fees	(426,748)	(454,447)
Total	<u>\$ (5,947,328)</u>	<u>\$ 12,767,805</u>

Note 4 - Pledges Receivable

Pledges are recognized as revenue in the period the pledges are received. No allowance was deemed necessary for uncollectible pledges at December 31, 2018 and 2017. The Community Foundation receives contributions from related parties, such as board members. For the years ended December 31, 2018 and 2017, such contributions were approximately \$203,000 and \$187,000, respectively.

Pledges outstanding at December 31, 2018 and 2017 are expected to be collected as follows:

	<u>2018</u>	<u>2017</u>
Pledges receivable in less than one year	\$ 126,570	\$ 161,075
Pledges receivable in one to five years	145,173	171,122
Gross unconditional promises to give	271,743	332,197
Less unamortized discount on pledges due in greater than one year	(7,081)	(11,399)
Unconditional promises to give	<u>\$ 264,662</u>	<u>\$ 320,798</u>

Pledges receivable activity for 2018 and 2017 is detailed below:

	<u>2018</u>	<u>2017</u>
Balance - January 1	\$ 320,798	\$ 305,282
Add new pledges	98,631	191,400
Less collections	(90,313)	(108,290)
Less uncollectible pledges written off	(64,454)	(67,594)
Balance - December 31	<u>\$ 264,662</u>	<u>\$ 320,798</u>

Note 5 - Receivable from Trusts

The Community Foundation is the beneficiary of two charitable lead trusts. The receivable from each of the two trusts is reduced annually by the principal portion of the distribution, and interest income is also recognized. One trust began making annual distributions in 1998 for a 20-year period ending in 2018, the date of the trust termination. At the inception of the trust, a receivable from the trust and contribution revenue of \$246,654 were recognized by the Community Foundation. The receivable represents the discounted value (at 8 percent) of the future stream of annual distributions of \$25,000 through 2018. At December 31, 2017, the net present value of the receivable was \$15,919. The trust made its final distribution in 2018.

December 31, 2018 and 2017

Note 5 - Receivable from Trusts (Continued)

The other trust began making annual distributions in 2001. The annual distribution continues through 2020, the date of the trust termination. At the inception of the trust, a receivable from the trust and contribution revenue of \$771,295 were recognized by the Community Foundation. The receivable represents the discounted value (at 6.25 percent) of the future stream of annual distributions of \$70,000 through 2020. At December 31, 2018 and 2017, the net present value of the receivable was \$185,393.

Note 6 - Property and Equipment

The cost of property and equipment is summarized as follows:

	2018	2017
Buildings	\$ 1,357,551	\$ 1,349,615
Furniture and fixtures	124,014	87,170
Computer equipment and software	211,306	240,667
Total cost	1,692,871	1,677,452
Accumulated depreciation	585,861	529,858
Net property and equipment	<u>\$ 1,107,010</u>	<u>\$ 1,147,594</u>

Depreciation expense for 2018 and 2017 was \$56,003 and \$53,714, respectively.

Note 7 - Grants/Grants Payable

Grants are recognized as liabilities at the time the authorized community foundation personnel, as empowered by the Board, authorize the expenditures, regardless of the year in which the grant is paid. Grants are authorized subject to the spending policy limitations. A summary of grants and grants payable for 2018 and 2017 is as follows:

	2018			
	Commitment - Beginning of Year	Authorizations (Net of Reversals)	Payments	Commitment - End of Year
Administrative endowments	\$ -	\$ 39,761	\$ (39,761)	\$ -
Designated	8,000	808,699	(806,100)	10,599
Donor advised	30,000	2,845,175	(2,769,175)	106,000
Field of interest	102,572	1,943,120	(1,234,495)	811,197
General unrestricted	10,000	1,094,876	(854,876)	250,000
Special	46,300	188,442	(234,742)	-
Scholarship	19,950	638,153	(639,403)	18,700
Gross grants and liability	<u>\$ 216,822</u>	<u>\$ 7,558,226</u>	<u>\$ (6,578,552)</u>	<u>\$ 1,196,496</u>

Less grants made from funds held for others:

Authorizations (from above)	\$ 7,558,226
Special - Pass-through grants	(188,442)
Returned grants	<u>(6,500)</u>
Total grants per statement of activities and changes in net assets	<u>\$ 7,363,284</u>

December 31, 2018 and 2017

Note 7 - Grants/Grants Payable (Continued)

The grant expense increase of \$3,126,757 from 2017 to 2018 was driven primarily by three factors: a significant increase in contributions in 2017, which in turn increased grant funding in 2018; prize competition grants from the Glacier Hills Legacy Prize Fund in 2018 (\$960,000); and the 2018 transfer of funds related to the Community Foundation of Plymouth to the Canton Community Foundation (\$1,023,301).

	2017			
	Commitment - Beginning of Year	Authorizations (Net of Reversals)	Payments	Commitment - End of Year
Administrative endowments	\$ -	\$ 37,687	\$ (37,687)	\$ -
Designated	8,000	803,135	(803,135)	8,000
Donor advised	30,000	1,758,778	(1,758,778)	30,000
Field of interest	2,946	566,474	(466,848)	102,572
General unrestricted	15,000	618,103	(623,103)	10,000
Special	-	487,372	(441,072)	46,300
Scholarship	12,907	255,729	(248,686)	19,950
Gross grants and liability	<u>\$ 68,853</u>	<u>\$ 4,527,278</u>	<u>\$ (4,379,309)</u>	<u>\$ 216,822</u>

Less grants made from funds held for others:

Authorizations (from above)	\$ 4,527,278
Special - Pass-through grants	(487,372)
Designated - Agency transaction grants	(37,687)
Interfund grants	243,686
Returned grants	<u>(9,378)</u>
Total grants per statement of activities and changes in net assets	<u>\$ 4,236,527</u>

Note 8 - Charitable Remainder Unitrust

During the year ended December 31, 1999, the Community Foundation began to administer a planned gift under a charitable remainder unitrust. A charitable remainder unitrust provides for the payment of a fixed percentage of the net fair value of the trust's assets, as determined each year. Upon termination of the income beneficiary's interest, the assets of the trust are to be transferred in the following amounts: (1) \$50,000 to an unrelated charity and (2) the balance of the trust to the Community Foundation for donor-designated purposes.

The portion of the planned gift attributable to the present value of the future benefits to be received by the Community Foundation, \$422,107, was recorded in the statement of activities and changes in net assets as a contribution in the period the planned gift was established. The balance of the charitable remainder unitrust assets was \$1,031,574 and \$1,180,401 at December 31, 2018 and 2017, respectively.

The present value of the estimated future payments to the beneficiary was redetermined in 2018 and 2017 using a discount rate of 5.0 percent and 2.6 percent, respectively, and the applicable mortality tables, adjusting the liability and recognizing loss by \$101,242 and \$89,838, respectively. The liability to life beneficiaries of planned gifts was \$530,137 and \$495,714 for 2018 and 2017, respectively.

Note 9 - Net Assets with Donor Restrictions

Net assets with donor restrictions are those assets resulting from contributions whose use by the Community Foundation is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Community Foundation pursuant to those stipulations.

Net assets with donor restrictions consist of the following:

	2018	2017
Pledges receivable (Note 4)	\$ 264,662	\$ 320,798
Less pledges receivable under agency	-	(45,691)
	264,662	275,107
Pledges receivable - Net		
Receivable from trusts (Note 5)	185,393	201,312
Bequests and other deferred gifts receivable	2,731,377	3,266,642
Charitable remainder unitrust - Net (Note 8)	501,437	684,687
	\$ 3,682,869	\$ 4,427,748
Total net assets with donor restrictions	\$ 3,682,869	\$ 4,427,748

Note 10 - Defined Contribution Plan

For the year ended December 31, 2017, the Community Foundation had a SIMPLE IRA plan under which it contributed 2 percent of eligible wages. Effective January 1, 2018, the Community Foundation implemented a tax-sheltered retirement plan under Internal Revenue Code Section 403(b). Under this plan, for 2018, the Community Foundation made a discretionary profit-sharing contribution (2 percent of eligible wages for the year ended December 31, 2018) in addition to a match of 100 percent of each participant's contribution, up to a maximum of 2 percent of eligible wages. The Community Foundation incurred retirement plan expenses of \$33,071 and \$15,524 during 2018 and 2017, respectively.

Note 11 - Board-designated Endowments

The Community Foundation's net assets without donor restrictions include board-designated endowments that would be classified as donor-restricted endowments, except that the Community Foundation has variance power over those assets. Therefore, the Board treats these funds as board-designated endowments, and they are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of trustees of the Community Foundation follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which is designed to help ensure the long-term preservation of the corpus of endowed funds. As a result of this law and variance power provision rights, the Community Foundation classifies within unrestricted net assets (a) the original value of gifts donated to the designated endowment, (b) the original value of subsequent gifts to the designated endowment, and (c) accumulations to the designated endowment. In accordance with following UPMIFA, the Community Foundation considers the following factors in making a determination to appropriate or accumulate board-designated endowment funds:

- The duration and preservation of the fund
- The purpose of the Community Foundation and the board-designated endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments

December 31, 2018 and 2017

Note 11 - Board-designated Endowments (Continued)

- Other resources of the Community Foundation
- The investment policies of the Community Foundation

Changes in Endowment Net Assets for the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>
Board-designated endowment net assets - Beginning of year	\$ 127,092,207
Investment return:	
Investment income	2,011,308
Net depreciation (realized and unrealized)	<u>(7,958,636)</u>
Total investment return	(5,947,328)
Contributions and other support	6,793,139
Appropriation for distributions and administrative fees	<u>(9,253,953)</u>
Board-designated endowment net assets - End of year	<u>\$ 118,684,065</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2017

	<u>Without Donor Restrictions</u>
Board-designated endowment net assets - Beginning of year	\$ 78,341,739
Investment return:	
Investment income	1,489,354
Net appreciation (realized and unrealized)	<u>11,278,451</u>
Total investment return	12,767,805
Contributions and other support	41,733,247
Appropriation for distributions and administrative fees	<u>(5,750,584)</u>
Board-designated endowment net assets - End of year	<u>\$ 127,092,207</u>

Return Objectives and Risk Parameters

The Community Foundation has adopted investment and spending policies for its net assets that attempt to provide a predictable stream of funding to programs supported by its net assets while seeking to maintain its purchasing power. Under this policy, as approved by the board of trustees, the Community Foundation has four objectives: (1) preserve and grow the assets of the Community Foundation, (2) balance long-term growth with appropriate risk and liquidity, (3) achieve market returns, and (4) comply with applicable laws, rules, and regulations.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Community Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Community Foundation targets a broadly diversified asset allocation model with performance benchmarks based on each asset class.

Note 11 - Board-designated Endowments (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Community Foundation has a policy of appropriating for distributions and administrative fees each year up to 5 percent of its endowed investment pool's average fair value over the prior 16 quarters through September 30 of the preceding fiscal year in which the distribution is planned. In establishing this policy, the Community Foundation considered the long-term expected return on its investment portfolio. By limiting its spending policy, over the long term, the Community Foundation expects the current spending policy to allow its net assets to grow annually. This is consistent with the Community Foundation's objective to maintain the purchasing power of the investment portfolio and net assets, as well as to provide real growth through new gifts and investment returns.

The annual spending amount, as defined above, is used for both amounts available to grant from each fund, as well as administrative fees charged to each fund. The administrative fee is calculated based on the fund fee schedule approved by the board of trustees and in effect at the time the calculation is made. Amounts available to grant are calculated by subtracting the administrative fee from the total calculated spending amount. For a portion of 2017, endowed funds were not allowed to make grants until they had been at the Community Foundation for four consecutive quarters. During 2017, the board of trustees modified this policy to allow endowed funds to make grants after they had been at the Community Foundation for two consecutive quarters. Pass-through and donor-advised funds do not have the two-quarter restriction. Administrative fees will be charged to funds from the date that the fund is established, as prescribed by the fund fee schedule in effect at the time. The annual spending amount is determined and recommended by the finance committee and approved by the board of trustees. In 2018 and 2017, the Community Foundation used 5 percent as the spending policy.

Note 12 - Fair Value Measurements

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

The following tables present information about the Community Foundation's assets and liabilities measured at fair value on a recurring basis at December 31, 2018 and 2017 and the valuation techniques used by the Community Foundation to determine those fair values.

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

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset or liability.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Community Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Notes to Financial Statements

December 31, 2018 and 2017

Note 12 - Fair Value Measurements (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis at
December 31, 2018

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV	Balance at December 31, 2018
Assets					
Investments:					
Money market funds - Short-term investment	\$ 4,466,135	\$ -	\$ -	\$ -	\$ 4,466,135
Mutual funds - Fixed income	19,664,345	-	-	-	19,664,345
Mutual funds - Domestic equity	24,535,326	-	-	-	24,535,326
Mutual funds - Foreign equity	19,431,053	-	-	-	19,431,053
Alternative investments	-	-	-	51,062,984	51,062,984
Subtotal	68,096,859	-	-	51,062,984	119,159,843
Charitable remainder unitrust	-	-	1,031,574	-	1,031,574
Total assets	<u>\$ 68,096,859</u>	<u>\$ -</u>	<u>\$ 1,031,574</u>	<u>\$ 51,062,984</u>	<u>\$ 120,191,417</u>
Liabilities - Liability to life beneficiaries of planned gifts					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 530,137</u>	<u>\$ -</u>	<u>\$ 530,137</u>

Assets and Liabilities Measured at Fair Value on a Recurring Basis at
December 31, 2017

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV	Balance at December 31, 2017
Assets					
Investments:					
Money market funds - Short-term investment	\$ 7,416,001	\$ -	\$ -	\$ -	\$ 7,416,001
Mutual funds - Fixed income	17,880,850	-	-	-	17,880,850
Mutual funds - Domestic equity	24,540,595	-	-	-	24,540,595
Mutual funds - Foreign equity	19,986,148	-	-	-	19,986,148
Alternative investments	-	-	-	54,279,277	54,279,277
Subtotal	69,823,594	-	-	54,279,277	124,102,871
Charitable remainder unitrust	-	-	1,180,401	-	1,180,401
Total assets	<u>\$ 69,823,594</u>	<u>\$ -</u>	<u>\$ 1,180,401</u>	<u>\$ 54,279,277</u>	<u>\$ 125,283,272</u>
Liabilities - Liability to life beneficiaries of planned gifts					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 495,714</u>	<u>\$ -</u>	<u>\$ 495,714</u>

Note 12 - Fair Value Measurements (Continued)

Charitable remainder unitrust assets are categorized as Level 3 assets. The Community Foundation estimates the fair value of these assets based upon the fair value of the assets in the trust, unless the facts and circumstances indicate that the fair value would be different from the present value of estimated future distributions.

	Fair Value at December 31, 2018	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Assets - Charitable remainder unitrust	\$ 1,031,574	Fair value of trust investments	Underlying investments in the trust	N/A
Liabilities - Liability to life beneficiaries of planned gifts	(530,137)	Present value of future cash outflows	Life expectancy of beneficiary, discount rate, growth rate	13 years 5.0 percent
	Fair Value at December 31, 2017	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Assets - Charitable remainder unitrust	\$ 1,180,401	Fair value of trust instruments	Underlying investments in the trust	N/A
Liabilities - Liability to life beneficiaries of planned gifts	(495,714)	Present value of future cash outflows	Life expectancy of beneficiary, discount rate, growth rate	14 years 2.6 percent

The Community Foundation has processes in place to select the appropriate valuation technique and unobservable inputs to perform Level 3 fair value measurements. These processes are described in Note 2.

Investments in Entities that Calculate Net Asset Value per Share

The Community Foundation holds shares or interests in investments at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or equivalent) of the investment. For assets totaling \$30,846,826, the underlying assets held by these investment managers are primarily publicly traded equities and bonds for which the net asset value is readily determined on a daily basis. For the remaining investments in this category, the underlying assets are primarily investments in privately owned assets for which the current net asset value is based on the best estimates of the management of those funds; realizable values for these assets may vary from these estimates.

December 31, 2018 and 2017

Note 12 - Fair Value Measurements (Continued)

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

	Investments Held at December 31, 2018 and 2017						
	Fair Value at December 31, 2018	Unfunded Commitments at December 31, 2018	Fair Value at December 31, 2017	Unfunded Commitments at December 31, 2017	Redemption Frequency, if Eligible	Redemption Notice Period	Redemption Restrictions and Lock-up Period
Real estate REIT fund	\$ 3,840,051	\$ -	\$ 4,039,438	\$ -	Monthly	15 days	N/A
Global fixed-income fund	2,706,619	-	2,736,775	-	Semimonthly	5 days	N/A
Equity mutual funds - Foreign	4,330,026	-	5,275,643	-	Various	Various	Various
Commodities fund	-	-	2,320,771	-	Monthly	5 days	N/A
Equity mutual funds - Domestic	11,000,106	-	11,462,835	-	Quarterly	60 days	Subject to redemption gate of 20%
Equity - Long only - Global	5,073,128	-	6,081,559	-	Monthly	6 days	N/A
Equity long/short hedge funds	3,896,896	-	4,133,667	-	50% Semiannual (6/30 and 12/31)	Mar 15 or Sep 15	N/A
Multistrategy hedge funds	3,961,618	-	3,900,621	-	Semiannual (6/30 and 12/31)	95 days	Subject to redemption gate of 25%
Distressed opportunities hedge funds	319,709	90,601	361,893	90,601	Illiquid	N/A	N/A
Natural resources funds	18,403	152,503	64,635	156,503	Illiquid	N/A	N/A
Private equity funds	15,916,428	15,419,733	13,901,440	5,755,624	Various	Various	Various
Total	\$ 51,062,984	\$ 15,662,837	\$ 54,279,277	\$ 6,002,728			

The real estate REIT fund category invests in a manager that focuses on long-only investments in publicly traded real estate investment trusts (REITs).

The global fixed-income fund category invests in a manager that pursues investments in global sovereign debt instruments.

Equity mutual funds, foreign and domestic, are held indirectly through investments in limited partnerships. These equities are valued using quoted market prices and other market data for the same or comparable instruments and transactions in establishing the prices, discounted cash flow models, and other pricing models. These models are primarily industry-standard models that consider assumptions, including time value and yield curve, as well as other relevant economic measures.

The commodities fund category invests in a manager that deploys a liquid and diverse commodity investment strategy, including exposure to energy, industrial metals, precious metals, agriculture, livestock, and food commodities.

The equity long-only global fund category invests in a manager that provides participants with an opportunity to obtain long-term growth primarily from a diversified portfolio of global equity securities.

The equity long/short hedge funds category includes investments in funds that invest with fund managers that deploy both long and short positions in U.S. and global common stocks. Management of the underlying hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position.

December 31, 2018 and 2017

Note 12 - Fair Value Measurements (Continued)

The multistrategy hedge funds category includes investments in funds that invest through a wide variety of hedge fund managers employing many different strategies, with a bias toward credit spreads and arbitrage-type styles.

The distressed opportunities hedge funds category includes investments in funds that deploy a spectrum of distressed securities investment approaches.

The natural resources funds category invests in funds that pursue investments in private natural resource enterprises, primarily in oil and gas exploration and development.

The private equity funds category includes several venture capital and private equity funds that invest in both domestic and foreign private equity and venture capital firms.

The investments in the natural resources, distressed opportunities, and private equity categories above can never be redeemed from the funds' managers. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next 3 to 10 years.

The Community Foundation also monitors the liquidity of its investment portfolio to be certain that cash needs for any particular period of time can be met. At December 31, 2018 and 2017, the entire portfolio was invested as follows: 57 percent and 59 percent in assets with daily redemption terms, 12 percent and 15 percent monthly redemption, 9 percent and 9 percent quarterly redemption, 7 percent and 6 percent semiannual redemption, 5 percent and 5 percent annual redemption, and 10 percent and 6 percent illiquid, respectively. These figures are measured and monitored on a quarterly basis.

Note 13 - Annuity Payable

Annuity payable is composed of a charitable gift annuity, which is a contract between the Community Foundation and a donor in which the Community Foundation agrees to pay the donor (or other person named by the donor) a lifetime annuity in return for a gift of cash or marketable securities. A liability is recorded for the amount due to an income beneficiary of a charitable gift annuity based on the present value of the estimated future payments to be distributed during the income beneficiary's expected life. Each year, the liability is remeasured for changes in actuarial assumptions, and changes in the liability due to factors other than cash payments, such as changing life expectancies, are recorded as an increase or decrease to revenue, gains, and other support.

Note 14 - Liquidity and Availability of Financial Resources

The Community Foundation has \$6,385,518 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. The \$6,385,518 consists of cash of \$2,312,853, contributions receivable of \$157,673, and short-term investments of \$2,352,113 at December 31, 2018, along with an approved endowment spend of \$1,562,879 for 2019 general expenditures. General expenditures include administrative expenses, fundraising expenses, some program expenses, and grant commitments expected to be paid in the subsequent year. None of the financial assets included above are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The contributions receivable included above are subject to implied time restrictions, but are expected to be collected within one year.

December 31, 2018 and 2017

Note 14 - Liquidity and Availability of Financial Resources (Continued)

The Community Foundation has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet six months of general expenditures, which are, on average, approximately \$804,000 for the year ended December 31, 2018. The Community Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Community Foundation invests cash in excess of daily requirements in various short-term investments, including FDIC-insured savings accounts, certificates of deposit, and short-term Treasury instruments.