



LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Governors
Lehigh Valley Community Foundation, Inc.
Allentown, Pennsylvania**

We have audited the accompanying financial statements of Lehigh Valley Community Foundation, Inc. (a nonprofit Foundation), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, 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 audit 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 misstatements 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 in the first paragraph present fairly, in all material respects, the financial position of Lehigh Valley Community Foundation, Inc. as of June 30, 2019 and 2018, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, effective July 1, 2018, Lehigh Valley Community Foundation adopted FASB ASU No. 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of activity without donor restriction is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepting in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Herbein + Company, Inc.

Reading, Pennsylvania
November 13, 2019

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 with Comparative Totals for June 30, 2018

	Without Donor Restriction	With Donor Restriction	Total June 30	
			2019	2018
ASSETS				
Cash	\$ 1,618,354	\$ -	\$ 1,618,354	\$ 2,523,163
Prepaid expenses	22,397	-	22,397	30,668
Investments, at market	54,094,022	2,139,045	56,233,067	57,377,419
Investments - split interest agreements	-	433,518	433,518	467,502
Life insurance policy gift	273,410	-	273,410	261,239
Equipment (net of accumulated depreciation)	5,927	-	5,927	7,798
TOTAL ASSETS	\$ 56,014,110	\$ 2,572,563	\$ 58,586,673	\$ 60,667,789
LIABILITIES				
Accounts payable	\$ 34,314	\$ -	\$ 34,314	\$ 25,071
Grants committed	97,824	-	97,824	20,895
Funds held for organizations	-	2,139,045	2,139,045	2,056,574
Liabilities under split interest agreements	-	429,289	429,289	452,799
TOTAL LIABILITIES	132,138	2,568,334	2,700,472	2,555,339
NET ASSETS				
Without donor restriction	55,881,972	-	55,881,972	58,093,746
With donor restriction	-	4,229	4,229	18,704
TOTAL NET ASSETS	55,881,972	4,229	55,886,201	58,112,450
TOTAL LIABILITIES AND NET ASSETS	\$ 56,014,110	\$ 2,572,563	\$ 58,586,673	\$ 60,667,789

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

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2018

	Without Donor Restriction	With Donor Restriction	Total
ASSETS			
Cash	\$ 2,519,162	\$ 4,001	\$ 2,523,163
Prepaid expenses	30,668	-	30,668
Investments, at market	55,320,845	2,056,574	57,377,419
Investments - split interest agreements	-	467,502	467,502
Life insurance policy gifts	261,239	-	261,239
Equipment (net of accumulated depreciation)	7,798	-	7,798
TOTAL ASSETS	\$ 58,139,712	\$ 2,528,077	\$ 60,667,789
LIABILITIES			
Accounts payable	\$ 25,071	\$ -	\$ 25,071
Grants committed	20,895	-	20,895
Funds held for organizations	-	2,056,574	2,056,574
Liabilities under split interest agreements	-	452,799	452,799
TOTAL LIABILITIES	45,966	2,509,373	2,555,339
NET ASSETS			
Without donor restriction	58,093,746	-	58,093,746
With donor restriction	-	18,704	18,704
TOTAL NET ASSETS	58,093,746	18,704	58,112,450
TOTAL LIABILITIES AND NET ASSETS	\$ 58,139,712	\$ 2,528,077	\$ 60,667,789

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

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2019 with Comparative Totals for June 30, 2018

	Without Donor Restriction	With Donor Restriction	Total	
			Year Ended June 30	
			2019	2018
PUBLIC SUPPORT AND REVENUE				
Gifts	\$ 3,463,998	\$ -	\$ 3,463,998	\$ 10,455,282
Gifts from bequests and trusts	-	-	-	784,289
In-kind gifts	30,215	-	30,215	31,485
Net investment activity	1,914,653	-	1,914,653	3,890,675
Net investment activity, split interest agreements	-	4,992	4,992	11,543
Change in value of split interest agreements	-	(7,303)	(7,303)	(4,124)
Change in cash surrender value of life insurance policies gifted	12,171	-	12,171	13,328
Administrative fees	17,005	-	17,005	16,644
Net assets released from restrictions	12,164	(12,164)	-	-
Total public support and revenue	5,450,206	(14,475)	5,435,731	15,199,122
EXPENSES				
Grantmaking and community leadership	7,130,961	-	7,130,961	4,367,453
Asset development and donor services	336,688	-	336,688	279,549
General and administrative	194,331	-	194,331	158,705
Total expenses	7,661,980	-	7,661,980	4,805,707
CHANGES IN NET ASSETS	\$ (2,211,774)	\$ (14,475)	(2,226,249)	10,393,415
NET ASSETS AT BEGINNING OF YEAR			58,112,450	47,719,035
NET ASSETS AT END OF YEAR			\$ 55,886,201	\$ 58,112,450

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

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

	Without Donor Restriction	With Donor Restriction	Total
REVENUE			
Gifts	\$ 10,455,282	\$ -	\$ 10,455,282
Gifts from bequests and trusts	784,289	-	784,289
In-kind gifts	31,485	-	31,485
Net investment activity	3,890,675	-	3,890,675
Net investment activity, split interest agreements	-	11,543	11,543
Change in value of split interest agreements	-	(4,124)	(4,124)
Change in cash surrender value of life insurance policies gifted	13,328	-	13,328
Administrative fees	16,644	-	16,644
Net assets released from restrictions	359	(359)	-
Total revenue	15,192,062	7,060	15,199,122
EXPENSES			
Grantmaking and community leadership	4,367,453	-	4,367,453
Asset development and donor services	279,549	-	279,549
General and administrative	158,705	-	158,705
Total expenses	4,805,707	-	4,805,707
CHANGES IN NET ASSETS	\$ 10,386,355	\$ 7,060	10,393,415
NET ASSETS AT BEGINNING OF YEAR			47,719,035
NET ASSETS AT END OF YEAR			\$ 58,112,450

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

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	Program Service		Total Program	General and Administrative	Total
	Grantmaking and Community Leadership	Asset Development and Donor Services			
Grants	\$ 6,770,541	\$ -	\$ 6,770,541	\$ -	\$ 6,770,541
Salaries and related taxes and benefits	289,147	225,999	515,146	137,138	652,284
Professional fees	-	-	-	18,000	18,000
Other contracted services	10,112	869	10,981	4,415	15,396
Advertising and promotion	1,723	41,886	43,609	-	43,609
Office expense	2,957	5,612	8,569	1,444	10,013
Information technology	12,941	16,288	29,229	3,761	32,990
Occupancy	30,921	24,442	55,363	16,713	72,076
Travel	3,095	1,371	4,466	3,091	7,557
Conferences and meetings	2,145	11,858	14,003	7,029	21,032
Insurance	1,691	1,279	2,970	777	3,747
Dues and subscriptions	4,844	6,445	11,289	1,575	12,864
Depreciation	844	639	1,483	388	1,871
	<u>\$ 7,130,961</u>	<u>\$ 336,688</u>	<u>\$ 7,467,649</u>	<u>\$ 194,331</u>	<u>\$ 7,661,980</u>

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

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018

	Program Service		Total Program	General and Administrative	Total
	Grantmaking and Community Leadership	Asset Development and Donor Services			
Grants	\$ 4,029,428	\$ -	\$ 4,029,428	\$ -	\$ 4,029,428
Salaries and related taxes and benefits	254,193	192,965	447,158	106,507	553,665
Professional fees	-	-	-	16,816	16,816
Other contracted services	130	444	574	1,856	2,430
Advertising and promotion	17,982	35,335	53,317	-	53,317
Office expense	5,546	4,288	9,834	1,732	11,566
Information technology	11,366	5,768	17,134	4,176	21,310
Occupancy	32,193	23,617	55,810	15,471	71,281
Travel	1,321	1,136	2,457	2,697	5,154
Conferences and meetings	8,445	9,663	18,108	8,041	26,149
Insurance	1,382	1,016	2,398	569	2,967
Dues and subscriptions	4,775	4,808	9,583	555	10,138
Depreciation	692	509	1,201	285	1,486
	<u>\$ 4,367,453</u>	<u>\$ 279,549</u>	<u>\$ 4,647,002</u>	<u>\$ 158,705</u>	<u>\$ 4,805,707</u>

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

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

	Years Ended June 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (2,226,249)	\$ 10,393,415
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	1,871	1,486
Change in value split interest agreements	7,303	4,124
Change in cash surrender value	(12,171)	(13,328)
Realized and unrealized gains/losses	(580,783)	(2,739,364)
Restricted net investment income	(4,992)	(11,543)
Changes in assets and liabilities:		
Bequest receivable	-	400,000
Prepaid expenses	8,271	(7,232)
Accounts payable	9,243	(7,415)
Grants committed	76,929	(130,257)
Funds held for organizations	110,676	10,419
	<u>(2,609,902)</u>	<u>7,900,305</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(3,523)
Proceeds from sale of investments	18,042,853	18,127,417
Purchase of investments	(16,327,757)	(26,795,156)
	<u>1,715,096</u>	<u>(8,671,262)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted net investment income	4,992	11,543
Payments on split interest agreements	(14,995)	(16,591)
	<u>(10,003)</u>	<u>(5,048)</u>
NET CASH USED BY FINANCING ACTIVITIES		
	(904,809)	(776,005)
DECREASE IN CASH		
CASH AT BEGINNING OF YEAR	<u>2,523,163</u>	<u>3,299,168</u>
CASH AT END OF YEAR	<u>\$ 1,618,354</u>	<u>\$ 2,523,163</u>

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

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

The Lehigh Valley Community Foundation (the "Foundation") was originally established in 1967 as the Bethlehem Area Foundation. In 1992, a nonprofit corporation, the Lehigh Valley Community Foundation, Inc., was created and the Bethlehem Area Foundation was renamed to reflect the regionalization of activities.

The Foundation is a publicly supported community foundation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The purpose of the Foundation is to develop, manage, and distribute the philanthropy of a variety of donors in order to improve the quality of life for residents of the Lehigh Valley. The Foundation's major sources of revenue are derived from contributions and investment activities. It is always considered reasonable that grantors and contributors may be lost in the near-term.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Lehigh Valley Community Foundation, Inc. have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

Cash

For purposes of reporting cash flows, the Foundation considers all cash deposited in bank accounts to be cash on the accompanying statement of financial position.

At various times during the year, the Foundation had cash balances in excess of the federally insured limit in deposit accounts at one local bank.

Investments/Financial Instruments

The charitable funds of the Foundation are managed by diverse financial managers in accordance with the Foundation's investment policy and under the oversight of its finance committee and investment consultant. The Foundation's investment policy provides for strategic asset allocation based on a long-term perspective. The objectives of the Foundation's investment policy include maintaining the purchasing power of assets and maximizing long-term return within reasonable and prudent levels of risk.

Investments are reported at fair value in the statement of financial position. Investment income or loss, including gains and losses of investments, interest and dividends, and investment fees are included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. The amounts the Foundation will ultimately realize could differ materially from the reported amounts, and significant fluctuations in fair values could occur from year to year.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statement of financial position.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Equipment

Purchased equipment is capitalized at cost. The Foundation's policy is to capitalize any assets in excess of \$2,500 with an estimated useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Equipment	5 years
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Maintenance and repairs of equipment are charged to operations and improvements are capitalized. Upon retirement, sale, or other disposition of equipment, the cost and accumulated depreciation are eliminated from the accounts and gain or loss is included in operations.

Net Assets

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets without donor restrictions include funds not subject to donor-imposed stipulations.

Funds classified as net assets without donor restrictions are subject to the unilateral variance power in accordance with the Foundation's governing documents and the United States Treasury regulations.

The variance power gives the Foundation the right to modify any restriction or condition on the distribution of funds for any specified charitable purpose, or to specific organizations under certain circumstances. While the Foundation retains variance power, it is Foundation policy that the donors' intention will be honored unless a restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served in the sole judgement of the Foundations Board of Governors.

Net Assets With Donor Restrictions - Net assets with donor restrictions include gifts, grants, and pledges whose use by the Foundation has been limited by donors to later periods of time or after specified dates, or to specified purposes.

The Foundation reports gifts of cash and other assets as revenue 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, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Assets - continued

In addition to reporting by net asset class, the Foundation further classifies funds based on expressed donor intent. As a result, the Foundation has 244 different funds which are categorized as follows:

Discretionary Funds

- *Area of Interest Funds* represent funds to be used at the board's discretion to meet a general area of charitable need (geography, program, or purpose) as defined by the donor.
- *Community Partnership Funds* represent funds restricted for Foundation-directed discretionary grant making.
- *Undesignated Funds* represent those over which the Foundation's Board of Governors has full discretion in making distributions for charitable purposes.

Donor-Defined Funds

- *Area of Interest Funds* award grants based on the recommendations of a community committee that oversees a specific initiative.
- *Donor-Advised Funds* represent funds for which the donor has reserved the right to make nonbinding suggestions for charitable giving to the board.
- *Designated Funds* represent funds for which the donors have designated specific organizations for ongoing support.
- *Scholarship and Award Funds* represent funds intended to provide support for education and to provide grants to recognize achievement in areas such as teaching, the arts, or scientific research.
- *Agency Funds* represent endowment and special purpose funds established upon the transfer of assets from other nonprofit Foundations that designate themselves as beneficiaries.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Assets - continued

In addition, absent contrary directions given in the fund agreement regarding the use of principal, the Foundation's governing documents further provide all or part of the principal of any fund may be used subject to certain conditions, at the approval of the Board of Governors. Therefore, such contributions are reported as net assets without donor restrictions. However, this classification does not imply that such funds are available for claims of general creditors of the Foundation.

Contribution Revenue

The Foundation recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues without donor restrictions.

Donated securities are recorded at fair market value as of the date of donation. Contributions received from a not-for-profit organization for the purpose of establishing an endowment or other fund for the benefit of that Foundation are not considered contributions for financial statement purposes. Such amounts are reflected in the financial statements as funds held for organizations.

Contributed Services

The Foundation's Board of Governors and volunteers donate significant amounts of time to its various operations. The value of these contributed services does not meet the criteria for recognition in the financial statements.

Donated materials and certain services are reflected as contributions in the accompanying financial statements at their estimated fair value at the date of receipt. The amount of such donated materials and certain services was \$30,618 and \$31,485 for the years ended June 30, 2019 and 2018, respectively. The contributed goods and services represent the value of contracted services and supplies for the Foundation.

Advertising Costs

The Foundation expenses advertising costs when incurred. Advertising expense for the years ended June 30, 2019 and 2018, totaled \$43,609 and \$53,317, respectively. This includes in-kind advertising totaling \$28,715 and \$29,150 at June 30, 2019 and 2018, respectively.

Functional Expense Allocations

Expenses that can be identified with specific programs and support services are allocated directly to their natural expenditure classification. Expenses relating to more than one function are allocated to program and supporting services based on the Foundation's estimate of time spent by key personnel between functions and related expenses incurred for the programs and supporting services benefited.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Tax Exempt Status

The Foundation has been granted tax-exempt status by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code. The Foundation files federal and state information returns as required. There is no current year provision for federal or state income taxes.

In accordance with generally accepted accounting principles, the Foundation accounts for uncertain tax positions relative to unrelated business income, if any, as required.

Adoption of FASB ASU No. 2016-14

The Foundation adopted FASB ASU No. 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*, which makes targeted changes to the not-for-profit financial reporting model. Under the new ASU, the previously existing three-category classification of net assets (i.e. unrestricted, temporarily restricted, and permanently restricted) is replaced with a model that combines temporarily restricted and permanently restricted into a single category called “net assets with donor restrictions.” Differences in the nature of donor restrictions will be disclosed in the notes, with an emphasis on how and when the resources can be used. The guidance for classifying deficiencies in endowment funds (“underwater endowments”) and on accounting for the lapsing of restrictions on gifts to acquire property, plant, and equipment have also been clarified. New disclosures highlight restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near-term financial requirements. Note 11 discloses the extent to which the statement of financial position comprises financial assets, the extent to which those assets can be converted to cash within one year, and any limitations that would preclude their current use. This standard is effective for fiscal years beginning after December 15, 2017. The Foundation adopted this standard for the year ending June 30, 2019 with a retrospective application for the year ending June 30, 2018.

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 revenues and expenses, including functional allocations, during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through November 13, 2019, the date the financial statements were available to be issued.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments as of June 30 consist of the following:

	2019	2018
Cash	\$ 1,218,345	\$ 1,139,497
Equity securities and funds	41,922,230	43,797,734
Bonds and fixed income funds	13,092,492	12,440,188
	\$ 56,233,067	\$ 57,377,419

The average duration of the bonds in the various portfolios of the Foundation ranges from 4 to 9.44 years. The market value of bonds by contracted maturity dates at June 30 is as shown below. Expected maturities will differ from contracted maturities because borrowers have the right to call on the prepay obligations with or without call or prepayment penalties.

	2019	2018
Due in less than 1 year	\$ 189,923	\$ 184,038
Due after 1 through 5 years	1,774,366	2,254,606
Due after 5 through 10 years	1,146,572	1,037,068
Due after 10 through 20 years	125,920	91,305
Due after 20 years	993,297	1,134,754
	\$ 4,230,078	\$ 4,701,771

Net investment activity is as follows at June 30:

	2019	2018
Investment income	\$ 1,663,771	\$ 1,469,247
Realized and unrealized gain (loss) on investments	580,783	2,739,363
Custodial and investment management fees	(329,901)	(317,935)
	\$ 1,914,653	\$ 3,890,675

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

Financial accounting standards require the use of fair value measurement. The Foundation, in accordance with generally accepted accounting principles, has applied fair value measurement and disclosure in these financial statements as follows:

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 the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets and 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.

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 June 30, 2019.

Long-Term Investments

Custodians hold the investments of the Foundation in accordance with the investment policy of the Foundation. Investments are comprised of cash and cash equivalents, fixed income, and equities for which fair value is based on quoted market prices in an active market. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

Long-Term Investments - continued

Equity Securities and Equity Mutual Funds:

The custodians of the investments use quoted prices in active markets for identical assets to determine the fair value of Level 1 investments.

Bonds and Bond Mutual Funds:

The custodians of the investments use various market inputs to determine fair value of Level 2 investments. These inputs include outside pricing services and computerized pricing models.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2019:

	Fair Value	Valuation (Level 1)	Valuation (Level 2)
Investments			
Equity Securities - U.S.	\$ 6,361,209	\$ 6,361,209	\$ -
Equity Securities - International	5,720,321	5,720,321	-
Equity Mutual Funds - U.S.	22,598,033	22,598,033	-
Equity Mutual Funds - International	7,242,667	7,242,667	-
Corporate Bonds	1,441,544	-	1,441,544
U.S. Treasury Bonds	1,769,501	-	1,769,501
Government Agency Bonds	1,120,907	-	1,120,907
Bond Mutual Funds - U.S.	7,269,245	-	7,269,245
Bond Mutual Funds - International	1,491,295	-	1,491,295
	55,014,722	41,922,230	13,092,492
Investments - Split Interest Agreements			
Equity Mutual Funds	258,141	258,141	-
Bond Mutual Funds	159,779	-	159,779
	417,920	258,141	159,779
Total investments, at market	\$ 55,432,642	\$ 42,180,371	\$ 13,252,271

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - CONTINUED

The estimated fair values of the Foundation's financial instruments as of June 30, 2018, are as follows:

	Fair Value	Valuation (Level 1)	Valuation (Level 2)
Investments			
Equity Securities - U.S.	\$ 11,121,059	\$ 11,121,059	\$ -
Equity Securities - International	5,620,405	5,620,405	-
Equity Mutual Funds - U.S.	21,154,993	21,154,993	-
Equity Mutual Funds - International	5,901,277	5,901,277	-
Corporate Bonds	1,574,344	-	1,574,344
U.S. Treasury Bonds	1,844,677	-	1,844,677
Government Agency Bonds	1,282,750	-	1,282,750
Bond Mutual Funds - U.S.	6,413,659	-	6,413,659
Bond Mutual Funds - International	1,324,758	-	1,324,758
	56,237,922	43,797,734	12,440,188
Investments - Split Interest Agreements			
Equity Mutual Funds	278,988	278,988	-
Bond Mutual Funds	172,723	-	172,723
	451,711	278,988	172,723
Total investments, at market	\$ 56,689,633	\$ 44,076,722	\$ 12,612,911

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 3 - INVESTMENTS - SPLIT INTEREST AGREEMENTS

Investments - split interest agreements represent the fair market value of assets held under charitable remainder trusts and gift annuity agreements. The Foundation has segregated the assets under these agreements as separate and distinct funds, independent from other funds and not to be applied to payment of the obligations of the Foundation or any other purpose other than benefits specified in the agreements.

Total assets by type of split interest agreement are as follows at June 30:

	<u>2019</u>	<u>2018</u>
Gift annuities	\$ 92,896	\$ 111,062
Charitable remainder trusts	<u>340,622</u>	<u>356,440</u>
	<u>\$ 433,518</u>	<u>\$ 467,502</u>

Split interest assets are as follows at June 30:

	<u>2019</u>	<u>2018</u>
Cash	\$ 15,598	\$ 15,791
Equity securities and funds	258,141	278,988
Bonds and fixed income funds	<u>159,779</u>	<u>172,723</u>
	<u>\$ 433,518</u>	<u>\$ 467,502</u>

Gift Annuities

The Foundation administers several charitable gift annuities. Gift annuity assets received are recorded at fair value on the date received by the Foundation. The gift annuity agreements provide for the payment of distributions at a stated return to the beneficiaries as long as they live, at which time the remaining assets are to be used for the establishment of or addition to charitable funds of the Foundation based on donor intent.

Distributions to beneficiaries are calculated based on rates varying from 6% to 10%. Total annual distributions were \$14,995 and \$16,591 for the years ended June 30, 2019 and 2018, respectively. Net investment income totaled \$4,992 and \$11,543 for the years ended June 30, 2019 and 2018, respectively. Annuity obligations represent the present value of expected future cash flows to be paid to the beneficiaries based on life expectancies. Annuity obligations are fully funded by the investments held.

Charitable Remainder Trusts

The Foundation is currently serving as the trustee of a charitable remainder annuity trust. As specified in the trust agreement, distributions from the annuity trust are \$25,000 annually.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 4 - EQUIPMENT

Equipment and related accumulated depreciation are as follows at June 30:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 43,784	\$ 43,784
Accumulated depreciation	<u>(37,857)</u>	<u>(35,986)</u>
	<u>\$ 5,927</u>	<u>\$ 7,798</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$1,871 and \$1,486, respectively.

NOTE 5 - FUNDS HELD FOR ORGANIZATIONS

The Foundation follows ASC 958-605, *Transfers of Assets to a Not-For-Profit Foundation or Charitable Trust*, that raises or holds contributions for others, Revenue Recognition, which provides standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. ASC 958-605 specifically requires that if a nonprofit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as funds held for organizations.

The Foundation maintains variance power and legal ownership of funds held for organizations, and as such, continues to report the funds as assets of the Foundation. However, in accordance with ASC 958-605, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the nonprofit organizations.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 5 - FUNDS HELD FOR ORGANIZATIONS - CONTINUED

At June 30, 2019 and 2018, the Foundation was the owner of 22 and 19 agency funds, respectively, with a combined value of \$2,139,045 and \$2,056,574, respectively. The following table summarizes activity in such funds:

	2019	2018
Funds held for organizations' balances at July 1	\$ 2,056,574	\$ 1,921,677
New contributions	133,160	31,495
Net investment income	44,050	196,673
Fees	(16,149)	(15,731)
Grants made	(78,590)	(77,540)
Funds held for organizations' balances at June 30	\$ 2,139,045	\$ 2,056,574

NOTE 6 - NET ASSETS

The Foundation's net assets without donor restrictions are comprised of designated and undesignated funds.

The Foundation's net assets without donor restrictions are comprised of the following at June 30:

	2019	2018
Charitable Endowed Funds	\$ 44,892,697	\$ 45,101,160
Grantmaking	10,765,923	12,793,987
Operations & administration	223,352	198,599
	\$ 55,881,972	\$ 58,093,746

Included in the above are assets the Board has designated for the following purposes at June 30:

Endowed for:		
Foundation discretionary use	\$ 2,593,114	\$ 2,670,865
Foundation-directed grantmaking	123,880	128,314
Reserves for operations	202,123	200,975
	\$ 2,919,117	\$ 3,000,154

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 6 - NET ASSETS - CONTINUED

Net assets with donor restrictions at June 2019 and 2018 are restricted under split interest agreements and total \$4,229 and \$18,704.

Net assets were released from donor restrictions by satisfying the restricted purposes specified by donors under the split interest agreements totaling \$12,164 and \$359 at June 30, 2019 and 2018, respectively.

NOTE 7 - ENDOWMENT FUNDS

The Foundation's charitable endowed funds are all classified as without donor restrictions in the accompanying statement of financial position.

Interpretation of Relevant Law

The Foundation has elected to be governed by the Pennsylvania Act 141 which relates to nonprofit endowments and requires Foundations to adopt and follow a total return investment policy and a spending policy. The Foundation has adopted investment and spending policies for endowment assets. These policies work together in an attempt to provide a predictable stream of funding for grants and programs while seeking to maintain the purchasing power of the endowment assets.

Investment Objectives

The Foundation's investment objective is to maximize return within reasonable and prudent levels of risk while maintaining an appropriate portfolio asset allocation. Investment guidelines are based on an investment horizon of greater than five years. To satisfy its long-term rate of return objective, the Foundation's investment policy pursues a total return approach to the management of assets in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy

The Foundation's spending policy determines the amount available for grant making from endowment funds. The spending rate is established annually by the Board of Governors, and the approved rate was 4.50% for the years ended June 30, 2019 and 2018. The amount available for spending is calculated based on the average asset value of an endowment fund over 12 rolling quarters.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 7 - ENDOWMENT FUNDS - CONTINUED

Underwater Endowment Funds

The Foundation considers a fund to be underwater if the fair value of the fund is less than the original value of initial and subsequent amounts donated or designated to the fund.

At June 30, 2019 and 2018, the fair value of underwater endowments totaled \$3,723,457 and \$1,993,693, respectively. The original gifts required to be held related to the underwater endowment totaled \$4,009,474 and \$2,268,189, respectively. The deficiencies in the underwater endowment funds totaled \$286,017 and \$274,496 at June 30, 2019 and 2018, respectively. The Foundation's policy permits grantmaking from underwater endowment funds unless otherwise precluded by donor intent or wishes or relevant laws and regulations.

Changes in endowment net assets for the fiscal years ended June 30 are as follows:

	2019	2018
Endowment net assets - beginning of year	\$ 45,101,160	\$ 40,565,154
Conversion of fund	-	1,190,680
Gifts	529,893	1,805,089
Investment income (net of fees)	1,074,958	1,005,227
Appreciation	444,735	2,663,263
Amounts appropriated for expenditure	(2,258,049)	(2,128,253)
Endowment net assets - end of year	\$ 44,892,697	\$ 45,101,160

Endowment net assets by type of fund as of June 30 are as follows:

	2019	2018
Area of interest	\$ 1,989,899	\$ 1,937,840
Community partnership	7,742,136	7,875,701
Donor-advised	6,670,150	6,600,492
Designated	22,472,831	22,641,135
Scholarship/award	1,909,126	1,820,769
Agency	29,530	22,043
Undesignated	4,079,025	4,203,180
Total endowment funds	\$ 44,892,697	\$ 45,101,160

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 8 - GRANTS

The total amount available for grant making from endowed funds varies annually based on the application of the board-approved spending policy.

Foundation-directed grants from discretionary funds are made annually and are directed toward needs or opportunities in the community in the areas of arts, culture and heritage, education, environment, healthcare, human services, and community development. The Foundation's Board of Governors has sole discretion regarding grant making from these funds.

Philanthropic partnership grants made from donor-defined funds must also be approved by the Foundation's Board of Governors. However, grants from these funds are made based on donor recommendations or designations. The total amount granted from such funds may vary greatly each year depending on the amount of grants made from temporary funds, which are not subject to the Foundation's spending policy.

Grants paid are as follows at June 30:

	<u>2019</u>	<u>2018</u>
Foundation-directed grants:		
Community investment grants	\$ 386,810	\$ 455,950
Area of interest fund grants	108,123	42,640
Philanthropic partnership grants	<u>6,275,608</u>	<u>3,530,838</u>
Total grants	<u>\$ 6,770,541</u>	<u>\$ 4,029,428</u>

In addition, the Foundation distributed grants from the agency funds in the amount of \$78,590 and \$77,540 for the years ended June 30, 2019 and 2018, respectively.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 9 - PENSION PLAN

Effective January 1, 2012, the Foundation adopted a 401(k) Plan. Employees meeting hours and length of service requirements are eligible to participate. The Foundation will determine the amount of any matching or profit sharing contributions on an annual basis. Contributions totaling \$22,969 and \$16,941 were made by the Foundation during the years ended June 30, 2019 and June 30, 2018, respectively.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The Foundation has an operating lease for office space. Minimum annual rental commitments under the lease as of June 30, 2019, are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2020	\$ 61,814
2021	<u>63,617</u>
	<u>\$ 125,431</u>

Total office and equipment rent paid for the years ended June 30, 2019 and 2018 was \$60,469 and \$58,718, respectively.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 11 - AVAILABILITY OF FINANCIAL RESOURCES

Financial assets available for operating expenses and Foundation-directed grants within one year of the statement of financial position as of June 30, 2019 are comprised of the following:

Cash and cash equivalents	\$ 83,710
Investments	<u>1,681,310</u>
Total financial assets available at June 30, 2019	<u>\$ 1,765,020</u>

In managing liquidity, the Foundation structures its financial assets to be available as its operational expenditures, liabilities and other obligations become due and for payment of Foundation-directed grants at the appropriate time during the Foundation's grant cycles. For operational expenditures, liquidity management is primarily accomplished through the Foundation's assessment of fund administrative fees. Additionally, systematic transfers of amounts appropriated for current year spending are made from long-term investments to cash accounts for operational expenses and Foundation-directed grant payments.

Based on the above, the amounts available for general operating expenditure and Foundation-directed grantmaking within the next year consist of the following at June 30, 2019:

Administrative fees from funds (estimated)	\$ 680,435
Appropriations from endowment funds:	
Board designated	114,300
Donor endowed	65,470
Board designated reserves	<u>20,000</u>
Total for general operating expenditures	880,205
Appropriations from donor endowed Foundation-directed funds	821,105
Other non-endowed cash	<u>63,710</u>
Total for Foundation-directed grants	<u>884,815</u>
Total available	<u>\$ 1,765,020</u>

All funds of the Foundation are assessed an administrative fee based on a percentage of the fund's assets. These administrative fees are recognized when assessed and are used to cover the operating expenses of the Foundation and to support the Foundation's community leadership efforts and initiatives. For endowed funds and certain pass-through funds, fees are assessed on a monthly basis.

Fees on non-endowed funds are assessed on a quarterly basis at the close of each quarter. The fees on these funds are recognized when they are assessed. Administrative fee income for the operating fund and the corresponding fee expenses for all funds is netted in the presentation of the Statement of Activities but is detailed on the Schedule of Unrestricted Activity.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 11 - AVAILABILITY OF FINANCIAL RESOURCES - CONTINUED

The Foundation manages its cash available for grant purposes by examining the purpose for which the fund was established and if the fund is endowed or non-endowed. Financial assets available for Foundation-directed grants represent the annual amount appropriated for grantmaking from funds that are made at the discretion of the Foundation.

For those funds that are endowed or operate most closely to the Foundation's spending policy for granting, the funds are generally invested in the Foundation's Legacy Portfolio or a similarly managed long term portfolio. For endowed funds, the amount available for granting is determined on an annual basis and is calculated based on the Foundation's spending rate. The amount available for granting is transferred to cash based on the planned timing of grant issuance.

The amount available for philanthropic partnership grants within the next year is \$987,000. This is the amount appropriated for grantmaking from all other endowed funds that are not available for the Foundation's discretionary use. The Foundation does not consider these available for general expenditure because grantmaking from these funds is governed by the specified purposed of the fund as outlined in each individual fund agreement. This includes donor-advised funds which allow for grants based on Foundation approved donor recommendations.

Financial assets available for general expenditure do not include \$10,765,923 in non-endowed funds at June 30, 2019 that would be available for granting within one year. Most funds that are not endowed are invested in the Foundation's Preservation Portfolio, a short-term pool invested in a money market fund. Funds held in this pool are subject to withdrawal at any time. Capital preservation and liquidity are paramount. Assets are transferred out of portfolios as grants are made.

Included in endowment funds are board designated funds with a value of \$2,716,994 at June 30, 2019. Monthly withdrawals are made from these funds for administrative fees assessed and for the annual spending policy amount appropriated for general use. Although the Foundation does not intend to make additional withdrawals from these funds, Board-approved additional withdrawals could be made as deemed necessary for general expenditures and Foundation-directed grants.

Occasionally, the Board will designate a portion of any annual operating surplus to its operating reserve which was \$202,123 at June 30, 2019. These reserves are available for general expenditure within the next year at the discretion of the Board.

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE 12 - NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs - Contracts with Customers (Subtopic 340-40)*. This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. In August 2015, the FASB issued ASU No. 2015-14 which defers the effective date of ASU No. 2014-09 one year, making it effective for fiscal years beginning after December 15, 2018. The Foundation is evaluating the impact of this standard on the financial statements.

In February 2017, the FASB issued ASU No. 2017-02, *Leases (Topic 842)*. Under this guidance, lessees will need to recognize the following for all leases (with the exception of leases with a term of twelve months or less) at the commencement date: (a) a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expire before the earliest comparative period presented. A full retrospective transition approach is not permitted. This standard is effective for fiscal years beginning after December 15, 2019, with early application permitted. The Foundation is evaluating the impact this standard will have on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. The new ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. ASU 2018-08 clarifies that benefits received by the general public is not the same as the resource provider receiving that benefit and that the execution of the resource provider’s mission does not equate to commensurate value. The ASU also provides guidance for distinguishing between conditional and unconditional contributions. A conditional contribution must have (1) a barrier that must be overcome AND (2) a right of return or release of the donor obligation. Conditional contributions received are accounted for as a liability, while conditional pledges are unrecognized. In each instance, when the barriers to entitlement are overcome, the related revenue is recognized and classified in the appropriate net asset class. The effective date is for fiscal years beginning after December 15, 2018, with early implementation permitted. The Foundation is evaluating the impact of this standard on the financial statements.

SUPPLEMENTARY INFORMATION

LEHIGH VALLEY COMMUNITY FOUNDATION, INC.

SCHEDULE OF ACTIVITY WITHOUT DONOR RESTRICTION

Year Ended June 30, 2019

	Operating and Reserve Funds	Discretionary Funds	Donor-Defined Funds	Total
PUBLIC SUPPORT AND REVENUE				
Gifts	\$ 95,954	\$ 112,429	\$ 3,255,615	\$ 3,463,998
In-kind gifts	30,215	-	-	30,215
Net investment activity	(221)	402,829	1,512,045	1,914,653
Change in cash surrender value	-	11,813	358	12,171
Administrative fees	17,005	-	-	17,005
Release from with donor restriction	316	-	11,848	12,164
Total before releases	143,269	527,071	4,779,866	5,450,206
Interfund Activity:				
Appropriations from endowment funds	176,470	(176,470)	-	-
Foundation fees	592,624	(131,843)	(460,781)	-
Gifts (grants)	12,905	(3,765)	(9,140)	-
TOTAL PUBLIC SUPPORT AND REVENUE	925,268	214,993	4,309,945	5,450,206
EXPENSES				
Grants	10,309	484,673	6,275,559	6,770,541
Grantmaking and community leadership	376,445	-	1,205	377,650
Asset development and donor services	319,431	27	-	319,458
General and administrative	194,331	-	-	194,331
TOTAL EXPENSES	900,516	484,700	6,276,764	7,661,980
CHANGES IN NET ASSETS	\$ 24,752	\$ (269,707)	\$ (1,966,819)	(2,211,774)
NET ASSETS AT BEGINNING OF YEAR				58,093,746
NET ASSETS AT END OF YEAR				\$ 55,881,972