

COMMUNITY FOUNDATION FOR GREATER BUFFALO, INC.

**Financial Statements
as of December 31, 2018
Together with
Independent Auditor's Report**

INDEPENDENT AUDITOR'S REPORT

June 6, 2019

To the Board of Directors of
Community Foundation for Greater Buffalo, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Community Foundation for Greater Buffalo, Inc., (a New York not-for-profit corporation), which comprise the balance sheet as of December 31, 2018, the statements of activities and change in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 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.

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INDEPENDENT AUDITOR'S REPORT

(Continued)

Opinion

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

Change in Accounting Principle

As described in Note 2 to the financial statements, Community Foundation for Greater Buffalo, Inc. implemented Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, and the effects have been included in these financial statements. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Community Foundation for Greater Buffalo, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 7, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

COMMUNITY FOUNDATION FOR GREATER BUFFALO, INC.

**BALANCE SHEET
DECEMBER 31, 2018**

(with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 17,208,791	\$ 18,247,741
Investments	408,904,722	419,071,317
Receivables	889,681	711,365
Beneficial interest in trusts	26,073,776	29,206,881
Property and equipment, net	302,799	368,160
Other assets	<u>207,873</u>	<u>153,789</u>
Total assets	<u>\$ 453,587,642</u>	<u>\$ 467,759,253</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 759,483	\$ 590,653
Grants payable	1,357,695	1,721,116
Amounts held in custody for others	74,050,659	66,596,162
Deferred revenue	<u>2,278,949</u>	<u>1,807,804</u>
Total liabilities	<u>78,446,786</u>	<u>70,715,735</u>
NET ASSETS:		
Without donor restrictions	99,611,082	100,437,448
With donor restrictions:		
Restricted for charitable purpose	184,291,743	197,366,148
Restricted for perpetuity - endowment	65,164,255	70,033,041
Restricted for the passage of time	<u>26,073,776</u>	<u>29,206,881</u>
Total with donor restrictions	<u>275,529,774</u>	<u>296,606,070</u>
Total net assets	<u>375,140,856</u>	<u>397,043,518</u>
Total liabilities and net assets	<u>\$ 453,587,642</u>	<u>\$ 467,759,253</u>

The accompanying notes are an integral part of these statements.

COMMUNITY FOUNDATION FOR GREATER BUFFALO, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

(with comparative totals for the year ended December 31, 2017)

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenue and Support				
Contributions	\$ 18,269,296	\$ 5,500,945	\$ 23,770,241	\$ 27,828,070
Bequests	9,000,000	5,174,792	14,174,792	1,773,614
Investment earnings (loss), net	(9,106,099)	(13,917,680)	(23,023,779)	57,106,337
Grants received to support community leadership	780,390	818,624	1,599,014	767,003
Change in value of beneficial interest in trusts	-	(3,133,105)	(3,133,105)	3,839,719
Other	518,614	-	518,614	405,442
Net assets released from restrictions	15,519,872	(15,519,872)	-	-
	<u>34,982,073</u>	<u>(21,076,296)</u>	<u>13,905,777</u>	<u>91,720,185</u>
Less amounts related to assets held in custody:				
Contributions	(13,139,909)	-	(13,139,909)	(2,990,810)
Investment (earnings) loss, net	4,349,614	-	4,349,614	(9,184,645)
Leadership initiatives	(748,238)	-	(748,238)	-
Total amounts related to assets held in custody	<u>(9,538,533)</u>	<u>-</u>	<u>(9,538,533)</u>	<u>(12,175,455)</u>
Total revenue and support	<u>25,443,540</u>	<u>(21,076,296)</u>	<u>4,367,244</u>	<u>79,544,730</u>
Expenses				
Program Activity:				
Grants and scholarships awarded	22,587,979	-	22,587,979	21,271,712
Grant making services and fund stewardship	1,009,941	-	1,009,941	1,082,516
	<u>23,597,920</u>	<u>-</u>	<u>23,597,920</u>	<u>22,354,228</u>
External community leadership grants	1,640,220	-	1,640,220	713,838
Foundation community leadership initiatives	1,023,130	-	1,023,130	1,195,533
Total program activity	<u>26,261,270</u>	<u>-</u>	<u>26,261,270</u>	<u>24,263,599</u>
Supporting Services				
Development	664,289	-	664,289	458,375
Management and general	2,046,595	-	2,046,595	1,502,100
Total supporting services	<u>2,710,884</u>	<u>-</u>	<u>2,710,884</u>	<u>1,960,475</u>
Less amounts related to assets held in custody:				
Grants approved	(1,954,009)	-	(1,954,009)	(1,696,035)
External leadership grants	(748,239)	-	(748,239)	-
Total amounts related to assets held in custody	<u>(2,702,248)</u>	<u>-</u>	<u>(2,702,248)</u>	<u>(1,696,035)</u>
Total expenses	<u>26,269,906</u>	<u>-</u>	<u>26,269,906</u>	<u>24,528,039</u>
Change in net assets	(826,366)	(21,076,296)	(21,902,662)	55,016,691
Net assets, beginning of year	100,437,448	296,606,070	397,043,518	342,026,827
Net assets, end of year	<u>\$ 99,611,082</u>	<u>\$ 275,529,774</u>	<u>\$ 375,140,856</u>	<u>\$ 397,043,518</u>

The accompanying notes are an integral part of these statements.

COMMUNITY FOUNDATION FOR GREATER BUFFALO, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	PROGRAM ACTIVITY				SUPPORTING SERVICES			Expenses Before Elimination of Funds Held In Custody	Less Expenses From Funds Held in Custody	2018 Total Expenses
	Grant Making and Fund Stewardship	External Community Leadership Grants	Community Leadership Initiatives	Total Program Expenses	Development	Management and General	Total Supporting Services			
Grants Awarded	\$ 17,923,580	\$ -	\$ -	\$ 17,923,580	\$ -	\$ -	\$ -	\$ 17,923,580	\$ 1,954,009	\$ 15,969,571
Scholarships Awarded	4,664,399	-	-	4,664,399	-	-	-	4,664,399	-	4,664,399
	<u>22,587,979</u>	<u>-</u>	<u>-</u>	<u>22,587,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,587,979</u>	<u>1,954,009</u>	<u>20,633,970</u>
Salaries and Wages	638,994	318,776	602,626	1,560,396	232,193	1,045,338	1,277,531	2,837,927	8,759	2,829,168
Employee Benefits	89,899	35,113	80,419	205,431	28,986	139,281	168,267	373,698	1,203	372,495
Payroll Taxes	60,079	30,996	48,345	139,420	20,863	91,927	112,790	252,210	754	251,456
Advertising and Promotion	16,483	2,940	294	19,717	56,726	51,565	108,291	128,008	-	128,008
Community Engagement	8,182	15,537	15,130	38,849	3,844	7,556	11,400	50,249	24	50,225
Consultants/Professional Services	56,897	1,136,235	180,524	1,373,656	288,802	295,874	584,676	1,958,332	737,499	1,220,833
National Meetings	-	12,101	29,291	41,392	-	1,264	1,264	42,656	-	42,656
Professional Development	3,850	25,598	5,947	35,395	514	27,944	28,458	63,853	-	63,853
Depreciation	-	-	-	-	-	79,444	79,444	79,444	-	79,444
Information Technology	29,092	6,641	-	35,733	-	102,780	102,780	138,513	-	138,513
Insurance	5,680	3,094	3,435	12,209	1,406	15,601	17,007	29,216	-	29,216
Occupancy	64,447	22,935	48,016	135,398	17,369	126,474	143,843	279,241	-	279,241
Office Expenses	21,270	9,008	9,103	39,381	8,586	58,434	67,020	106,401	-	106,401
Other	15,068	21,246	-	36,314	5,000	3,113	8,113	44,427	-	44,427
	<u>1,009,941</u>	<u>1,640,220</u>	<u>1,023,130</u>	<u>3,673,291</u>	<u>664,289</u>	<u>2,046,595</u>	<u>2,710,884</u>	<u>6,384,175</u>	<u>748,239</u>	<u>5,635,936</u>
	23,597,920	1,640,220	1,023,130	26,261,270	664,289	2,046,595	2,710,884	28,972,154	2,702,248	26,269,906
Less Expenses from Funds Held in Custody	1,954,009	748,239	-	2,702,248	-	-	-	2,702,248	2,702,248	-
	<u>\$ 21,643,911</u>	<u>\$ 891,981</u>	<u>\$ 1,023,130</u>	<u>\$ 23,559,022</u>	<u>\$ 664,289</u>	<u>\$ 2,046,595</u>	<u>\$ 2,710,884</u>	<u>\$ 26,269,906</u>	<u>\$ -</u>	<u>\$ 26,269,906</u>

The accompanying notes are an integral part of these statements.

COMMUNITY FOUNDATION FOR GREATER BUFFALO, INC.**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**
(with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (21,902,662)	\$ 55,016,691
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Net realized and unrealized losses (gains) on investments	26,863,156	(53,465,381)
Depreciation	79,444	85,269
Contributions restricted for investment in endowments	(8,115,664)	(4,110,255)
Changes in other operating assets and liabilities:		
Receivables	(178,316)	1,038,422
Change in beneficial interest in trusts	3,133,105	(3,839,719)
Other assets	(54,084)	(126,947)
Accounts payable and accrued expenses	168,830	225,161
Grants payable	(363,421)	133,851
Amounts held in custody for others	7,454,497	10,163,406
Deferred revenue	<u>471,145</u>	<u>1,628,916</u>
Net cash flow from operating activities	<u>7,556,030</u>	<u>6,749,414</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(14,087)	(46,564)
Purchases of investments	(41,947,448)	(27,885,675)
Proceeds from sales of investments	<u>25,250,891</u>	<u>23,866,195</u>
Net cash flow from investing activities	<u>(16,710,644)</u>	<u>(4,066,044)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Contributions restricted for investment in endowments	<u>8,115,664</u>	<u>4,110,255</u>
Net cash flow from investing activities	<u>8,115,664</u>	<u>4,110,255</u>
CHANGE IN CASH	(1,038,950)	6,793,625
CASH - beginning of year	<u>18,247,741</u>	<u>11,454,116</u>
CASH - end of year	<u>\$ 17,208,791</u>	<u>\$ 18,247,741</u>

The accompanying notes are an integral part of these statements.

COMMUNITY FOUNDATION FOR GREATER BUFFALO, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

1. THE ORGANIZATION

Community Foundation for Greater Buffalo, Inc. (Foundation) is a not-for-profit organization dedicated to connecting people, ideas and resources to improve lives in Western New York State. Since its establishment in 1919, the Foundation has been committed to helping individuals, families, and organizations make their charitable goals a reality. The Foundation is also devoted to providing leadership to help address critical community issues and needs. The administration of the Foundation and the approval of its grants and annual operating budget are the responsibility of the Foundation's Board of Directors (Board).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). Under US GAAP, not-for-profit organizations are required to report their financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets available from charitable assets received that are not subject to donor restrictions and are held in funds consisting of the following types:

Non-Endowed Advised Funds: Balances in non-endowed advised funds and the amounts remaining from the annual spendable appropriation from endowed advised funds that are available for distribution to charitable organizations or causes upon recommendations from the fund establisher or their designated fund advisor(s). These funds allow advisors to identify funding opportunities aligned with their values and charitable interests and recommend grants that are subject to the Foundation's due diligence and approval.

Designated by the Board for Endowment to Support the Changing Needs of the Community: Charitable assets received held in funds without donor restrictions designated by the Board to provide perpetual support for the changing needs of the community over time and are used for: community grant-making, community leadership activities and other Foundation operating activities.

The Board prioritizes its community grant-making and leadership activities using four community goals developed through a comprehensive strategic planning process. These community goals address the following critical community issues and needs: 1) improving educational achievement and workforce readiness for residents living in low-income households, 2) increasing racial/ethnic equity, 3) protecting and restoring significant environmental resources and promoting equitable access and 4) strengthening the region as a center for architecture, arts, and culture.

The Foundation's Board has a general policy to designate for endowment the charitable assets that are received without restrictions or advisement rights and those received with a purpose restriction that were not endowed by the donor. These funds are spent at the direction of the Board when they are appropriated for spending by the Board using the annual spending policy adopted by the Board. However, the Board would have the right to decide at any time to expend the principal of these funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting (Continued)

Designated by the Board for Operating Reserves: Cash reserves designated to support future community leadership activities and other Foundation operating activities.

Designated by the Board for Property and Equipment: Investments in or funds reserved for property and equipment, net of accumulated depreciation.

Net Assets With Donor Restrictions: Net assets that result from charitable assets received and endowment investment earnings that are subject to stipulations imposed by donors, clients or other fund establishers that restrict the use or distributions of these funds. Some donor-imposed restrictions are temporary in nature that may or will be met either by actions of the Foundation and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained as endowed funds (see Note 11). Net assets with donor restrictions consist of charitable assets received that established the following fund types:

Funds Restricted as to Charitable Purpose:

Field of Interest: A specific category of charitable interest (for example: arts, education, environment, racial equity, improving mental health), geographic area or population group (children, aging adults).

Designated Entity: A specific charitable organization(s) designated by the contributor.

Scholarships: Funds established for the purpose of providing scholarships to support the educational expenses of students. These scholarships are usually provided to the educational institutions that the students receiving the scholarships attend.

External Community Leadership Grants: The Foundation receives community leadership grants and contributions from external funders that are directed towards facilitating and supporting community change, addressing community needs and delivering significant leveraged community impact. External funders of community leadership grants include local and national foundations and governmental entities (local, state and federal). Such community leadership grants, contracts and contributions have purpose restrictions and are recorded with donor restrictions until the purpose restrictions are met.

Funds Restricted as to Time:

Endowment Funds Without a Restricted Purpose: Charitable assets received where the contributor has stated such funds should be endowed and held in perpetuity to provide perpetual support to the community but have no other donor defined restricted purpose. These funds are designated by the Board to provide perpetual support for the changing needs of the community over time and are used for community grant-making, community leadership activities and other Foundation operating activities.

These funds are spent at the direction of the Board and are released from restriction when they are appropriated for spending by the Board using either the spending policy specified by the contributor or the annual spending policy adopted by the Board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting (Continued)

Endowed Advised Funds: Balances in advised funds received where the contributor has stated that such funds are to be held in endowment. These funds are released from restriction when they are appropriated for spending by the Board using either the spending policy specified by the contributor or the annual spending policy adopted by the Board. The appropriated spending is available for distribution to charitable organizations or causes upon recommendations from the fund establisher or their designated fund advisor(s). These funds allow advisors to identify funding opportunities aligned with their values and charitable interest and recommend grants that are subject to the Foundation's due diligence and approval.

Beneficial Interests in Trusts: Consist of the Foundation's beneficial interest in a perpetual trust and other split-interest agreements (charitable remainder trusts, gift annuities, life insurance policies and other charitable gift instruments). The Foundation has a right to receive distributions from, or the remainder of, the perpetual trust and other split-interest agreements that named the Foundation as beneficiary when they were established.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor-imposed restrictions. Gains and losses on investments and other liabilities are reported as increases or decreases in net assets without donor-imposed restrictions unless their use is restricted by implicit donor restriction or law. Expiration of donor-imposed restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between classes of net assets in the Statement of Activities and Change in Net Assets.

Funds held at the Foundation, including those with donor-imposed restrictions, are subject to a variance provision established in the Foundation's governing documents and as documented in fund agreements. The variance provision provides the Foundation's Board with the ability to modify the restrictions or conditions on the distribution of funds when specified for a particular charitable purpose or organization if, in the sole judgment of the Board, such restrictions or conditions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable purpose that the contributor established the fund to address. In the rare instance when the variance provision is required, the Board follows the practice of respecting the fund contributor's charitable intent regarding grantmaking preferences, as stated in their wills or fund agreements, and in making grants seeks the most closely aligned purposes or organizations.

Cash

Cash in financial institutions may exceed insured limits at various times during the year and subject the Foundation to concentrations of credit risk.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are stated at fair value. Fair value represents the price that would be received upon the sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants as of the measurement date. Level 1 investments are those whose fair value is based on quoted prices in active markets for identical assets that the Foundation has the ability to access. Since valuations are based on quoted market prices that are readily and regularly available in an active market, valuation does not entail a significant degree of judgment.

The Foundation also uses net asset value (NAV) per share (or its equivalent) as a practical expedient to determine the fair value of investments that (i) do not have a readily determinable fair value predicated upon quoted prices in active markets, and (ii) have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company.

Investment managers follow investment guidelines described in the Foundation's "Statement of Investment Objectives and Policies," which also specifies a policy for the strategic allocation of Foundation investments. The investment managers are permitted to invest in bonds and notes issued by the United States government or its agencies, mortgage-backed securities, corporate bonds issued in the United States, international bonds, asset backed securities, equity investments of domestic and international corporations, hedge funds, real estate, private equity, commodities, and derivatives. While the investment managers have discretionary investment authority, portfolios are reviewed by the Foundation, in detail, on a regular basis to determine compliance with the Foundation's investment policies.

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported.

Receivables

Receivables are recorded in the year made at the original amount less an estimate made for uncollectible pledges and an unamortized discount for the time value of money. Management evaluates if the receivables are collectible on a periodic basis based upon the Foundation's review of current receivables, historical collection experience, and management's evaluation and adjust for uncollectible amounts through an allowance for doubtful pledges. Receivables are written off when deemed uncollectible and there was no allowance for doubtful accounts required at December 31, 2018 and 2017. Recoveries of amounts previously written off are recorded as revenue at the time such amounts are collected.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. The Foundation capitalizes all additions in excess of \$2,000 with a useful life greater than one year. Depreciation is provided using the straight-line method over the estimated useful lives of the assets that range from five to ten years.

Grants Payable

Grants are recorded as an expense when approved and after satisfaction by the recipients of any conditions associated with the payment.

Deferred Revenue

Deferred revenue arises from grants and conditional gifts received for specific purposes for which related expenditures have not been made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions, including unconditional promises, are reported at fair value at the date the contribution is made. The Foundation attempts to meet the donor's intent expressed at the time of contribution. Conditional promises are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of charitable assets other than cash, which are primarily donated investment securities, are recorded at their estimated fair value at the date of donation.

Such instruments as charitable remainder trusts, gift annuities and life insurance policies that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on estimated future cash flow amounts are computed using an appropriate interest rate applicable to the year in which the promise is received. Amortization of the discount is included in the change in value of beneficial interest in trusts in the accompanying statements of activities and change in net assets.

Donated Services

The Foundation records contributed services if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A number of unpaid volunteers, who serve in the capacity of board members and various other volunteers, have made significant contributions of their time in the furtherance of the Foundation's mission. The value of this contributed time is not reflected in these financial statements since it does not meet the above recognition criteria.

Endowment Funds Management Policy

The Foundation holds charitable gifts in funds that may be created by individuals, families, and organizations as endowed or non-endowed. An endowment fund generally stipulates that the gift be invested in perpetuity while the investment earnings may be distributed to support the charitable purpose or intent for which the endowment fund was established. A non-endowed fund may also be invested with a long-term horizon, but without any restrictions on distributions of fund principal.

Interpretation of Relevant Law

The Foundation manages the endowment funds in accordance with the New York Prudent Management of Institutional Funds Act (NYPMIFA), New York's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation's Board has interpreted the applicable provisions of NYPMIFA to mean that the classification of appreciation on endowment gifts, beyond the original gift amount, follows the fund establisher's restrictions on the use of the related income.

Return Objectives and Risk Parameters

In accordance with the concept of the prudent investor, the Foundation's Board has adopted investment policies that apply a flexible, balanced and diversified long-term asset allocation approach to yield an appropriate return while controlling the risk that is inherent in any investment program. The primary investment objective of the Foundation is to attain an average total return (net of investment management fees) of at least 5.25% adjusted for inflation by the Consumer Price Index over the long term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Endowment Funds Management Policy (Continued)

Spending Policy

Subject to the charitable intent expressed in gift instruments, the Foundation will appropriate for expenditure or accumulate so much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established.

When making a determination to appropriate or accumulate endowment funds, the Foundation's Board considers the following, if relevant: the duration and preservation of the endowment fund; the purpose of the endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the Foundation; and the investment policy of the Foundation. For specific endowment funds, the Foundation will also consider, where appropriate and where circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Foundation and the specific endowment fund.

The Foundation's Board annually adopts a spending policy for endowed funds where a specific spending policy is not specially stated in the establishing fund agreement or documents. For the years ended December 31, 2018 and 2017, in order to achieve its overall financial objective, the Board approved policy allowed annual spending of 5.25% of the trailing twenty-quarter average market value of the portfolio calculated as of September 30th. Investment income above this spending policy is returned to the endowment fund for inflation protection and long-term preservation of purchasing power.

From time to time the fair value of an endowment fund may fall below the original gift amount, commonly known as an endowment being "underwater". The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. The Foundation has interpreted NYPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Foundation's policy on spending from underwater endowments is to limit the annual spending to an amount that preserves the balance of the fund at 90% of the original gift amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses

The costs of providing the Foundation's various program activities and other services have been summarized on a functional basis in the accompanying statements of activities and change in net assets and statement of functional expenses. Whenever possible expenses are directly charged to the appropriate program activities or supporting services that benefited from the incurred expense. Expenses that are not directly charged are allocated among the various program activities or supporting services that benefited from the incurred expense using a reasonable basis that is consistently applied. Payroll and benefits costs are directly charged to the applicable program activity or supporting service based on the actual time spent as reported by employees. Occupancy costs are allocated based on square footage used by the employees conducting the various functional activities. Information technology costs are allocated based on the number of users. Other indirect expenses, including telephone, office supplies, equipment leases, postage and insurance, have been allocated based on actual time spent on each program activity as reported by employees.

Program Activity

Grants and Scholarships Awarded

The Foundation approves and awards grants to honor donor intent that address: the changing needs of the community over time; certain fields of interest identified by the donor; specific charitable organizations as defined and recommended by the donor or fund advisor; and scholarships for students.

Grant Making and Fund Stewardship Services

Activities incurred to oversee and direct the granting and scholarship process including, but not limited to, the following: working with clients/donors to support granting from funds currently in existence at the Foundation where there is an active client/donor advisor, evaluating applicants, processing all grants and scholarships awarded, evaluating the impact of grants made and assessing the ongoing needs of the community all while honoring donor intent and offering educational opportunities for clients/donors to learn more about the needs of the community.

External Community Leadership Grants

Grants received from external funders that are directed towards facilitating and supporting community change, addressing needs and delivering significant leveraged impact. External funders of community leadership grants include local and national foundations and governmental entities (local, state and federal).

Foundation Community Leadership Initiatives

Program activities in leading collaborative initiatives for the benefit of the community, including soliciting and administering "External Community Leadership Grants" as defined above. The Foundation works to convene partners and develop collaborative solutions to address critical regional issues and needs within the following four focused community goals: 1) improving educational achievement and workforce readiness for residents living in low-income households, 2) increasing racial/ethnic equity, 3) protecting and restoring significant environmental resources and promoting equitable access and 4) strengthening the region as a center for architecture, arts, and culture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Supporting Services

Development

Development and cultivation activities undertaken with current and prospective clients/donors to understand their philanthropic needs and provide them with current giving strategies and planned giving opportunities that will maximize their charitable assets.

Management and General

Expenses incurred that are not identifiable with any of the above categories but are indispensable to conducting the above activities and to the Foundation's overall existence.

Income Taxes

The Foundation is a 501(c)(3) corporation exempt from income taxes under Section 501(a) of the Internal Revenue Code. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Comparative Information

The financial statements include certain prior-year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2017, from which the summarized information was derived. Certain 2017 amounts have been reclassified to conform with the 2018 presentation.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In 2018, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This standard is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The main provisions of this guidance include: presentation of two classes of net assets versus the previous three; recognition of underwater endowment funds as a reduction in net assets with donor restrictions; and reporting investment income net of external and direct internal investment expenses. The standard also enhances disclosures for: board designated amounts; composition of net assets with donor restrictions and how the restrictions affect the use of resources; qualitative and quantitative information about the liquidity and availability of financial assets to meet general expenditures within one year of the balance sheet date; and presentation of expenses by both their natural and functional classification, including methods used to allocate expenses among program and support functions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets have been reclassified among net asset classes for 2017, with no change in total net assets, due to the adoption of ASU 2016-14 as of December 31, 2018 as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Total Net <u>Assets</u>
Net assets as previously presented at December 31, 2017:			
Unrestricted	\$ 367,837,366	\$ -	\$ 367,837,366
Temporarily Restricted	<u>-</u>	<u>29,206,152</u>	<u>29,206,152</u>
Total as previously presented	<u>367,837,366</u>	<u>29,206,152</u>	<u>397,043,518</u>
Reclassification:			
Restricted for charitable purpose	(197,366,148)	197,366,148	-
Restricted in perpetuity - endowment	(70,033,041)	70,033,041	-
Restricted for passage of time	<u>(729)</u>	<u>729</u>	<u>-</u>
Total reclassification	<u>(267,399,918)</u>	<u>267,399,918</u>	<u>-</u>
Net assets at December 31, 2017 after adoption of new standard	<u>\$ 100,437,448</u>	<u>\$ 296,606,070</u>	<u>\$ 397,043,518</u>

In February 2016, the FASB issued ASU 2016-02, *Leases*. This standard requires that lessees recognize virtually all leases on the balance sheet, by recording a right-of-use asset and a lease liability. At December 31, 2018, the Foundation disclosed in Note 13 approximately \$907,000 of operating leases payable and will evaluate those contracts as well as other existing arrangements to determine the effect of the new standard. This standard will be effective for years beginning after December 15, 2019.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that are without donor or other restrictions limiting their use, within one year of the Balance Sheet date, comprise the following at December 31, 2018:

Cash	\$ 2,474,275
Receivables	294,496
Investments	<u>4,324,210</u>
Total	<u>\$ 7,092,981</u>

The Foundation administers various charitable funds established by individuals, families and organizations. These funds include endowment funds that consist of: donor endowed with a restricted purpose; donor endowed without a restricted purpose; and board designated endowments. Income and appreciation from donor-restricted endowments which are restricted for specific purposes and amounts held in custody are not available for general expenditure. As described in Note 11, the Foundation's endowment funds without a restricted purpose and Board designated endowments without a restricted purpose that are subject to an annual spending rate and the amounts that have been appropriated for spending in the subsequent annual year would be available for general expenditure within the next year.

3. LIQUIDITY AND AVAILABILITY (Continued)

The majority of funds are managed as a pool of assets and are charged an annual administrative fee based on a percentage of the average fair value of the assets of the fund. For endowed funds, these fees are calculated on an annual basis and assessed quarterly. These administrative fees are recognized in the fiscal year in which they occur and are used to cover the operating expenses of the Foundation and support the Foundation's community leadership efforts and initiatives. Based on the nature of these funds, the administrative fees that will be charged in the subsequent annual year would be available for general expenditure within the next year.

For non-endowed funds, the administrative fees are calculated at the close of each calendar quarter. Given the timing of this methodology, the administrative fees on these funds are recognized each quarter and would only be available for general expenditure once the calculation has been completed and as a result, these have not been included in financial assets available for general expenditure.

Occasionally, the Board will designate for reserves a portion of any annual operating surplus and unspent portions of the distributions received from a perpetual trust to its operating and other identified special purpose reserves. These reserves are available for general expenditure within the next year at the discretion of the Board.

Based on the above, the amounts available for general expenditure within the next year are comprised of the following at December 31, 2018:

Appropriations from endowment funds without a restricted purpose:	
Board designated	\$ 503,357
Donor endowed	1,296,976
Administrative fees from endowment funds	2,298,594
Board designated reserves	<u>2,994,054</u>
Total	<u>\$ 7,092,981</u>

Generally, these amounts would be used, at the discretion of the Board, to support community grant making, community leadership activities and other Foundation operating activities.

Although the Foundation does not intend to spend from its Board designated endowment (other than amounts appropriated per the Board's annual spending rate approval), amounts could be made available, if the Board deemed necessary, totaling \$9,171,622 at December 31, 2018.

Financial assets available for general expenditure do not include \$88,050,135 in advised funds at December 31, 2018, that would be available for granting within one year. The Foundation does not consider these available for general expenditure since these funds are available for distribution to charitable organizations or causes based upon recommendations from the fund establisher or their designated fund advisor(s).

3. LIQUIDITY AND AVAILABILITY (Continued)

The Foundation manages its cash available to meet general expenditures, liabilities, and other obligations with the following guiding principles:

- Operate within a prudent range of financial soundness and stability,
- Maintain adequate liquid assets to meet current and projected cash needs,
- Maintain sufficient reserves and investment practices to provide reasonable assurance that long-term grant commitments, obligations under endowments with donor restrictions and Board designated endowments will be available to support current mission fulfillment needs, while at the same time ensuring the future sustainability of the Foundation.

In managing liquidity, the Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. This is done generally using a 90-day time frame where amounts appropriated for current year spending are moved from long term investments to short term investments on a quarterly basis so that the next 90 days of anticipated cash requirements are consistently available. The Foundation invests cash in excess of daily requirements in short-term investments and money market funds. As detailed in Note 14, the Foundation has the ability to redeem certain investments as necessary to meet its obligations and additionally, as detailed in Note 7, the Foundation has a \$15,000,000 unsecured bank demand line of credit that can be used to address temporary liquidity needs.

4. INVESTMENTS

Investments as of December 31 consisted of:

	<u>2018</u>	<u>2017</u>
U.S. equities	\$ 128,833,559	\$ 134,328,486
International equities	95,302,695	124,392,480
Bonds and fixed income funds	58,661,651	58,906,138
Multi-strategy funds	18,052,189	17,875,813
Long/short equity funds	40,630,757	22,310,227
Private equity funds	23,248,148	14,627,836
Public and private real asset funds	24,355,481	23,096,360
Cash and money market funds	<u>19,820,242</u>	<u>23,533,977</u>
	<u>\$ 408,904,722</u>	<u>\$ 419,071,317</u>

Investment earnings (losses) for the years ended December 31 consisted of:

	<u>2018</u>	<u>2017</u>
Dividends and interest	\$ 5,819,363	\$ 5,076,752
Net realized and unrealized gains (losses)	(26,470,893)	53,894,642
Investment expenses	<u>(2,372,249)</u>	<u>(1,865,057)</u>
Total investment earnings (losses), net of expenses	<u>\$ (23,023,779)</u>	<u>\$ 57,106,337</u>

5. RECEIVABLES

Receivables consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Bequests	\$ 302,732	\$ 231,000
Other grants and program related investments	435,566	430,991
Grants	113,380	27,696
Pledges	<u>38,003</u>	<u>21,678</u>
	<u>\$ 889,681</u>	<u>\$ 711,365</u>

Amounts are expected to be received over the periods shown below.

Less than one year	\$ 876,371
One through five years	13,310
Greater than five years	<u>-</u>
	<u>\$ 889,681</u>

6. BENEFICIAL INTEREST IN PERPETUAL TRUST

The Foundation is a beneficiary of a perpetual trust created in 1928. The trust makes annual distributions pursuant to a 1978 Massachusetts Superior Judicial Court judgment. The Foundation and two other entities are the recipients of these annual distributions. Additionally, the Foundation alone will receive 50% of the value of the trust corpus in 2029. The remaining corpus will continue to accumulate for another 50 years, at which time 50% of the trust corpus will be distributed to the Foundation alone. This process will continue every 50 years in perpetuity.

During the year ended December 31, 2018 and 2017, the Foundation received distributions from the trust totaling \$727,595 and \$555,362, respectively.

7. SHORT-TERM BORROWINGS

The Foundation has a \$15,000,000 unsecured bank demand line of credit with interest payable at LIBOR plus 1.5%. The line of credit is intended to be used only on a temporary basis to address, among other things, the liquidity needs of larger funds while fulfilling the fiduciary responsibility of preserving the integrity of the investment pool and its strategic asset allocation. The line is subject to the usual terms and conditions applied by the bank and is annually reviewed and renewed. There were no amounts outstanding on the line at December 31, 2018 and 2017.

8. GRANTS PAYABLE

Grants payable in more than one year are recognized at present value at the time the grants are made. The discounts on estimated future cash flow amounts are computed using an appropriate interest rate applicable to the year in which the grant is made. Grants payable at December 31, 2018, are payable in the following periods:

2019	\$ 1,006,095
2020	199,100
2021	140,000
2022	<u>12,500</u>
	<u>\$ 1,357,695</u>

9. AMOUNTS HELD IN CUSTODY FOR OTHERS

Assets held in custody are comprised of “organization funds” and “agency grants” and are included in the asset categories of cash, contribution receivables and investments on the Balance Sheet. “Organization funds” are held in custody for other nonprofit organizations that choose to invest long-term assets at the Foundation. “Agency grants” are grants received from charitable organizations or governmental entities where the Foundation does not have the ability to choose the ultimate beneficiary of such funds and the Foundation is therefore acting as an agent in assisting these organizations with the charitable activities of these grants. These assets are offset by a corresponding liability. Accordingly, the activity of the organization funds and agency grants has been excluded from the Statements of Activities and Change in Net Assets and therefore is not a component of net assets.

Total organization funds and agency grants activity consisted of the following for the years ended December 31:

	2018			2017 Total
	Organization Funds	Agency Grants	Total	
Investment earnings, net	\$ (4,349,614)	\$ -	\$ (4,349,614)	\$ 9,184,645
Contributions recognized	13,139,909	748,239	13,888,148	2,990,810
Distributions and grants	(1,954,009)	-	(1,954,009)	(1,696,035)
Administrative fees and expenses	(358,297)	-	(358,297)	(316,014)
Other expenses	<u>-</u>	<u>(748,239)</u>	<u>(748,239)</u>	<u>-</u>
Net change	6,477,989	-	6,477,989	10,163,406
Balance, beginning of year	66,596,162	-	66,596,162	56,432,756
Grants received not yet recognized	<u>-</u>	<u>976,508</u>	<u>976,508</u>	<u>-</u>
Balance, end of year	<u>\$ 73,074,151</u>	<u>\$ 976,508</u>	<u>\$ 74,050,659</u>	<u>\$ 66,596,162</u>

10. NET ASSETS

The net assets of the Foundation consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
<u>Net Assets Without Donor Restrictions:</u>		
Non-Endowed Advised Funds	\$ 86,384,488	\$ 86,518,397
Designated by the Board for Endowment	9,674,979	10,963,693
Designated for Operating Reserves	3,046,275	2,384,655
Designated for Property and Equipment	<u>505,340</u>	<u>570,703</u>
Total Net Assets Without Donor Restrictions	<u>99,611,082</u>	<u>100,437,448</u>
<u>Net Assets With Donor Restrictions:</u>		
<u>Restricted for Charitable Purpose:</u>		
Field of Interest	51,228,783	52,575,612
Designated Entity	75,011,011	81,467,754
Scholarships	<u>58,051,949</u>	<u>63,322,782</u>
Total Funds Restricted as to Charitable Purpose	<u>184,291,743</u>	<u>197,366,148</u>
<u>Restricted for Perpetuity - Endowment:</u>		
Endowed Advised Funds	40,553,904	42,885,725
Endowment Funds Without a Restricted Purpose	<u>24,610,351</u>	<u>27,147,316</u>
Total Endowment Funds	<u>65,164,255</u>	<u>70,033,041</u>
<u>Restricted for the Passage of Time:</u>		
Perpetual trust	24,799,971	27,862,248
Other split-interest agreements	<u>1,273,805</u>	<u>1,344,633</u>
Total Other Funds	<u>26,073,776</u>	<u>29,206,881</u>
Total Net Assets With Donor Restrictions	<u>275,529,774</u>	<u>296,606,070</u>
Total Net Assets	<u>\$ 375,140,856</u>	<u>\$ 397,043,518</u>

11. ENDOWMENT ASSETS

The net assets of the Foundation include endowment assets which consist of both donor-restricted endowments and board designated endowments. Endowment assets totaled \$247,162,232 and \$266,269,066 at December 31, 2018 and 2017, respectively, which represent approximately 66% and 67% of the Foundation's total net assets.

The Foundation's Board has a general policy to designate for endowment the charitable assets that are received without restrictions or advisement rights and those received with a purpose restriction that were not endowed by the donor. Board endowment assets totaled \$14,630,146 and \$16,409,893 at December 31, 2018 and 2017, respectively.

Endowment assets do not include endowment amounts held in custody for others as these are not a component of net assets.

11. ENDOWMENT ASSETS (Continued)

Endowment assets of the Foundation consisted of the following at December 31, 2018 and 2017:

Year Ended December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions			Total
		Board Designated Endowed	Board Designated Endowed	Donor Endowed	
Beginning endowed net assets	\$ 10,963,693	\$ 5,446,200	\$ 249,859,173	\$ 255,305,373	\$ 266,269,066
Investment earnings (losses), net	(568,058)	(288,961)	(13,743,309)	(14,032,270)	(14,600,328)
Contributions	5,000	-	8,110,664	8,110,664	8,115,664
Appropriation for expenditure	-	-	(9,986,652)	(9,986,652)	(9,986,652)
Other changes:					
Administrative fees & expenses	(78,620)	(46,315)	(1,973,660)	(2,019,975)	(2,098,595)
Transfers from other funds	-	-	265,870	265,870	265,870
Distributions - spending policy	<u>(647,036)</u>	<u>(155,757)</u>	<u>-</u>	<u>(155,757)</u>	<u>(802,793)</u>
Ending endowed net assets	<u>\$ 9,674,979</u>	<u>\$ 4,955,167</u>	<u>\$ 232,532,086</u>	<u>\$ 237,487,253</u>	<u>\$ 247,162,232</u>

Year Ended December 31, 2017:

	Without Donor Restrictions	With Donor Restrictions			Total
		Board Designated Endowed	Board Designated Endowed	Donor Endowed	
Beginning endowed net assets	\$ 9,777,862	\$ 4,952,598	\$ 221,088,058	\$ 226,040,656	\$ 235,818,518
Investment earnings (losses), net	1,539,703	773,325	34,907,591	35,680,916	37,220,619
Contributions	-	-	4,110,255	4,110,255	4,110,255
Appropriation for expenditure	-	-	(9,208,262)	(9,208,262)	(9,208,262)
Other changes:					
Administrative fees & expenses	(74,629)	(42,638)	(1,872,757)	(1,915,395)	(1,990,024)
Transfers from other funds	-	-	834,288	834,288	834,288
Distributions - spending policy	<u>(279,243)</u>	<u>(237,085)</u>	<u>-</u>	<u>(237,085)</u>	<u>(516,328)</u>
Ending endowed net assets	<u>\$ 10,963,693</u>	<u>\$ 5,446,200</u>	<u>\$ 249,859,173</u>	<u>\$ 255,305,373</u>	<u>\$ 266,269,066</u>

At December 31, 2018 and 2017, underwater endowments totaling \$973,185 and \$336,271, respectively, were reported in net assets with donor restrictions.

	<u>2018</u>	<u>2017</u>
Fair value of underwater endowment funds	\$ 11,563,166	\$ 3,009,405
Original endowment gift amount	<u>12,536,351</u>	<u>3,345,676</u>
Amount of underwater endowments	<u>\$ (973,185)</u>	<u>\$ (336,271)</u>

12. RETIREMENT PLAN

The Foundation maintains a 401(k) retirement plan for essentially all full-time employees. Contributions are made based on 8% of salaries for employees meeting certain service requirements.

Contributions for the years ended December 31, 2018 and 2017 totaled \$173,695 and \$161,800, respectively.

13. COMMITMENTS

Leases

The Foundation rents office space under a long-term lease. Future annual minimum lease payments due under the lease are as follows:

2019	\$	226,820
2020		226,820
2021		226,820
2022		<u>226,820</u>
	\$	<u>907,280</u>

Rent expense amounted to \$266,820 and \$265,085 for the years ended December 31, 2018 and 2017, respectively.

14. FAIR VALUE MEASUREMENTS

Fair Value Measurements of Investments

As described in Note 2, the Foundation's investments are stated at fair value. The fair value of marketable securities is determined by quoted prices in active markets (Level 1) as well as by the use of net asset value (NAV) per share (or its equivalent) as a practical expedient to determine the fair value of investments.

A majority of the Foundation's investments are in entities that are limited liability companies and limited partnerships where the Foundation's investment represents a percentage ownership of each entity. In the case of these entities, the Foundation estimates fair value using NAV as reported by the fund manager and/or independent third parties as a practical expedient, unless it is probable that the investment will be sold for an amount different from NAV. As of December 31, 2018 and 2017, the Foundation has no plans or intentions to sell investments at amounts different from NAV. Because of the inherent uncertainties in valuation assumptions, the estimated fair value for investments may differ significantly from values that would have been used had a ready market existed. Such valuations are generally determined by using variables such as quoted market prices for portfolio holdings within these entities, operating results, earnings of the underlying holdings, projected cash flows, recent sales prices and other pertinent information.

14. FAIR VALUE MEASUREMENTS (Continued)

The fair value of investment assets are as follows as of December 31, 2018:

	<u>Level 1</u>	<u>NAV</u>	<u>Total</u>
U.S. equities	\$ 41,323,741	\$ 87,509,818	\$ 128,833,559
International equities	9,352,962	85,949,733	95,302,695
Bonds and fixed income funds	21,450,782	37,210,869	58,661,651
Multi-strategy funds	-	18,052,189	18,052,189
Long/short equity funds	-	40,630,757	40,630,757
Private equity funds	-	23,248,148	23,248,148
Public and private real assets	-	24,355,481	24,355,481
Cash and money market funds	<u>19,820,242</u>	<u>-</u>	<u>19,820,242</u>
Total investments	<u>\$ 91,947,727</u>	<u>\$ 316,956,995</u>	<u>\$ 408,904,722</u>

The fair value of investment assets are as follows as of December 31, 2017:

	<u>Level 1</u>	<u>NAV</u>	<u>Total</u>
U.S. equities	\$ 45,856,651	\$ 88,471,835	\$ 134,328,486
International equities	5,355,532	119,036,948	124,392,480
Bonds and fixed income funds	21,417,626	37,488,512	58,906,138
Multi-strategy funds	-	17,875,813	17,875,813
Long/short equity funds	-	22,310,227	22,310,227
Private equity funds	-	14,627,836	14,627,836
Public and private real assets	-	23,096,360	23,096,360
Cash and money market funds	<u>23,533,977</u>	<u>-</u>	<u>23,533,977</u>
Total investments	<u>\$ 96,163,786</u>	<u>\$ 322,907,531</u>	<u>\$ 419,071,317</u>

14. FAIR VALUE MEASUREMENTS (Continued)

The Foundation had the following investments that are valued using net asset value at December 31, 2018 and 2017 presented along with the related redemption notice periods and unfunded portions of capital and investment commitments:

December 31, 2018:

Redemption Notice Period	Description	NAV	Unfunded Commitments
Redeemable with up to 180 days notice:			
	U.S. equities	\$ 66,348,700	\$ -
	International equities	72,640,953	-
	Bond and fixed income funds	37,210,869	-
	Multi-strategy funds	17,903,074	-
	Long/short equity funds	6,841,690	-
	Public and private real assets	<u>8,587,347</u>	<u>-</u>
		<u>209,532,633</u>	<u>-</u>
Redeemable with up to 180 days notice after lock-up periods of 1-5 years:			
	U.S. equities	21,161,118	-
	International equities	13,308,780	-
	Multi-strategy funds	149,115	-
	Long/short equity funds	<u>33,789,067</u>	<u>-</u>
		<u>68,408,080</u>	<u>-</u>
Illiquid with return of capital beginning 3 to 4 years from purchase date:			
	Private equity funds	23,248,148	20,871,442
	Public and private real assets	<u>15,768,134</u>	<u>11,244,595</u>
		<u>39,016,282</u>	<u>32,116,037</u>
Total		<u>\$ 316,956,995</u>	<u>\$ 32,116,037</u>

December 31, 2017:

Redemption Notice Period	Description	NAV	Unfunded Commitments
Redeemable with up to 180 days notice:			
	U.S. equities	\$ 67,267,113	\$ 15,000,000
	International equities	103,474,588	-
	Bond and fixed income funds	37,488,512	-
	Multi-strategy funds	17,709,662	-
	Long/short equity funds	12,139,940	-
	Public and private real assets	<u>9,688,725</u>	<u>-</u>
		<u>247,768,540</u>	<u>15,000,000</u>
Redeemable with up to 180 days notice after lock-up periods of 1-5 years:			
	U.S. equities	21,204,722	-
	International equities	15,562,360	-
	Multi-strategy funds	166,151	-
	Long/short equity funds	<u>10,170,287</u>	<u>-</u>
		<u>47,103,520</u>	<u>-</u>
Illiquid with return of capital beginning 3 to 4 years from purchase date:			
	Private equity funds	14,627,836	13,457,025
	Public and private real assets	<u>13,407,635</u>	<u>12,587,093</u>
		<u>28,035,471</u>	<u>26,044,118</u>
Total		<u>\$ 322,907,531</u>	<u>\$ 41,044,118</u>

14. FAIR VALUE MEASUREMENTS (Continued)

The Foundation evaluates the liquidity of all investments on a quarterly basis to ensure that it has access to sufficient resources necessary for its current and future operational activities. Overall, at December 31, 2018, the Foundation has access to approximately fifty percent (50%) of the fair value of the investments on a monthly basis, and approximately seventy-two percent (72%) of the fair value of the investments on a quarterly basis.

The Foundation invests in limited liability companies and limited partnerships for the purpose of long term growth. These investments have various liquidity requirements and redemption policies as summarized in the table above. Following is a detail of investment strategies of the respective investment classes:

U.S. and International Equities

U.S. and international equities are held by various different managers and investment vehicles. The primary objective of these equity investments is outperforming various market benchmark indicators depending upon the objectives of the fund manager.

Bonds and Fixed Income Funds

Bonds and Fixed income funds are held by various different managers and investment vehicles. The primary objective of these fixed income investments is outperforming various market benchmark indicators depending upon the objectives of the fund manager.

Multi-Strategy and Long/ Short Equity Hedge Funds

The Foundation invests in a variety of hedge funds that pursue multiple strategies to diversify risks and reduce total portfolio volatility. These funds holdings include various publicly traded credit and equity positions across U.S. and international markets.

Private Equity Funds

The Foundation invests in multiple private equity funds (approximately 18 funds), which includes various U.S. and international companies that are not publicly traded. When the underlying assets are sold the proceeds, less any incentives due to the fund sponsor, will be distributed to the investor.

Public and Private Real Assets

The Foundation invests in one public and multiple private real estate trusts, partnerships or capital funds (approximately 12 funds) which invest in U.S and international real asset holdings. When the underlying assets are sold the proceeds, less any incentives due to the fund sponsor, will be distributed to the investor.

Fair Value Measurements of Other Financial Items

The carrying amounts of receivables approximates fair value based on the discounted values of estimates to be received or the underlying value of the trustee assets. The carrying amounts of grants payable approximates fair value based on the discounted values of amounts to be paid.

The Foundation recognizes its rights in the beneficial interest in perpetual trust on the balance sheet as a single amount at fair value. The Trust's assets consist primarily of marketable equities and fixed income securities valued based on quoted prices in active markets. The Foundation's asset is considered a Level 2 asset in the fair value hierarchy.

15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 6, 2019, which is the date the financial statements were available to be issued.