THE COMMUNITY FOUNDATION OF LOUISVILLE, INC.

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2024 and 2023

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

THE COMMUNITY FOUNDATION OF LOUISVILLE, INC.
TABLE OF CONTENTS

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Board of Directors
The Community Foundation of Louisville, Inc.
Louisville, Kentucky

Opinion

We have audited the consolidated financial statements of The Community Foundation of Louisville, Inc. (a not-for-profit organization), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Community Foundation of Louisville, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of The Community Foundation of Louisville, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Community Foundation of Louisville, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Community Foundation of Louisville, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Community Foundation of Louisville, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Cherry Bekaert LLP

Louisville, Kentucky
December 11, 2024

THE COMMUNITY FOUNDATION OF LOUISVILLE, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and cash equivalents	$ 6,102,809	$ 6,540,171
Investments	799,753,122	743,730,548
Accounts receivable	31,610	25,259
Contributions receivable	2,601,500	1,155,203
Notes receivable, net	8,371,033	8,206,810
Beneficial interests in charitable remainder trusts	3,731,454	3,463,968
Cash surrender value of life insurance	220,449	231,071
Property and equipment, net	313,271	334,045
Operating lease right-of-use asset	750,875	996,118
Other assets	2,165,579	1,090,077
Total Assets	$ 824,041,702	$ 765,773,270
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 299,777	$ 261,709
Grants payable	3,088,039	5,252,252
Accrued expenses and other current liabilities	137,788	151,429
Operating lease liability	788,834	1,026,624
Depository Liabilities:		
Depository	23,488,858	25,154,352
Corporate Depository	5,174,210	8,806,551
Agency endowment liabilities	25,304,078	23,973,118
Deferred gift liabilities for split-interest agreements	6,271,978	6,546,471
Total Liabilities	64,553,562	71,172,506
Net Assets		
Without Donor Restrictions		
Operations	2,733,280	2,546,187
Depositories	(2,361,551)	(1,845,794)
Endowments	516,857,650	486,102,405
Total Net Assets Without Donor Restrictions	517,229,379	486,802,798
With Donor Restrictions		
Purpose Restrictions		
Endowments	241,799,706	207,338,911
Perpetual in Nature		
Endowments	459,055	459,055
Total Net Assets With Donor Restrictions	242,258,761	207,797,966
Total Net Assets	759,488,140	694,600,764
Total Liabilities and Net Assets	$ 824,041,702	$ 765,773,270

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

THE COMMUNITY FOUNDATION OF LOUISVILLE, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support						
Contributions	$ 2,941,671	$ 36,367,565	$ 39,309,236	$ 1,783,962	$ 56,683,732	$ 58,467,694
Less amounts received for agency endowments	-	(41,658)	(41,658)	-	(110,653)	(110,653)
Investment income, net	4,196,224	16,016,157	20,212,381	3,560,789	15,309,418	18,870,207
Net realized and unrealized gains on investments	12,456,367	58,024,975	70,481,342	9,632,338	53,295,529	62,927,867
Administered fund fees	168,239	-	168,239	167,335	-	167,335
Other income	143,293	-	143,293	159,560	-	159,560
	19,905,794	110,367,039	130,272,833	15,303,984	125,178,026	140,482,010
Net assets released from restrictions	75,906,244	(75,906,244)	-	231,012,256	(231,012,256)	-
Total Revenues, Gains, and Other Support	95,812,038	34,460,795	130,272,833	246,316,240	(105,834,230)	140,482,010
Expenses and Losses						
Program services	60,905,484	-	60,905,484	121,135,162	-	121,135,162
Management and general	3,152,751	-	3,152,751	2,608,272	-	2,608,272
Fundraising	1,327,222	-	1,327,222	1,185,377	-	1,185,377
Total Expenses and Losses	65,385,457	-	65,385,457	124,928,811	-	124,928,811
Change in net assets	30,426,581	34,460,795	64,887,376	121,387,429	(105,834,230)	15,553,199
Net assets, beginning of year	486,802,798	207,797,966	694,600,764	365,415,369	313,632,196	679,047,565
Net assets, end of year	$ 517,229,379	$ 242,258,761	$ 759,488,140	$ 486,802,798	$ 207,797,966	$ 694,600,764

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

THE COMMUNITY FOUNDATION OF LOUISVILLE, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Fundraising	Total
Grants	$ 59,363,836	$ -	$ -	$ 59,363,836
Less amounts granted from agency endowments	(1,630,312)	-	-	(1,630,312)
Special programs	261,856	-	-	261,856
Income distributions from Depositories to donors' funds	54,348	-	-	54,348
Distributions from deferred funds	533,887	-	-	533,887
Salaries, benefits, and payroll taxes	1,360,073	2,338,733	806,833	4,505,639
Credit losses	552,500	-	-	552,500
Rent, utilities, and office expenses	153,532	304,356	70,547	528,435
Software maintenance contracts	68,856	150,462	35,703	255,021
Marketing and communications	2,643	-	237,983	240,626
Legal, audit, and other professional services	28,543	150,904	20,907	200,354
Travel, entertainment, and conference expenses	36,340	66,145	13,040	115,525
Memberships, subscriptions, and continuing education	10,620	63,869	11,749	86,238
Development and stewardship	-	-	92,448	92,448
Community leadership	79,528	-	-	79,528
Depreciation and amortization	18,586	46,921	9,637	75,144
Other miscellaneous expenses	4,953	18,915	2,568	26,436
Foundation advancement	-	-	22,854	22,854
Postage, printing, and publications	5,695	12,446	2,953	21,094
Totals	$ 60,905,484	$ 3,152,751	$ 1,327,222	$ 65,385,457

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

THE COMMUNITY FOUNDATION OF LOUISVILLE, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Fundraising	Total
Grants	$ 118,846,868	$ -	$ -	$ 118,846,868
Less amounts granted from agency endowments	(447,295)	-	-	(447,295)
Special programs	279,056	-	-	279,056
Income distributions from Depositories to donors' funds	258,525	-	-	258,525
Distributions from deferred funds	643,478	-	-	643,478
Salaries, benefits, and payroll taxes	1,134,294	1,902,431	656,315	3,693,040
Rent, utilities, and office expenses	131,905	259,156	59,661	450,722
Software maintenance contracts	58,867	128,636	30,524	218,027
Marketing and communications	2,001	-	327,600	329,601
Legal, audit, and other professional services	43,969	160,903	23,727	228,599
Travel, entertainment, and conference expenses	22,374	40,360	7,804	70,538
Memberships, subscriptions, and continuing education	6,076	39,682	6,913	52,671
Development and stewardship	1,669	-	52,465	54,134
Community leadership	120,941	-	-	120,941
Depreciation and amortization	15,780	39,840	8,183	63,803
Other miscellaneous expenses	11,261	25,501	5,839	42,601
Foundation advancement	-	-	3,555	3,555
Postage, printing, and publications	5,393	11,763	2,791	19,947
Totals	$ 121,135,162	$ 2,608,272	$ 1,185,377	$ 124,928,811

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

THE COMMUNITY FOUNDATION OF LOUISVILLE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash flows from operating activities		
Cash receipts		
Contributions	$ 36,220,215	$ 56,978,239
Contributions/additions to Depository and agency endowment liability funds	22,561,449	24,809,976
Investment income	22,610,444	20,613,271
Other	349,647	592,171
Cash payments		
Grants	(59,897,738)	(117,177,356)
Grants/distributions of Depository and agency endowment liability funds	(29,498,872)	(35,348,670)
Distributions of deferred gift liability funds	(533,887)	(643,478)
Personnel	(4,515,054)	(3,713,282)
Investment management and other fees	(1,771,975)	(1,277,211)
Other	(2,233,442)	(1,852,648)
Net cash flows from operating activities	(16,709,213)	(57,018,988)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	375,006,659	490,570,250
Principal payments received on notes receivable	994,862	1,786,350
Purchases of investments	(358,175,300)	(435,745,904)
Additional notes receivable	(1,500,000)	(1,074,000)
Purchases of property and equipment	(54,370)	(196,087)
Net cash flows from investing activities	16,271,851	55,340,609
Net change in cash and cash equivalents	(437,362)	(1,678,379)
Cash and cash equivalents, beginning of year	6,540,171	8,218,550
Cash and cash equivalents, end of year	$ 6,102,809	$ 6,540,171

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

Note 1—Nature of organization/consolidated financial statements

The accompanying consolidated financial statements include the accounts of The Community Foundation of Louisville, Inc., The Community Foundation of Louisville Depository, Inc., The Community Foundation of Louisville Corporate Depository, Inc., Real Estate Asset Legacy Foundation of Kentucky, Inc., Felix E. Martin, Jr. Foundation, Inc., the John B. and Mary Bell Pirtle Endowment Fund, and Louisville Preservation Fund, Inc. (collectively, the Foundation). All significant inter-organization accounts and transactions have been eliminated in consolidation.

The Community Foundation of Louisville, Inc. (Community Foundation) was organized as a successor to the Louisville Foundation, Inc. The Community Foundation's primary purpose is to receive contributions, the majority of which are placed into endowment funds. The distributions of grants to meet community needs are made in accordance with the Community Foundation’s spending policies, as approved by the Community Foundation’s Board of Directors.

The Community Foundation of Louisville Depository, Inc. (Depository) and The Community Foundation of Louisville Corporate Depository, Inc. (Corporate Depository) consist of pooled funds which are designed to receive assets contributed from multiple donors. Both the Depository and the Corporate Depository (collectively, the Depositories) distribute grants, in accordance with the individual or corporate depositor's direction, to not-for-profit organizations throughout the United States. Distributions can be made at any time during the donor’s lifetime or the corporate depositor’s existence. Within one year of the death of the donor (or surviving spouse) or dissolution of the corporate donor, any undistributed funds will be granted either to charitable organizations, if specified by the donor agreement, or to the general endowment of the Community Foundation.

Real Estate Asset Legacy Foundation of Kentucky, Inc. (REAL Foundation) was organized to receive contributions of real estate. The REAL Foundation holds such donated property until it is sold, the proceeds from which, depending on the nature of the arrangements made with the donor when the contribution was made, are either granted to the Community Foundation or to the Depositories.

Felix E. Martin, Jr. Foundation, Inc. (Martin, Jr. Foundation), a Type I supporting organization (as described in Section 509(a)(3) of the Internal Revenue Code) to the Community Foundation, was formed to receive and maintain the funds bequeathed by Felix E. Martin, Jr. to be used exclusively for charitable, scientific, literary, or educational purposes for the benefit of the residents of Muhlenberg County, Kentucky, either directly or by contributions to organizations that qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code. The Martin, Jr. Foundation’s assets principally consist of an investment account comprised of marketable securities.

The John B. and Mary Bell Pirtle Endowment Fund (Pirtle Endowment Fund) was established to benefit the Louisville Foundation, Inc., which, as noted above, was the precursor to the Community Foundation. The Internal Revenue Service ultimately approved the designation of the Pirtle Endowment Fund as a Type I supporting organization to the Community Foundation. The Pirtle Endowment Fund’s assets consist of an investment account comprised of marketable securities. The terms of the related agreement specify that all income generated by such assets be distributed to the Community Foundation. At June 30, 2024 and 2023, the fair value of the Pirtle Endowment Fund’s assets total $2,284,846 and $2,102,326, respectively, and are included with the Community Foundation’s investments.

Louisville Preservation Fund, Inc. (LPF), a Type I supporting organization to the Community Foundation, was established to revitalize historic places through direct real estate action and partnerships to enhance community and promote economic development. LPF’s assets primarily consist of a total of $1,000,000 due under the terms of two separate notes receivable (see Note 7).

Note 2—Summary of significant accounting policies

Basis of Presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) is the sole source of authoritative U.S. GAAP.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donor-imposed Restrictions – The Foundation records and reports its assets, liabilities, net assets, revenues and other support, expenses, and gains and losses based on the existence or absence of donor-imposed restrictions according to the two classes of net assets as follows:

> *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and that have no time or purpose restrictions. Net assets without donor restrictions also include net assets which have been designated by the Foundation's Board of Directors (Board) to function as endowments, as well as the funds available or spendable portion of endowment net assets subject to donor fund agreements.
>
> Board designated endowment net assets may be used at the discretion of the Foundation's Board. The distributions from endowments subject to donor fund agreements represent the portion of such endowment funds that have been appropriated for expenditure and may be granted to charitable organizations at any time upon donor request. Such distributions are subject to approval by the Foundation's Board.
>
> *Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors or grantors. Certain donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restriction.

The Foundation's Board is governed by the Foundation's Articles of Incorporation and By-laws and further by the Foundation's investment policy. Although the Foundation's desire is to receive, manage, and distribute donated assets in accordance with individual donor fund agreements and other gift instruments, the Foundation has "variance power" as provided for within the Foundation's Articles of Incorporation. "Variance power" is the ability to modify any restriction or condition on the distribution of assets for any specified charitable purposes or to specified organizations, if in the Board's sole judgment (without the approval of any trustee, custodian, or agent), such restriction or condition becomes obsolete, incapable of fulfillment, or inconsistent with the charitable purposes of the donor.

Cash and Cash Equivalents – Cash and cash equivalents consists of funds not otherwise held in custodial investment accounts or certificates of deposit. The Foundation considers all highly liquid instruments, not designated for investment purposes, with an original maturity when purchased of three months or less, to be cash equivalents.

Investments – The Foundation invests in a combination of cash equivalent funds, publicly-traded common stocks, mutual funds, fixed-income securities, and alternative investments. All investment securities are subject to the risks common to financial markets, including interest rate risk, credit risk, and overall market risk. Due to the level of risk associated with all investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated statements of financial position.

Note 2—Summary of significant accounting policies (continued)

The Foundation's investments are stated at fair value. Fair value is the amount that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. Investments are recorded at cost when initially purchased.

The receipts of donated investments are recorded at the quoted market value of the respective investment at the time of donation. It is generally the Foundation's policy to liquidate donated investments upon receipt.

Purchases and sales of investments are recorded on a trade-date basis. Investment income, which is reflected net of related investment management and custodial fees, includes both interest and dividend income. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized gains (losses) represent the gains (losses) on investments sold during the year. Net unrealized gains (losses) represent the gains (losses) on investments held throughout the year and are included in the change in net assets in the accompanying consolidated statements of activities.

Contributions Receivable – Contributions receivable consist principally of assets which have been bequeathed to the Community Foundation. When contribution receivable amounts are expected to have collection periods in excess of a year, such amounts have generally been recorded after discounting them to the present value of future cash flows using a risk adjusted discount rate. At June 30, 2024 and 2023, management expects all contribution receivable amounts to be collected within the subsequent fiscal year. No allowance for uncollectible contributions receivable is reflected in the accompanying consolidated financial statements as management considers all contributions receivable to be fully collectible.

Notes Receivable – The estimated fair values of notes receivable represent the outstanding principal balances under the terms of the respective loan agreements. Interest income is recognized over the terms of the notes receivable as calculated on the outstanding principal amounts. Notes receivable generally bear interest at interest rates ranging from 1.00% to 3.50%.

At June 30, 2024, notes receivable are presented net of a $500,000 allowance for credit losses (uncollectible notes receivable). No allowance for credit losses is reflected in the accompanying consolidated financial statements as of and for the year ended June 30, 2023. When applicable, the Foundation provides an allowance for credit losses based on general historical collection experience, including historical levels of credit losses, current economic conditions, and a review of the current status of existing notes receivable. The Foundation makes on-going estimates relating to the collectability of receivables. An individual note receivable is considered past due when payment is not received pursuant to the repayment terms of the respective loan agreement.

Beneficial Interests in Charitable Remainder Trusts – Beneficial interests in charitable remainder trusts, under which the Community Foundation is not the trustee, are stated at fair value, which has been estimated based on the calculated present value of the estimated future benefits expected to be received. The related net realized and unrealized appreciation/depreciation and actuarial change is included in net realized and unrealized gains/losses on investments per the accompanying consolidated statements of activities ($341,903 and $545,050 of net gains with respect to the years ended June 30, 2024 and 2023, respectively).

Property and Equipment – Property and equipment is stated at cost at the date of acquisition or at an estimate of fair value at the date of donation in the case of donated real estate or other assets. Property and equipment is presented in the accompanying consolidated statements of financial position net of accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the depreciable assets, which generally range from to three to ten years.

The Foundation capitalizes all expenditures for property and equipment which are in excess of $1,000. Repairs and maintenance that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Note 2—Summary of significant accounting policies (continued)

Depository Liabilities – Depository liabilities represent the unexpended portion of funds contributed by donors (individual or corporate) who direct the distribution of such funds for specified charitable purposes.

Agency Endowment Liabilities – Agency endowment liabilities represent the unexpended portion of funds received from various not-for-profit organizations which have designated themselves the beneficiary of grants made from the distributable portion of the funds transferred to the Community Foundation. Under the applicable provisions of the ASC, the unexpended portion of such funds is reported as a liability instead of as a net asset of the Community Foundation.

Deferred Gift Liabilities for Split-Interest Agreements – Deferred gift liabilities for split-interest agreements are stated at an estimate of fair value, which is based upon the calculated present value of the income distributions or other payments to the donor or other designated beneficiaries during the terms of the split-interest agreements.

Contributions – The Foundation recognizes contributions when cash, investments, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Contributions are recorded at fair value when received. An unconditional promise to give (contribution receivable) is recognized in the year the pledge is made. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

When applicable, contributions of non-financial assets are recorded at their estimated fair value at the date of donation. The values of such contributions of non-financial assets at the time of donation are estimated based on an independent third-party appraisal or the actual cost of similar assets and/or the sales of comparable assets.

Functional Allocation of Expenses – The costs of providing the various programs and other activities are summarized on a functional basis in the accompanying consolidated statements of functional expenses. Directly identifiable expenses are charged to the applicable program and supporting services. Expenses related to more than one function are allocated among the programs and supporting services benefited on an equitable basis. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Foundation.

The expenses that are allocated are generally allocated by management as follows:

Expense	Method of Allocation
Salaries, benefits, and payroll taxes	Time and effort
Rent, utilities, and office expenses	Time and effort/asset use
Software maintenance contracts	Time and effort/asset use
Marketing and communications	Time and effort
Legal, audit, and other professional services	Time and effort
Travel, entertainment, and conference expenses	Time and effort
Memberships, subscriptions, and continuing education	Time and effort
Depreciation and amortization	Asset use
Other miscellaneous expenses	Time and effort
Postage, printing, and publications	Time and effort

Income Taxes – The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code). Additionally, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the context of Section 509(a) of the Code.

Note 2—Summary of significant accounting policies (continued)

When applicable, the Foundation recognizes uncertain income tax positions using the "more-likely-than-not" approach as defined in the ASC. No liability for uncertain tax positions has been recorded in the accompanying consolidated financial statements.

Leases – The Foundation determines if an arrangement is a lease at inception. A contract/agreement is and/or contains a lease if the contract/agreement conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease right-of-use (ROU) assets and liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term, which is determined as the non-cancelable period, including periods for which termination options are reasonably certain of not being exercised, and periods for which renewal options are reasonably certain of being exercised. The lease liabilities are measured by discounting the future lease payments using a risk-free rate unless an implicit rate is readily determinable.

Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. As applicable, a finance lease ROU asset is amortized over the shorter of the estimated useful life of the asset or the term of the related lease. Variable lease payments are not considered in the determination of the lease payments for purposes of measuring lease ROU assets and liabilities. Such variable lease payments are recognized as an expense in the period during which the related obligation is incurred.

Recently Issued Accounting Standards Updates – In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to improve financial reporting with respect to leasing transactions. ASU 2016-02 requires all leases with lease terms over twelve months to be capitalized as a ROU asset and lease liability on the consolidated statement of financial position at the date of lease commencement. Leases are classified as either finance or operating. This distinction is relevant for the pattern of expense recognition in the consolidated statement of activities. The Foundation adopted the provisions of ASU 2016-02 effective July 1, 2022 using the optional transition method which allowed entities to apply ASU 2016-02 at the adoption date and recognize a cumulative effect adjustment, if any, to the opening balance of net assets in the period of adoption.

Upon adoption, at July 1, 2022, the Foundation recognized an operating lease liability of $887,651, with a corresponding operating lease ROU asset. Upon adoption, management elected to apply certain policy elections and practical expedients with respect to all classes of underlying assets including [1] excluding all short-term leases with an initial term of twelve months or less, recognizing lease expense for such leases on a straight-line basis over the lease term, [2] using a risk-free rate (the U.S. Department of the Treasury Daily Treasury Par Yield Curve Rate) as the discount rate, and [3] combining the lease and the non-lease components. The adoption of ASU 2016-02 did not result in a cumulative effect adjustment to net assets at July 1, 2022, nor did the adoption of the standard have a material impact on the consolidated statements of activities and cash flows. See Note 13.

Effective July 1, 2023, the Foundation adopted ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires a financial asset (including "trade" receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the consolidated statement of activities will reflect the measurement of credit losses for newly-recognized financial assets, as well as the expected increases or decreases of expected credit losses that have taken place during the period. The Foundation adopted ASU 2016-13 as of and for the year ended June 30, 2024 with no material impact on the accompanying consolidated financial statements.

Subsequent Events – The Foundation has evaluated events occurring subsequent to year-end through December 11, 2024, the date the accompanying consolidated financial statements were available to be issued.

Note 3—Liquidity and availability of resources

The below table reflects the Foundation's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date. Financial assets are considered to be unavailable for general expenditure when they are illiquid, not convertible to cash within one year, trust assets, agency endowment assets, deferred gift assets under split-interest agreements, Board designated endowment net assets, or endowment net assets subject to donor fund agreements with donor restrictions.

The Foundation is substantially supported by contributions with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Accordingly, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, the Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments. While the Foundation does not currently intend to expend Board designated endowment net assets for purposes other than those for which the funds have been designated, in the event of an unanticipated liquidity need, such funds could be expended for current operations at the discretion of the Foundation's Board.

Total financial assets available for general expenditure within one year of the statement of financial position date are as follows at June 30, 2024 and 2023:

	2024	2023
Financial assets		
Cash and cash equivalents	$ 6,102,809	$ 6,540,171
Investments	799,753,122	743,730,548
Accounts receivable	31,610	25,259
Contributions receivable	2,601,500	1,155,203
Notes receivable, net	8,371,033	8,206,810
Beneficial interests in charitable remainder trusts	3,731,454	3,463,968
	820,591,528	763,121,959
Less amounts not available to be used within one year or amounts not available without Board approval		
Non-current portion of notes receivable	(6,827,578)	(6,809,550)
Agency endowment liabilities	(25,304,078)	(23,973,118)
Deferred gift liabilities for split-interest agreements	(6,271,978)	(6,546,471)
Board designated endowment net assets	(121,842,875)	(109,190,284)
Endowment net assets subject to donor fund agreements		
Purpose restrictions	(241,799,706)	(207,338,911)
Perpetual in nature	(459,055)	(459,055)
Total financial assets available for general expenditure	$ 418,086,258	$ 408,804,570

Note 4—Concentration of credit risk

The Foundation maintains its deposits (cash and cash equivalents and certificates of deposit included as investments) with several financial institutions. The federal deposit insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC) currently amounts to $250,000 per depositor at each FDIC insured U.S. depository institution. At June 30, 2024, uninsured bank balances, including invested certificates of deposit, total approximately $7,800,000. The balances of the Foundation's money market funds included in investments are uninsured.

Note 5—Investments

At June 30, 2024, investments consist of the following:

	Community Foundation	Depository	Corporate Depository	Martin Foundation	Consolidated
Cash equivalents	$ 154,714,051	$ 12,867,494	$ 5,245,057	$ 2,161,308	$ 174,987,910
U.S. government and government agency obligations	12,353,390	8,977,636	-	3,973,315	$ 25,304,341
Corporate bonds and notes	8,350,342	-	-	13,673,018	22,023,360
Municipal bonds	49,162	-	-	1,515,049	1,564,211
Mutual funds	317,897,098	-	-	13,373,337	331,270,435
Common stock	158,622,290	99,994	-	44,044,157	202,766,441
Alternative investments	41,836,424	-	-	-	41,836,424
Totals	$ 693,822,757	$ 21,945,124	$ 5,245,057	$ 78,740,184	$ 799,753,122

At June 30, 2023, investments consist of the following:

	Community Foundation	Depository	Corporate Depository	Martin Foundation	Consolidated
Cash equivalents	$ 84,200,643	$ 11,551,445	$ 5,476,704	$ 596,205	$ 101,824,997
U.S. government and government agency obligations	23,289,998	-	-	1,845,049	25,135,047
Corporate bonds and notes	8,912,380	-	-	14,192,701	23,105,081
Municipal bonds	47,507	-	-	1,890,228	1,937,735
Mutual funds	298,988,011	12,071,204	3,206,534	12,388,635	326,654,384
Common stock	168,031,681	-	-	39,635,181	207,666,862
Alternative investments	57,406,442	-	-	-	57,406,442
Totals	$ 640,876,662	$ 23,622,649	$ 8,683,238	$ 70,547,999	$ 743,730,548

Note 6—Alternative investments

The Foundation invests in various types of alternative investments, investments which result from direct purchases, as well as contributions from donors. Such alternative investments include limited liability companies, limited partnerships, and closely-held corporations. Such investments represent an alternative investment strategy largely for the purpose of increasing the diversity of the Foundation's investment holdings and is consistent with the Foundation's overall investment objectives.

Limited liability companies – The Foundation's limited liability company investments consist of entities which invest in marketable securities with a readily determinable fair value, as well as entities which invest in securities for which there is no public market or readily determinable fair value. The Foundation is only liable for losses to the extent of its invested capital.

Limited partnerships – The Foundation's limited partnership investments consist of entities which invest in marketable securities with a readily determinable fair value, as well as entities which invest in securities for which there is no public market or readily determinable fair value. The Foundation is a limited partner in each of these investments. Under the terms of the respective limited partnership agreements, the limited partners are only liable for losses to the extent of their invested capital.

Closely-held corporations – The Foundation is a shareholder in a bank holding company, as well as certain other closely-held corporations for which there is no public market or readily determinable fair values.

The Foundation's methodologies for determining the fair values of its investments in each of these alternative investments are described in Note 11.

Note 7—Notes receivable, net

At June 30, 2024 and 2023, notes receivable, net consist of the following:

	2024	2023
Community Foundation - Impact Investing program loans (see Note A below)	$ 3,597,624	$ 2,118,330
Community Foundation - attributable to the liquidations of certain investments (see Note B below)	3,971,141	4,768,480
Community Foundation - other loan collateralized/secured by a first mortgage	157,268	-
Louisville Preservation Fund - uncollateralized/unsecured program loans	1,000,000	1,000,000
Martin Foundation - uncollateralized/unsecured program loans	145,000	320,000
	8,871,033	8,206,810
Less allowance for credit losses	(500,000)	-
Total notes receivable, net	$ 8,371,033	$ 8,206,810

Note A – At June 30, 2024, $98,624 of the total amount outstanding under the Impact Investing program loans ($119,330 at June 30, 2023) is collateralized/secured by first or second mortgages. The remaining portion, $3,499,000 at June 30, 2024 ($1,999,000 at June 30, 2023), is uncollateralized/unsecured.

Note B – At June 30, 2024, the $3,971,141 amount outstanding under the Community Foundation notes receivable attributable to the liquidations of certain investments ($4,768,480 at June 30, 2023) is collateralized by the respective liquidated investment.

Note 7—Notes receivable, net (continued)

Notes receivable have maturity dates ranging from July 2024 to March 2033. At June 30, 2024, the estimated aggregate maturities required under notes receivable (net of the allowance for credit losses) are as follows:

Year ending June 30,	
2025	$ 1,543,455
2026	1,254,081
2027	1,821,889
2028	1,642,252
2029	1,959,103
Thereafter	150,253
Total estimated aggregate maturities	$ 8,371,033

Note 8—Property and equipment, net

At June 30, 2024 and 2023, property and equipment, net consists of the following:

	2024	**2023**
Land	$ 12,500	$ 12,500
Building	116,772	116,772
Leasehold improvements	277,936	302,924
Office furniture and equipment	415,001	396,994
Computer hardware and software	614,650	553,298
	1,436,859	1,382,488
Less accumulated depreciation and amortization	(1,123,588)	(1,048,443)
Total property and equipment, net	$ 313,271	$ 334,045

Depreciation and amortization expense totals $75,144 and $63,803 for the years ended June 30, 2024 and 2023, respectively.

Note 9—Depository liabilities

A progression of depository liabilities for the years ended June 30, 2024 and 2023 is as follows:

	2024		**2023**	
	Depository	**Corporate Depository**	**Depository**	**Corporate Depository**
Beginning of the year	$ 25,154,352	$ 8,806,551	$ 26,287,137	$ 17,622,812
Additions	18,371,492	4,148,299	16,558,467	8,140,856
Net investment income (loss)	(5,307)	4,112	(2,561)	23,508
Net realized and unrealized appreciation (depreciation)	53,199	(1,070)	126,046	106,013
Distributions	(20,084,878)	(7,783,682)	(17,814,737)	(17,086,638)
End of the year	$ 23,488,858	$ 5,174,210	$ 25,154,352	$ 8,806,551

Note 10—Split-interest agreements

The Community Foundation is party to various irrevocable split-interest agreements. A split-interest agreement is a gift that is partially for the Community Foundation's benefit and partially for an individual's benefit. Upon acceptance of a split-interest agreement, the Community Foundation records the contributed asset and the present value of the liability payable to the beneficiary. These agreements include charitable remainder trusts, a pooled income fund, and charitable gift annuities.

Charitable remainder trusts are arrangements in which a donor establishes and funds a trust with specified distributions to be made to designated beneficiaries over the term of the trust. Upon termination of the trust, the Community Foundation receives the assets remaining in the trust. Obligations to the beneficiaries are limited to the trust's assets.

The Community Foundation manages a pooled income fund in which contributions of multiple donors' life income gifts are pooled and invested as a group. Each donor is assigned a specific number of units based on the proportion of the fair value of the contributions to the total fair value of the pooled income fund on the date of the donor's gift. Until the beneficiary's death, the beneficiary (either the donor or the donor's designated beneficiary) is paid the actual income earned on the donor's assigned units. Upon the beneficiary's death, the value of these assigned units reverts to the Community Foundation. Obligations to the beneficiaries are limited to the income earned by the pooled income fund.

A charitable gift annuity is an arrangement between a donor and the Community Foundation in which the donor contributes assets to the Community Foundation in exchange for a contractual commitment by the Community Foundation to pay a fixed amount to the beneficiary (either the donor or to others designated by the donor) until the beneficiary's death. Upon the beneficiary’s death, the remaining amount of assets, if any, reverts to the Community Foundation.

These assets are reported at fair value in the same manner as all Foundation investments. The income or loss recognized under these trusts is included in net assets with purpose restrictions. Discount rates are determined in accordance with the Internal Revenue Code and represent the rate at the date of the contribution. The actuarial assumptions used in calculating the present values of the related liabilities include the beneficiary’s age, the date of the gift, the fair value of the amount gifted, the estimated rate of return, the payout rate, the payment schedule, and the discount rate.

Amounts subject to split-interest agreements include the following at June 30, 2024:

	2024			
	Charitable Remainder Trusts	Pooled Income Fund	Charitable Gift Annuities	Total
Assets	$ 10,653,690	$ 479,986	$ 2,358,347	$ 13,492,023
Liabilities	4,897,331	344,028	1,030,619	6,271,978

Amounts subject to split-interest agreements include the following at June 30, 2023:

	2023			
	Charitable Remainder Trusts	Pooled Income Fund	Charitable Gift Annuities	Total
Assets	$ 11,755,223	$ 528,854	$ 2,273,687	$ 14,557,764
Liabilities	5,080,948	385,322	1,080,201	6,546,471

Note 11—Fair value measurements

The ASC provides a framework for measuring fair value. This 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 as described below:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs such as quoted prices in active markets for similar assets or liabilities or quoted prices for identical or similar assets or liabilities in markets that are not active or unobservable inputs that are derived principally from or corroborated by observable market data. If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs that are based on the Foundation's own assumptions as to how knowledgeable parties would price assets or liabilities that are not corroborated by market data.

The following is a description of the valuation methodologies used for the assets and liabilities measured at fair value. There have been no changes in the methodologies used to determine fair value at June 30, 2024 and 2023.

Cash equivalents – Valued at the net asset value of the units held by the Foundation at year-end.

U.S. government and government agency obligations – Valued using a yield curve matrix derived from quoted prices for similar assets in active markets.

Corporate bonds and notes – Valued using a yield curve matrix derived from quoted prices for similar assets in active markets.

Municipal bonds – Valued using a yield curve matrix derived from quoted prices for similar assets in active markets.

Mutual funds – Valued at the net asset value of the shares held by the Foundation at year-end.

Common stock – Valued at the quoted market price of the shares held by the Foundation at year-end.

Limited liability companies – The estimated fair values are based on information provided by the managing member of each of the limited liability companies. The fair values of the limited liability companies which invest primarily in publicly traded securities with readily determinable fair values are determined by allocating the aggregate fair values of the underlying securities to each member based on the number of units held by the member, and are equivalent to net asset value. The fair values of the limited liability companies which invest primarily in securities for which there are no readily available market quotations are estimated based on the initial cost of the investment adjusted for changes in the managing members' estimates of the fair values of the underlying assets, and are equivalent to net asset value. Such investments are generally long-term in nature and are illiquid until distributions are received, with a limited secondary market for the investment interests.

Note 11—Fair value measurements (continued)

Limited partnerships – The estimated fair values are based on information provided by the general partner of each of the limited partnerships. The fair values of the limited partnerships which invest primarily in publicly traded securities with readily determinable fair values are determined by allocating the aggregate fair values of the underlying securities to each limited partner based on the number of units held by the partner, and are equivalent to net asset value. The fair values of the limited partnerships which invest primarily in securities for which there are no readily available market quotations are estimated based on the initial cost of the investment adjusted for changes in the general partners' estimates of the fair values of the underlying assets, and are equivalent to net asset value. Such investments principally include venture capital, emerging impact/market, and equity growth private equity funds, private debt instruments such as distressed debt (principally middle-market companies with a focus on senior secured and other debt instruments) and floating rate and broadly syndicated loans (principally senior secured loans issued by below-investment grade companies), and real estate investment trusts invested in single tenant commercial real estate. Such investments are generally long-term in nature and are illiquid until distributions are received, with a limited secondary market for the investment interests.

Closely-held corporations – The estimated fair values of the investments in the stock of closely-held corporations (principally a bank holding company) are based on the initial costs of the investments, adjusted for changes in the fair values of the underlying assets, if any, as reported to the shareholders by the corporations' management. Such investments are generally long-term in nature and are illiquid until distributions are received, with a limited secondary market for the investment interests.

Notes receivable – The estimated fair values of notes receivable represent the estimated net realizable values of the outstanding principal balances under the terms of the respective loan agreements.

Beneficial interests in charitable remainder trusts – The estimated fair values of the beneficial interests are based on the calculated present value of the estimated future benefits expected to be received. The actuarial assumptions used in calculating the present values include the beneficiary's age, the date of the gift, the fair value of the amount gifted, the estimated rate of return, the payout rate, the payment schedule, and the discount rate. The Community Foundation is also the sole beneficiary of a trust which holds mineral rights. The estimated fair value of this charitable remainder trust is based on information provided by the trustee and is determined based on production from the mineral producing properties owned by the trust multiplied by a factor that is based on related lease terms and/or industry averages.

Deferred gift liabilities for split-interest agreements – The estimated fair value is based on the calculated present value of the income distributions or other payments to the donor or other designated beneficiaries during the terms of the split-interest agreements. The actuarial assumptions used in calculating the present values include the beneficiary's age, the date of the gift, the fair value of the amount gifted, the estimated rate of return, the payout rate, the payment schedule, and the discount rate.

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

Note 11—Fair value measurements (continued)

The following table sets forth by level within the fair value hierarchy, the Foundation's assets at fair value at June 30, 2024:

	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 174,987,910	$ -	$ -	$ 174,987,910
U.S. government and government agency obligations				
Rated AAA	-	25,304,341	-	25,304,341
Corporate bonds and notes				
Rated AAA	-	399,634	-	399,634
Rated AA- to AA+	-	1,843,889	-	1,843,889
Rated A- to A+	-	15,032,241	-	15,032,241
Rated BB+ to BBB+	-	4,747,596	-	4,747,596
	-	22,023,360	-	22,023,360
Municipal bonds				
Rated AA- to AA+	-	1,073,051	-	1,073,051
Rated A- to A+	-	491,160	-	491,160
	-	1,564,211	-	1,564,211
Mutual funds				
Equity	26,079,910	-	-	26,079,910
Fixed income	54,035,883	-	-	54,035,883
Index and exchange traded funds	192,672,133	-	-	192,672,133
International	43,404,322	-	-	43,404,322
Other	15,078,187	-	-	15,078,187
	331,270,435	-	-	331,270,435
Common stock				
Consumer discretionary	22,927,193	-	-	22,927,193
Consumer staples	11,981,420	-	-	11,981,420
Energy	4,005,264	-	-	4,005,264
Financial	38,627,835	-	-	38,627,835
Healthcare	23,377,335	-	-	23,377,335
Industrials	29,817,280	-	-	29,817,280
Information technology	43,927,780	-	-	43,927,780
Other	28,102,334	-	-	28,102,334
	202,766,441	-	-	202,766,441
Alternative investments				
Limited liability companies	-	-	16,309,022	16,309,022
Limited partnerships	-	-	24,998,732	24,998,732
Closely-held corporations	-	-	528,670	528,670
	-	-	41,836,424	41,836,424
Notes receivable, net	-	-	8,371,033	8,371,033
Beneficial interests in charitable remainder trusts				
Unitrusts	-	-	3,215,244	3,215,244
Annuity trust	-	-	516,210	516,210
	-	-	3,731,454	3,731,454
Totals	$ 709,024,786	$ 48,891,912	$ 53,938,911	$ 811,855,609

Note 11—Fair value measurements (continued)

The following table sets forth by level within the fair value hierarchy, the Foundation's assets at fair value at June 30, 2023:

	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 101,824,997	$ -	$ -	$ 101,824,997
U.S. government and government agency obligations				
Rated AAA	-	25,135,047	-	25,135,047
Corporate bonds and notes				
Rated AAA	-	1,627,240	-	1,627,240
Rated AA- to AA+	-	1,383,567	-	1,383,567
Rated A- to A+	-	16,082,339	-	16,082,339
Rated BB+ to BBB+	-	4,011,935	-	4,011,935
	-	23,105,081	-	23,105,081
Municipal bonds				
Rated AA- to AA+	-	530,632	-	530,632
Rated A- to A+	-	1,407,103	-	1,407,103
	-	1,937,735	-	1,937,735
Mutual funds				
Equity	33,547,619	-	-	33,547,619
Fixed income	60,093,251	-	-	60,093,251
Index and exchange traded funds	159,880,135	-	-	159,880,135
International	61,225,095	-	-	61,225,095
Other	11,908,284	-	-	11,908,284
	326,654,384	-	-	326,654,384
Common stock				
Consumer discretionary	25,348,699	-	-	25,348,699
Consumer staples	14,928,704	-	-	14,928,704
Energy	2,827,113	-	-	2,827,113
Financial	32,603,222	-	-	32,603,222
Healthcare	28,221,768	-	-	28,221,768
Industrials	30,807,922	-	-	30,807,922
Information technology	47,793,152	-	-	47,793,152
Other	25,136,282	-	-	25,136,282
	207,666,862	-	-	207,666,862
Alternative investments				
Limited liability companies	-	-	34,403,843	34,403,843
Limited partnerships	-	-	22,428,169	22,428,169
Closely-held corporations	-	-	574,430	574,430
	-	-	57,406,442	57,406,442
Notes receivable, net	-	-	8,206,810	8,206,810
Beneficial interests in charitable remainder trusts				
Unitrusts	-	-	2,742,331	2,742,331
Annuity trust	-	-	721,637	721,637
	-	-	3,463,968	3,463,968
Totals	$ 636,146,243	$ 50,177,863	$ 69,077,220	$ 755,401,326

Note 11—Fair value measurements (continued)

The Foundation's limited liability company and limited partnership investments, for which the fair values are determined using a net asset value per share or its equivalent, are presented above as Level 3 assets given the limited secondary market for such investments and the general restrictions on the Foundation's ability to redeem such investments.

The changes in the Level 3 assets (including the Foundation's limited liability company and limited partnership investments for which the fair values are determined using a net asset value per share or its equivalent) measured at fair value on a recurring basis using significant unobservable inputs during the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Beginning of the year	$ 69,077,220	$ 184,022,118
Purchases/contributions/additions	6,159,015	11,832,425
Sales/payments	(23,618,111)	(136,695,362)
Net realized and unrealized appreciation	1,847,874	9,700,656
Actuarial change	472,913	217,383
End of the year	$ 53,938,911	$ 69,077,220

The following table sets forth by level within the fair value hierarchy, the Foundation's liabilities (deferred gift liabilities for split-interest agreements) at fair value at June 30, 2024:

	Level 1	Level 2	Level 3	Total
Charitable remainder trusts				
Unitrusts	$ -	$ -	$ 4,897,331	$ 4,897,331
Pooled income fund	-	-	344,028	344,028
Charitable gift annuities	-	-	1,030,619	1,030,619
Totals	$ -	$ -	$ 6,271,978	$ 6,271,978

The following table sets forth by level within the fair value hierarchy, the Foundation's liabilities (deferred gift liabilities for split-interest agreements) at fair value at June 30, 2023:

	Level 1	Level 2	Level 3	Total
Charitable remainder trusts				
Unitrusts	$ -	$ -	$ 5,080,948	$ 5,080,948
Pooled income fund	-	-	385,322	385,322
Charitable gift annuities	-	-	1,080,201	1,080,201
Totals	$ -	$ -	$ 6,546,471	$ 6,546,471

Note 11—Fair value measurements (continued)

The changes in the Level 3 liabilities measured at fair value on a recurring basis using significant unobservable inputs during the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Beginning of the year	$ 6,546,471	$ 6,588,511
Actuarial change	259,394	751,438
Payment obligations	(533,887)	(793,478)
End of the year	$ 6,271,978	$ 6,546,471

The following table sets forth the unfunded commitments, redemption frequencies, and redemption notice periods related to the Foundation's limited liability company and limited partnership investments for which the fair values at June 30, 2024 are determined using a net asset value per share or its equivalent:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Limited liability companies - marketable securities	$ 9,389,022	$ -	Monthly	30 days
Limited liability companies - marketable securities	6,700,000	-	N/A	N/A
Limited liability companies - commercial real estate	220,000	-	N/A	N/A
Limited partnerships - marketable securities	1,513,324	-	Monthly	15 days
Limited partnerships - marketable securities	703,578		Quarterly	45 days
Limited partnerships - marketable securities	36,000	-	N/A	N/A
Limited partnerships - marketable securities and private equity	214	-	Quarterly	65 days
Limited partnership - distressed debt	9,487,010	400,000	N/A	N/A
Limited partnership - floating rate and and broadly syndicated loans	7,343,869	800,000	N/A	N/A
Limited partnership - real estate	5,710,252	240,000	N/A	N/A
Limited partnerships - private equity	204,485	170,499	N/A	N/A

Note 12—Endowment funds

The ASC provides guidance on the net asset classification of donor-restricted endowment funds that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA).

The Foundation's endowments consist of approximately 1,000 funds established for a variety of purposes. Such endowments include both donor-restricted endowment funds and funds designated by the Foundation's Board to function as endowments. These endowment funds also include various charitable remainder trusts and charitable gift annuities, some of which are administered by outside parties. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

Management and the Board, on the advice of legal counsel, have determined the majority of the Foundation's net assets meet the definition of endowment funds under UPMIFA. The Foundation is governed subject to its bylaws and most contributions are received subject to the terms of standard fund agreements.

Under the terms of the Foundation's standard fund agreements*,* the Board has the ability to distribute as much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The purposes of the organization and the respective endowment fund
- Other resources of the organization
- The investment policies of the organization
- The duration and preservation of the endowment fund
- The expected total return from income and the appreciation of investments
- General economic conditions
- The possible effect of inflation and deflation

As a result of the ability to distribute corpus, management has determined that all contributions received subject to the standard fund agreements*,* and subject to UPMIFA, are classified as net assets with purpose restrictions until appropriated, at which time the appropriation is reclassified to net assets without donor restrictions. Contributions that are subject to fund agreements which are modified may be recorded as net assets with donor restrictions in perpetuity, net assets with purpose restrictions, or net assets without donor restrictions, depending on the specific terms of the respective fund agreement.

Generally, if the corpus of a contribution can at some point in the future become available for spending it is recorded as net assets with purpose restrictions. If the corpus never becomes available for spending it is reported as net assets with donor restrictions in perpetuity. In addition, contributions that are promised to be given in a future period are presented as net assets with purpose restrictions until the payments are received.

Note 12—Endowment funds (continued)

At June 30, 2024, endowment net assets consist of the following:

	Without Donor Restrictions	With Donor Restrictions: Purpose Restrictions	With Donor Restrictions: In Perpetuity	Total
Board designated	$ 121,842,875	$ -	$ -	$ 121,842,875
Endowments subject to donor fund agreements	395,014,775	241,799,706	459,055	637,273,536
Totals	$ 516,857,650	$ 241,799,706	$ 459,055	$ 759,116,411

At June 30, 2023, endowment net assets consist of the following:

	Without Donor Restrictions	With Donor Restrictions: Purpose Restrictions	With Donor Restrictions: In Perpetuity	Total
Board designated	$ 109,190,284	$ -	$ -	$ 109,190,284
Endowments subject to donor fund agreements	376,912,121	207,338,911	459,055	584,710,087
Totals	$ 486,102,405	$ 207,338,911	$ 459,055	$ 693,900,371

Changes in endowment net assets during the year ended June 30, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions: Purpose Restrictions	With Donor Restrictions: In Perpetuity	Total
Beginning of the year	$ 486,102,405	$ 207,338,911	$ 459,055	$ 693,900,371
Contributions	2,055,141	36,325,907	-	38,381,048
Investment return				
Net investment income	2,648,441	16,016,157	-	18,664,598
Net realized and unrealized appreciation	12,920,071	58,024,975	-	70,945,046
Net assets released from restrictions	75,906,244	(75,906,244)	-	-
Appropriation of endowment assets for expenditure	(62,774,652)	-	-	(62,774,652)
End of the year	$ 516,857,650	$ 241,799,706	$ 459,055	$ 759,116,411

Note 12—Endowment funds (continued)

Changes in endowment net assets during the year ended June 30, 2023 are as follows:

		With Donor Restrictions		
	Without Donor Restrictions	Purpose Restrictions	In Perpetuity	Total
Beginning of the year	$ 364,373,784	$ 313,173,141	$ 459,055	$ 678,005,980
Contributions	2,353,279	56,573,079	-	58,926,358
Investment return				
Net investment income	2,169,922	15,309,418	-	17,479,340
Net realized and unrealized appreciation	9,571,754	53,295,529	-	62,867,283
Net assets released from restrictions	231,012,256	(231,012,256)	-	-
Appropriation of endowment assets for expenditure	(123,378,590)	-	-	(123,378,590)
End of the year	$ 486,102,405	$ 207,338,911	$ 459,055	$ 693,900,371

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There are no such deficiencies at June 30, 2024 and 2023.

Return objectives and risk parameters

The Foundation has adopted investment and spending polices for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through the diversification of asset classes. The current long-term return objective is to return 8% net of related investment management fees. Actual returns in any given year may vary from this objective.

Strategies employed for achieving return objectives

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

Spending policy and how the investment objectives relate to the spending policy

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds for grant making and administration. The current standard spending policy is to make available for distribution an amount equal to 5% of a rolling twelve quarter average of the fair values of the endowment assets. Accordingly, over the long term, the Foundation expects its current spending policy to allow its endowment assets to grow annually at an average rate of 3%. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets, as well as to provide additional real growth through new gifts and investment returns.

Note 13—Office space lease

The Community Foundation leases its office space under an operating lease with a lease term through April 2027. The Community Foundation currently pays rent in the amount of $23,546 per month (thereafter increases to $24,725 per month effective May 2025 and $25,315 per month effective May 2026), inclusive of utilities. Rent expense totals approximately $282,000 and $238,000 for the years ended June 30, 2024 and 2023, respectively.

The Community Foundation's operating lease does not include any material residual value guarantees or restrictive covenants.

At June 30, 2024, the future minimum lease payments under the operating lease and the net present value of the future minimum lease payments, as discounted at 3.94% (the U.S. Department of the Treasury Daily Treasury Par Yield Curve Rate), are as follows:

Year ending June 30		
2025	$	284,910
2026		297,881
2027		253,148
		835,939
Less amounts representing imputed interest		(47,105)
Net present value of the future minimum lease payments	$	788,834
Current portion	$	258,288
Non-current portion		530,546
	$	788,834

Note 14—Investment management and custodial fees

As previously indicated, invested funds are primarily held in custodial investment accounts and are managed by professional investment advisors. Accordingly, the Foundation has entered into agreements with several professional investment advisors. Generally, such agreements are cancelable by either party upon written notice.

For the years ended June 30, 2024 and 2023, investment management and other fees paid total approximately $1,772,000 and $1,277,000, respectively, of which approximately $1,646,000 and $1,163,000, respectively, represent investment management and custodial fees which are netted against investment income per the accompanying consolidated statements of activities.

Note 15—Retirement plan

The Community Foundation has a defined contribution retirement plan covering all employees who are at least twenty-one years old and have at least one year of service. Participants become fully vested upon completion of two years of service. The monthly employer contributions are based on 3% of the participant's compensation. Retirement plan expense for the years ended June 30, 2024 and 2023 totals approximately $95,000 and $80,000, respectively.