



**The Community Foundation for
the Greater Capital Region, Inc.**

Financial Statements
December 31, 2023 and 2022

**The Community Foundation for
the Greater Capital Region, Inc.**

Financial Statements
December 31, 2023 and 2022

Contents

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows.....	7
Notes to Financial Statements	8-21



Independent Auditor's Report

Board of Directors
The Community Foundation for the
Greater Capital Region, Inc.
Albany, New York

Opinion

We have audited the financial statements of The Community Foundation for the Greater Capital Region, Inc. (a New York not-for-profit corporation), which comprise the statements of financial position as of December 31, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Community Foundation for the Greater Capital Region, Inc. as of December 31, 2023 and 2022, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Community Foundation for the Greater Capital Region, 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 Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Community Foundation for the Greater Capital Region, 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Community Foundation for the Greater Capital Region, 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.

BST + Co. CPAs, LLP

Latham, New York
September 19, 2024



**The Community Foundation for
the Greater Capital Region, Inc.**

Statements of Financial Position

	December 31,	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 1,637,694	\$ 1,850,425
Investments	106,880,502	96,668,092
Receivables, net	811,655	1,055,844
Assets held under split-interest agreements	723,536	700,386
Right-of-use asset for operating lease, net	62,162	167,961
Other assets	347,761	357,181
	\$ 110,463,310	\$ 100,799,889
LIABILITIES		
Accounts payable and accrued expenses	\$ 46,725	\$ 61,623
Grants payable	114,989	141,126
Lease liability for operating lease	62,162	167,961
Liabilities held under split-interest agreements	230,179	255,759
Agency funds	4,151,074	3,106,828
	4,605,129	3,733,297
COMMITMENTS		
NET ASSETS		
Without donor restrictions		
Available for grants	32,677,158	31,300,595
Available for administration	1,018,126	883,132
Endowed for administration	7,314,539	6,606,626
	41,009,823	38,790,353
With donor restrictions	64,848,358	58,276,239
	105,858,181	97,066,592
	\$ 110,463,310	\$ 100,799,889

See accompanying Notes to Financial Statements.

**The Community Foundation for
the Greater Capital Region, Inc.**

Statements of Activities

	Years Ended December 31,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES, GAINS, LOSSES, AND OTHER SUPPORT						
Investment return (loss)						
Interest and dividends	\$ 780,228	\$ 1,153,522	\$ 1,933,750	\$ 751,881	\$ 1,007,304	\$ 1,759,185
Net appreciation (depreciation) of investments	4,792,365	7,224,360	12,016,725	(9,393,253)	(12,315,372)	(21,708,625)
Less investment expense	(549,118)	-	(549,118)	(512,257)	-	(512,257)
Investment return (loss), net	5,023,475	8,377,882	13,401,357	(9,153,629)	(11,308,068)	(20,461,697)
Contributions	4,146,590	997,086	5,143,676	3,890,778	5,740,507	9,631,285
Fees for service	131,477	-	131,477	137,601	-	137,601
Net assets released from restrictions, satisfaction of restrictions	2,802,849	(2,802,849)	-	1,497,413	(1,497,413)	-
Total revenues, gains, losses, and other support	12,104,391	6,572,119	18,676,510	(3,627,837)	(7,064,974)	(10,692,811)
EXPENSES						
Programs and grants	8,979,889	-	8,979,889	7,166,210	-	7,166,210
Administration	691,501	-	691,501	667,206	-	667,206
Fundraising	213,531	-	213,531	199,713	-	199,713
Total expenses	9,884,921	-	9,884,921	8,033,129	-	8,033,129
Change in net assets	2,219,470	6,572,119	8,791,589	(11,660,966)	(7,064,974)	(18,725,940)
NET ASSETS, beginning of year	38,790,353	58,276,239	97,066,592	50,451,319	65,341,213	115,792,532
NET ASSETS, end of year	\$ 41,009,823	\$ 64,848,358	\$ 105,858,181	\$ 38,790,353	\$ 58,276,239	\$ 97,066,592

See accompanying Notes to Financial Statements.

**The Community Foundation for
the Greater Capital Region, Inc.**

Statement of Functional Expenses

	Year Ended December 31, 2023			
	Programs and Grants	Administration	Fundraising	Total
Salaries and wages	\$ 421,837	\$ 397,729	\$ 129,767	\$ 949,333
Payroll-related costs	79,803	73,440	19,468	172,711
Contracted services	13,121	1,809	494	15,424
Depreciation	9,297	8,298	2,268	19,863
Equipment rental and maintenance	29,564	26,386	7,212	63,162
Events	-	-	32,271	32,271
Grants	8,332,248	-	-	8,332,248
Insurance	1,257	24,032	307	25,596
Marketing and promotion	-	37,626	-	37,626
Meeting expense	7,332	1,849	902	10,083
Office supplies and expense	6,807	6,075	1,661	14,543
Postage	-	5,365	-	5,365
Professional services	1,013	39,622	247	40,882
Professional development	17,936	16,009	4,376	38,321
Rent	50,902	45,432	12,418	108,752
Telephone and utilities	7,520	6,712	1,835	16,067
Travel	1,252	1,117	305	2,674
	\$ 8,979,889	\$ 691,501	\$ 213,531	\$ 9,884,921

See accompanying Notes to Financial Statements.

**The Community Foundation for
the Greater Capital Region, Inc.**

Statement of Functional Expenses

	Year Ended December 31, 2022			
	Programs and Grants	Administration	Fundraising	Total
Salaries and wages	\$ 380,255	\$ 374,548	\$ 125,963	\$ 880,766
Payroll-related costs	76,204	72,679	19,460	168,343
Contracted services	16,083	2,823	784	19,690
Depreciation	9,742	8,954	2,488	21,184
Equipment rental and maintenance	23,803	21,877	6,079	51,759
Events	-	-	23,040	23,040
Grants	6,570,455	-	-	6,570,455
Insurance	1,120	16,598	286	18,004
Marketing and promotion	-	36,797	-	36,797
Meeting expense	7,202	3,020	839	11,061
Office supplies and expense	8,985	8,258	2,295	19,538
Postage	-	7,013	-	7,013
Professional services	1,008	49,059	257	50,324
Professional development	12,896	11,852	3,293	28,041
Rent	49,143	45,167	12,550	106,860
Telephone and utilities	8,185	7,523	2,090	17,798
Travel	1,129	1,038	289	2,456
	\$ 7,166,210	\$ 667,206	\$ 199,713	\$ 8,033,129

See accompanying Notes to Financial Statements.

The Community Foundation for the Greater Capital Region, Inc.

Statements of Cash Flows

	Years Ended December 31,	
	2023	2022
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 8,791,589	\$ (18,725,940)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	19,863	21,184
Net (appreciation) depreciation of investments	(12,016,725)	21,708,625
Change in value of split-interest agreements	(9,080)	121,832
Provision for uncollectible promises to give	-	(8,000)
Reinvested interest and dividends	(549,484)	(1,867,877)
Adjustment to right-of-use asset, operating	105,799	104,841
Accretion of lease liability, operating	1,007	1,965
Decrease (increase) in		
Receivables	222,177	216,206
Other assets	7,221	1,478
Increase (decrease) in		
Accounts payable and accrued expenses	(14,898)	19,099
Grants payable	(26,137)	(155,201)
Agency funds	1,478,905	(9,892)
Operating lease liability for cash paid	(106,806)	(106,806)
	(2,096,569)	1,321,514
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Proceeds from sale of investments	11,044,520	12,228,510
Purchases of investments	(9,150,523)	(13,622,969)
Purchases of property and equipment	(37,868)	(5,330)
Proceeds from expiration of pooled income funds	78,995	-
Proceeds from expiration of charitable gift annuity	1,993	-
	1,937,117	(1,399,789)
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES		
Distributions from split-interest agreements	(58,279)	(62,722)
Cash collections on contributions receivable for endowment	5,000	41,131
	(53,279)	(21,591)
Net decrease in cash and cash equivalents	(212,731)	(99,866)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	1,850,425	1,950,291
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 1,637,694	\$ 1,850,425
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash paid during the year for		
Income taxes	\$ 24,457	\$ 617

See accompanying Notes to Financial Statements.

The Community Foundation for the Greater Capital Region, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

Note 1. Organization and Summary of Significant Accounting Policies

a. Organization

The Community Foundation for the Greater Capital Region, Inc. (Community Foundation) is a New York not-for-profit corporation organized under the Membership Corporation Laws of the State of New York, now known as New York State Not-For-Profit Corporation Law.

CFCR Real Property Transactions, LLC is a subsidiary of the Community Foundation with no activity in 2023 or 2022.

The Community Foundation's mission is to strengthen the community through philanthropy. The Community Foundation does this in collaboration with donors and community partners that share its vision for community transformation through stewardship of charitable endowments, superior donor services, effective grant-making, and leadership to address community needs.

In achieving its mission, the Community Foundation:

- Serves nearly 470 separate charitable funds, working with donors to achieve their philanthropic goals.
- Provides grant administration, investment management, and leadership to address community needs and provide for the long-term operations of the Community Foundation. The resources available to support operations are presented in the statements of financial position as net assets without donor restrictions, available for administration.

b. Basis of Accounting

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit entities.

c. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

d. Fair Value Measurements

The Community Foundation reports certain assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date (see Note 10).

e. Cash and Cash Equivalents

The Community Foundation's cash and cash equivalents are defined as short-term, highly liquid investments with an initial maturity of three months or less.

The Community Foundation for the Greater Capital Region, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

f. Receivables

Unconditional promises to give that are expected to be collected within one year are recorded as receivables at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Management establishes a general reserve against long-term promises to give based on past collection history. The allowance for uncollectible receivables was \$64,000 for the years ended December 31, 2023 and 2022, of which \$54,000 relates to an agency fund.

g. Leases

The Community Foundation determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Community Foundation also considers whether its service arrangements include the right to control the use of an asset.

The Community Foundation recognizes most leases on its statements of financial position as a right-of-use (ROU) asset, representing the right to use an underlying asset, and a lease liability, representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statements of activities.

The Community Foundation made an accounting policy election available under Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases*, not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022 for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, the Community Foundation made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

h. Agency Funds

The Community Foundation has endowed funds held for other not-for-profit organizations that are specified to be released to those not-for-profit organizations. Accordingly, the value of those funds is reported as a liability in the statements of financial position.

i. Net Assets

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

- **Net Assets Without Donor Restrictions:** Net assets without donor restrictions are not subject to donor restrictions and are segregated by the portion that is held as endowment from the funds that are currently available for grants and administration.

The Community Foundation for the Greater Capital Region, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

i. Net Assets (Continued)

- Net Assets With Donor Restrictions: Net assets with donor restrictions are subject to donor-imposed restrictions. Some of the donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions to be maintained in perpetuity are held in the endowment.

The Community Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

j. Donated Goods and Services

A number of unpaid volunteers have made contributions of their time. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or evaluation.

k. Revenue Recognition

The Community Foundation recognizes contributions when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Fees for service represent income from several organizations to facilitate and administer their grant programs. Revenue is recognized as services are performed by the Community Foundation.

l. Functional Allocation of Expenses

Expenses are allocated after all attempts have been made to charge expenses directly to programs. Methodologies used for allocation include estimated time per job description.

m. Tax Status

The Community Foundation is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (Code) and related New York State law and is exempt from income taxes. The Community Foundation has been classified as a publicly supported organization that is not a private foundation under Section 509(a)(1) of the Code.

The Community Foundation files Form 990 annually with the Internal Revenue Service. When annual returns are filed, some tax positions taken are highly certain to be sustained upon examination by the taxing authorities, while other tax positions are subject to uncertainty about the technical merits of the position or amount of the position's tax benefit that would ultimately be sustained. Management evaluated the Community Foundation's tax positions and concluded that the Community Foundation has taken no tax positions that required adjustment in their financial statements as of December 31, 2023 or 2022.

The Community Foundation has taxable unrelated business income related to investment holdings.

The Community Foundation for the Greater Capital Region, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

n. Subsequent Events

The Community Foundation has evaluated subsequent events for potential recognition or disclosure through September 19, 2024, the date the financial statements were available to be issued.

Note 2. Liquidity

A summary of the Community Foundation's financial assets available for grants and general expenditures within one year of the statement of financial position date is as follows:

	December 31,	
	2023	2022
Total assets	\$ 110,463,310	\$ 100,799,889
Less assets not available for general expenditures		
Long-term portion of receivables, net	(136,000)	(336,000)
Investments, held in endowment	(63,289,876)	(56,525,688)
Investments, held for grants	(32,677,158)	(31,300,595)
Assets held under split-interest agreements	(1,131,868)	(1,125,730)
Prepaid expense	(27,413)	(34,634)
Cash surrender value of life insurance	(254,789)	(274,993)
Property and equipment, net	(65,559)	(47,554)
	(97,582,663)	(89,645,194)
Financial assets available for general expenditures, before investments in grants	12,880,647	11,154,695
Investments held for grants that could be made available	32,677,158	31,300,595
Financial assets available for grants and general expenditures within one year of the statement of financial position dates	\$ 45,557,805	\$ 42,455,290

The Community Foundation has \$45,557,805 of financial assets available for grants and general expenditures within one year of the statement of financial position date. None of the financial assets available for general expenditures are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year. As part of its liquidity management, the Community Foundation invests cash in excess of daily requirements in various short-term investments, primarily short-term treasury instruments. The Community Foundation has a goal to maintain financial assets on hand to meet two months of normal operating expenses. Investments held for grant-making, related to non-endowed funds, can be made available for spending in accordance with the Fund Agreement.

**The Community Foundation for
the Greater Capital Region, Inc.**

Notes to Financial Statements
December 31, 2023 and 2022

Note 3. Receivables, Net

Receivables, net, consist of the following:

	December 31,	
	2023	2022
Promises to give, net	\$ 402,500	\$ 617,500
Remainder beneficiary of charitable remainder trusts and pooled income funds	408,332	425,344
Other	823	13,000
	\$ 811,655	\$ 1,055,844

A summary of the timing of amounts due for the Community Foundation's promises to give, net, is as follows:

	December 31,	
	2023	2022
Amounts due in		
Less than one year	\$ 266,500	\$ 281,500
One to five years	200,000	400,000
	466,500	681,500
Less allowance for uncollectible receivables	(64,000)	(64,000)
	\$ 402,500	\$ 617,500

The Community Foundation is a remainder beneficiary of certain charitable remainder trusts and pooled income funds. The Community Foundation records a receivable reflected as beneficial interest in the trusts and funds. The assumptions used in computing these receivables include a discount rate of 0.73% and life expectancies based on published mortality tables.

Note 4. Split-Interest Agreements

Split-interest agreements are trusts or other arrangements under which the Community Foundation receives benefits that are shared with other beneficiaries. The Community Foundation's split-interest agreements include charitable remainder trusts and charitable gift annuities.

**The Community Foundation for
the Greater Capital Region, Inc.**

Notes to Financial Statements
December 31, 2023 and 2022

Note 4. Split-Interest Agreements (Continued)

A summary of assets held, at fair value, under split-interest agreements is as follows:

	December 31,	
	2023	2022
Charitable remainder trusts	\$ 400,141	\$ 369,767
Charitable gift annuities	323,395	330,619
	\$ 723,536	\$ 700,386

Liability Under Charitable Remainder Trust Agreements

The obligation, as Trustee for each trust, is reported herein as liabilities held under split-interest agreements. The obligation is estimated at the time of the agreements (unitrust or annuity trust) based on the average life expectancies of the beneficiaries or specific trust terms, and the expected rate of return on invested assets. Any excess amount of the gift over the estimated liability is recorded as net assets with donor restrictions. The obligation is subject to adjustments and reflects amortization of any discount, reevaluation of the present value of estimated future payments, and any change in actuarial assumptions. These adjustments are included within contributions on the statements of activities. The assumptions used in computing the liabilities under charitable remainder trust agreements include a discount rate of 9.4% and life expectancies based on published single and multiple life expectancy tables.

Liability Under Charitable Gift Annuity Agreements

Under New York State Insurance Law, the Community Foundation is required to maintain qualified reserves, reported herein as assets held under split-interest agreements, for its charitable gift annuities. As of December 31, 2023, the Community Foundation maintained a segregated reserve of \$323,395, which is in excess of the minimum required reserve of \$241,022. As of December 31, 2022, the Community Foundation maintained a segregated reserve of \$330,619, which is in excess of the minimum required reserve of \$271,982.

The obligations under the agreements are reported herein as liabilities held under split-interest agreements. The obligations are estimated at the time of the agreement based on the present value of future cash flows expected to be paid to the donors. The obligations are subject to adjustments to reflect amortization of any discount and changes in the life expectancies of the donors. The assumptions used in computing the liabilities under charitable gift annuity agreements include discount rates ranging from 1.4% to 6.2% and life expectancies based on published single and multiple life expectancy tables.

The Community Foundation for the Greater Capital Region, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

Note 5. Agency Funds Held

A summary of the Community Foundation's agency funds is as follows:

	December 31,	
	2023	2022
Agency funds, <i>beginning of year</i>	\$ 3,106,828	\$ 3,826,390
Amounts raised	674,826	118,879
Interest and dividends	72,990	57,677
Realized investment gains, net	66,262	13,876
Net appreciation (depreciation) of investments	368,398	(728,732)
Fees	(61,904)	(42,231)
Grants to the Agencies	(76,326)	(139,031)
Agency funds, <i>end of year</i>	<u>\$ 4,151,074</u>	<u>\$ 3,106,828</u>

Note 6. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	December 31,	
	2023	2022
Pooled income funds		
Subject to expiration of income beneficiaries' interest	\$ -	\$ 41,660
Charitable remainder trusts		
Subject to expiration of trust terms	768,826	712,699
Charitable gift annuities		
Subject to expiration of trust terms	388,406	384,942
Subject to the passage of time		
For periods after December 31,	401,250	611,250
Subject to the spending policy and appropriations		
Earnings on endowed gifts, which are expendable to support donor restrictions	10,812,637	4,941,481
Gifts to be held in perpetuity to support donor restrictions	52,477,239	51,584,207
Total net assets with donor restrictions	<u>\$ 64,848,358</u>	<u>\$ 58,276,239</u>

Note 7. Endowment

The Community Foundation holds charitable gifts in funds that may be created by the donor as endowed or non-endowed. An endowment fund generally stipulates that the gift will be invested in perpetuity, while the investment earnings may be distributed to support the donor's charitable purposes. A non-endowed fund may also be invested with a long-term horizon without restricting the distribution of fund principal.

The Community Foundation for the Greater Capital Region, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

Note 7. Endowment (Continued)

The Community Foundation's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to be endowed for operations. As required by U.S. GAAP, net assets associated with endowment funds, including funds endowed for administration, are classified and reported based on the existence or absence of donor-imposed restrictions.

Relevant Law

The Board of Directors of the Community Foundation has interpreted the New York State Not-For-Profit Corporation Law (NPCL). The interpretation views NPCL as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Community Foundation retains in perpetuity (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

The Community Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Community Foundation and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effects of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the organization;
7. Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the organization; and
8. The investment policies of the organization.

Endowment net asset composition by type of fund is as follows:

	December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 63,289,876	\$ 63,289,876
Endowed for administration	7,314,539	-	7,314,539
Total funds	\$ 7,314,539	\$ 63,289,876	\$ 70,604,415

**The Community Foundation for
the Greater Capital Region, Inc.**

Notes to Financial Statements
December 31, 2023 and 2022

Note 7. Endowment (Continued)

	December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, <i>beginning of year</i>	\$ 6,606,626	\$ 56,525,688	\$ 63,132,314
Investment return			
Interest and dividends	141,724	1,153,522	1,295,246
Net appreciation of investments	885,810	7,150,618	8,036,428
Investment expense	(64,335)	(334,568)	(398,903)
Total investment return	963,199	7,969,572	8,932,771
Contributions	25,565	1,005,964	1,031,529
Withdrawals	(280,851)	(2,211,348)	(2,492,199)
Endowment net assets, <i>end of year</i>	<u>\$ 7,314,539</u>	<u>\$ 63,289,876</u>	<u>\$ 70,604,415</u>
	December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 56,525,688	\$ 56,525,688
Endowed for administration	6,606,626	-	6,606,626
Total funds	<u>\$ 6,606,626</u>	<u>\$ 56,525,688</u>	<u>\$ 63,132,314</u>
	December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, <i>beginning of year</i>	\$ 8,175,079	\$ 63,109,771	\$ 71,284,850
Investment return (loss)			
Interest and dividends	135,868	1,007,304	1,143,172
Net depreciation of investments	(1,556,695)	(12,172,127)	(13,728,822)
Investment expense	(66,283)	(293,304)	(359,587)
Total investment return (loss), net	(1,487,110)	(11,458,127)	(12,945,237)
Contributions	127,857	5,842,423	5,970,280
Withdrawals	(209,200)	(968,379)	(1,177,579)
Endowment net assets, <i>end of year</i>	<u>\$ 6,606,626</u>	<u>\$ 56,525,688</u>	<u>\$ 63,132,314</u>

The Community Foundation for the Greater Capital Region, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

Note 7. Endowment (Continued)

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Community Foundation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature would be reported in net assets without donor restrictions. There were no funds with deficiencies at December 31, 2023. At December 31, 2022, one fund with a historic gift value of \$24,468,351, a fair value of \$23,189,874 and a deficiency of \$1,278,476 was reported in net assets without donor restrictions.

Return Objectives and Risk Parameters

The Community Foundation's endowment consists of various investments overseen by the Finance Committee of the Board of Directors. The Community Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to attain an average total return (net of investment management fees) of the Consumer Price Index plus 5%.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

Subject to the intent of donors expressed in fund agreements, the Community Foundation appropriates for expenditure or accumulates so much of endowed funds as the Community Foundation determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established.

Due to the Community Foundation's federal tax classification, governing documents and its fund agreements, net assets to be held in perpetuity are subject to variance power. Thereunder, the Community Foundation's Board of Directors has the power to modify any restriction or condition on distribution from the fund for any specified purpose or to any specified organization, if, in the sole judgment of the Board of Directors, compliance with such restriction becomes unnecessary, impractical, impossible, or inconsistent with the purposes of the Community Foundation. The net assets are in perpetuity until such time, if ever, as the Board of Directors deems prudent and appropriate to expend some part of the principal.

The Community Foundation has approved a spending policy that calculates a percentage (currently 4%) of the average value of the fund, including income, appreciation and principal over the past 20 quarters.

The Community Foundation for the Greater Capital Region, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

Note 8. Defined Contribution Plan

The Community Foundation offers a 403(b) tax-deferred annuity plan to its employees. The Community Foundation matches employee contributions in the amount of 100% of every dollar contributed by the employee up to the first 6% and 5% of the employee's salary for the years ended December 31, 2023 and 2022, respectively. For the years ended December 31, 2023 and 2022, the Community Foundation's employer contributions were \$48,832 and \$49,589, respectively.

Note 9. Commitments, Risks and Uncertainties

a. Lease

The Community Foundation leases office space under an operating lease agreement that had a term of six years, which expired in July 2024.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows:

	Years Ended December 31,	
	2023	2022
Operating lease cost	\$ 106,806	\$ 106,806
Variable lease cost	1,946	54
Total lease cost	<u>\$ 108,752</u>	<u>\$ 106,860</u>

The discount rate used for the operating lease was 0.91%. Future undiscounted cash flows through the lease expiration of July 2024 are \$62,162.

In June 2024, the Community Foundation entered into a three-year lease for office space. The lease requires payments of \$8,901 per month through the lease termination date of July 4, 2027. The ROU asset and related operating lease liability will be approximately \$300,000, which will be recognized upon lease commencement in 2024. The operating lease liability was discounted using the risk-free rate of 4.50%.

b. Fair Value of Investments

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

c. Concentrations of Credit Risk

The Community Foundation maintains operating cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, the Community Foundation has bank deposits in excess of the amounts insured by the FDIC.

The Community Foundation for the Greater Capital Region, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

Note 9. Commitments, Risks and Uncertainties (Continued)

c. Concentrations of Credit Risk (Continued)

The Community Foundation maintains many of its securities with a brokerage firm that is a member of the Securities Investor Protection Corporation (SIPC). Securities held at a member brokerage firm are insured by the SIPC up to \$500,000 per customer, including a maximum of \$250,000 for cash.

Note 10. Fair Value of Financial Instruments

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (Level 3).

The following three levels of inputs may be used to measure fair value:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than quoted market prices and can include active markets and markets not considered to be active.

Level 3: Unobservable inputs that are supported by little or no market activity.

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

All of the Community Foundation's investments are in publicly traded securities or in commingled funds. The fair value of publicly traded securities is based on quoted market prices and observable net asset values (NAV). As a practical expedient, commingled funds that do not have a readily determinable fair value are valued at NAV provided by fund managers utilizing quoted market prices, the market value of comparable companies, an income-based approach, or discounted cash flow projections. These valuations are reviewed for reasonableness by the management of the Community Foundation.

Assets reserved under split-interest agreements are valued on quoted market prices.

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

The Community Foundation for the Greater Capital Region, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

Note 10. Fair Value of Financial Instruments (Continued)

The following tables present the Community Foundation's investments:

December 31, 2023					
	Total	Level 1	Level 2	Level 3	Commingled Investments Measured at NAV
Assets					
Investments					
Domestic Equity	\$ 37,568,368	\$ 34,443,753	\$ -	\$ -	\$ 3,124,615
Emerging Markets	3,114,088	3,114,088	-	-	-
Environmental, Social and Governance	741,807	741,807	-	-	-
Fixed income	13,523,211	10,718,103	-	-	2,805,108
Global Equity	6,719,859	-	-	-	6,719,859
International Equity	206,787	206,787	-	-	-
Long/Short Equity Hedge	3,023,460	-	-	-	3,023,460
Multi-Strategy Hedge Funds	9,610,160	-	-	-	9,610,160
Non-U.S. Developed Equity	15,720,703	15,720,703	-	-	-
Private Equity	9,420,934	-	-	-	9,420,934
Real assets	7,231,125	3,109,689	-	-	4,121,436
	<u>\$ 106,880,502</u>	<u>\$ 68,054,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,825,572</u>
Assets reserved under split-interest agreements	<u>\$ 723,536</u>	<u>\$ 723,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2022					
	Total	Level 1	Level 2	Level 3	Commingled Investments Measured at NAV
Assets					
Investments					
Domestic Equity	\$ 36,418,607	\$ 26,536,021	\$ -	\$ -	\$ 9,882,586
Emerging Markets	6,125,878	-	-	-	6,125,878
Environmental, Social and Governance	636,244	636,244	-	-	-
Fixed income	12,497,616	10,029,829	-	-	2,467,787
International Equity	14,781,784	14,781,784	-	-	-
Long/Short Equity Hedge Funds	4,361,704	-	-	-	4,361,704
Multi-Strategy Hedge Funds	7,061,935	-	-	-	7,061,935
Private Equity	7,077,934	-	-	-	7,077,934
Real Estate	4,733,304	2,594,567	-	-	2,138,737
Real assets	2,973,086	2,973,086	-	-	-
	<u>\$ 96,668,092</u>	<u>\$ 57,551,531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,116,561</u>
Assets reserved under split-interest agreements	<u>\$ 700,386</u>	<u>\$ 700,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Community Foundation for the Greater Capital Region, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

Note 10. Fair Value of Financial Instruments (Continued)

The following table summarizes investments measured at fair value based on NAV at December 31, 2023:

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Available	Notice Period
Domestic Equity	\$ 3,124,615	\$ -	Quarterly	n/a	30 days
Global Equity	3,838,209	-	Monthly	n/a	15 days
Global Equity	2,881,649	-	Monthly	n/a	7 days
Multi-Strategy Hedge	2,174,343	-	Monthly	December 31, 2024	90 days
Multi-Strategy Hedge	4,180,462	-	Monthly	December 31, 2024	65 days
Multi-Strategy Hedge	1,023,729	-	Monthly	December 31, 2024	75 days
Multi-Strategy Hedge	1,202,410	-	Monthly	March 31, 2024	91 days
Multi-Strategy Hedge	1,029,216	-	Monthly	January 31, 2025	60 days
Long/Short Equity Hedge	3,023,460	-	*	*	*
Real assets	4,121,436	-	Daily	n/a	n/a
Fixed income	2,805,108	-	Monthly	n/a	10 days
Private Equity	705,375	90,000	No liquidity	n/a	n/a
Private Equity	1,594,005	280,000	No liquidity	n/a	n/a
Private Equity	1,865,346	-	No liquidity	n/a	n/a
Private Equity	1,291,140	-	No liquidity	n/a	n/a
Private Equity	795,874	290,000	No liquidity	n/a	n/a
Private Equity	561,572	400,000	No liquidity	n/a	n/a
Private Equity	69,639	920,000	No liquidity	n/a	n/a
Private Equity	9,608	1,000,000	No liquidity	n/a	n/a
Private Equity	297,221	68,310	No liquidity	n/a	n/a
Private Equity	519,219	249,060	No liquidity	n/a	n/a
Private Equity	926,280	31,233	No liquidity	n/a	n/a
Private Equity	527,284	500,000	No liquidity	n/a	n/a
Private Equity	258,371	717,715	No liquidity	n/a	n/a
Private Equity	-	1,500,000	**	**	**
	<u>\$ 38,825,572</u>	<u>\$ 6,046,318</u>			

* Full redemption is in progress

** To be purchased in 2024