the COMMUNITY FOUNDATION FOR THE GREATER CAPITAL REGION

Financial Statements

December 31, 2020 and 2019

The Community Foundation for the Capital Region, Inc.

Financial Statements

December 31, 2020 and 2019

C O N T E N T S

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying 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, 2020 and 2019, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation for the Greater Capital Region, Inc. as of December 31, 2020 and 2019, 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.

BST+Co.CPAs, LLP

Albany, New York
August 25, 2021

The Community Foundation for the Greater Capital Region, Inc.

Statements of Financial Position

	December 31, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	$ 2,861,731	$ 3,419,359
Investments	90,275,974	82,887,791
Receivables, net	869,931	2,085,206
Assets held under split interest agreements	1,301,582	1,246,056
Other assets	384,163	401,096
Total assets	**$ 95,693,381**	**$ 90,039,508**
LIABILITIES		
Accounts payable and accrued expenses	$ 52,663	$ 48,734
Grants payable	1,068,161	239,306
Paycheck Protection Program Loan	137,500	-
Liabilities held under split interest agreements	383,997	389,363
Agency funds	3,145,883	2,977,232
	4,788,204	3,654,635
COMMITMENTS		
NET ASSETS		
Without donor restrictions		
Available for grants	37,267,507	37,530,290
Available for administration	557,758	541,665
Endowed for administration	6,949,683	6,035,070
	44,774,948	44,107,025
With donor restrictions	46,130,229	42,277,848
	90,905,177	86,384,873
Total liabilities and net assets	**$ 95,693,381**	**$ 90,039,508**

See accompanying Notes to Financial Statements

The Community Foundation for the Greater Capital Region, Inc.

Statements of Activities

	Years Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES AND OTHER SUPPORT						
Investment return						
Interest and dividends	$ 570,204	$ 594,599	$ 1,164,803	$ 788,222	$ 700,095	$ 1,488,317
Net appreciation of investments	4,231,158	4,689,856	8,921,014	6,534,503	6,113,951	12,648,454
Less investment expense	(521,208)	-	(521,208)	(654,292)	-	(654,292)
Investment return, net	4,280,154	5,284,455	9,564,609	6,668,433	6,814,046	13,482,479
Contributions	4,951,147	791,411	5,742,558	5,326,511	1,169,873	6,496,384
Fees for service	130,190	-	130,190	120,491	-	120,491
Net assets released from restrictions, satisfaction of restrictions	2,223,485	(2,223,485)	-	1,994,283	(1,994,283)	-
Total revenues and other support	11,584,976	3,852,381	15,437,357	14,109,718	5,989,636	20,099,354
EXPENSES						
Programs and grants	10,157,054	-	10,157,054	6,380,730	-	6,380,730
Administration	600,025	-	600,025	609,079	-	609,079
Fundraising	159,974	-	159,974	254,714	-	254,714
Total expenses	10,917,053	-	10,917,053	7,244,523	-	7,244,523
CHANGE IN NET ASSETS	**667,923**	**3,852,381**	**4,520,304**	**6,865,195**	**5,989,636**	**12,854,831**
NET ASSETS, *beginning of year*	44,107,025	42,277,848	86,384,873	37,241,830	36,288,212	73,530,042
NET ASSETS, *end of year*	**$ 44,774,948**	**$ 46,130,229**	**$ 90,905,177**	**$ 44,107,025**	**$ 42,277,848**	**$ 86,384,873**

See accompanying Notes to Financial Statements

The Community Foundation for the Greater Capital Region, Inc.

Statement of Functional Expenses

	Year Ended December 31, 2020			
	Programs and Grants	Administration	Fundraising	Total
Salaries and wages	$300,613	$339,965	$111,104	$751,682
Payroll related costs	59,223	67,847	17,873	144,943
Contracted services	11,342	2,628	712	14,682
Depreciation	11,980	13,337	3,615	28,932
Equipment leases and maintenance	18,565	20,668	5,603	44,836
Events	-	-	2,640	2,640
Grants	9,692,475	-	-	9,692,475
Insurance	695	14,460	210	15,365
Marketing and promotion	-	32,612	-	32,612
Meeting expense	3,620	1,221	552	5,393
Office supplies and expense	5,260	5,856	1,587	12,703
Postage	-	5,706	-	5,706
Professional services	684	37,169	205	38,058
Professional development	5,525	6,151	1,667	13,343
Rent	42,042	46,805	12,688	101,535
Telephone and utilities	4,473	4,980	1,350	10,803
Travel	557	620	168	1,345
	$ 10,157,054	**$ 600,025**	**$ 159,974**	**$ 10,917,053**

See accompanying Notes to Financial Statements

The Community Foundation for the Greater Capital Region, Inc.

Statement of Functional Expenses

	Year Ended December 31, 2019			
	Programs and Grants	Administration	Fundraising	Total
Salaries and wages	$249,976	$324,797	$116,118	$ 690,891
Payroll related costs	39,899	57,006	15,650	112,555
Contracted services	36,007	3,328	962	40,297
Depreciation	9,898	13,432	3,882	27,212
Equipment leases and maintenance	18,140	24,617	7,115	49,872
Events	-	-	89,650	89,650
Grants	5,969,956	-	-	5,969,956
Insurance	896	13,857	204	14,957
Marketing and promotion	-	46,034	-	46,034
Meeting expense	6,409	3,433	1,696	11,538
Office supplies and expense	4,251	5,770	1,668	11,689
Postage	-	7,246	-	7,246
Professional services	586	48,880	230	49,696
Professional development	3,868	5,249	1,517	10,634
Rent	35,569	48,270	13,952	97,791
Telephone and utilities	4,106	5,573	1,611	11,290
Travel	1,169	1,587	459	3,215
	$ 6,380,730	**$ 609,079**	**$ 254,714**	**$ 7,244,523**

See accompanying Notes to Financial Statements

The Community Foundation for the Greater Capital Region, Inc.

Statements of Cash Flows

	Years Ended December 31, 2020	2019
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	$ 4,520,304	$ 12,854,831
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	28,932	27,212
Net appreciation of investments	(8,921,014)	(12,648,454)
Change in value of split-interest agreements	29,821	10,614
Provision for uncollectible promises to give	(9,023)	(11,138)
Reinvested interest and dividends	(723,648)	(977,868)
Decrease (increase) in		
Receivables	298,487	(142,540)
Other assets	357	(1,576)
Increase (decrease) in		
Accounts payable and accrued expenses	3,929	4,175
Grants payable	828,855	(26,523)
Agency funds	(155,086)	(47,200)
	(4,098,086)	**(958,467)**
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Proceeds from sale of investments	32,206,545	6,130,085
Purchases of investments	(29,681,855)	(5,554,912)
Purchases of property and equipment	(9,351)	(4,148)
	2,515,339	**571,025**
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES		
Distributions from split-interest agreements	(90,457)	(88,561)
Cash collections on contributions receivable for endowment	978,076	1,041,196
Proceeds from Paycheck Protection Program Loan	137,500	-
	1,025,119	**952,635**
Net increase (decrease) in cash and cash equivalents	**(557,628)**	**565,193**
CASH AND CASH EQUIVALENTS, *beginning of year*	3,419,359	2,854,166
CASH AND CASH EQUIVALENTS, *end of year*	**$ 2,861,731**	**$ 3,419,359**
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash paid during the year for		
Income taxes	$ 260	$ 2,677

See accompanying Notes to Financial Statements

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 2020 or 2019.

The Community Foundation's mission is to strengthen the community through philanthropy. The Foundation does this in collaboration with donors and community partners who 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 450 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 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 (Note 11).

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.

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 $80,296 and $89,319 as of December 31, 2020 and 2019, respectively, $62,000 of which relates to an agency fund.

g. Paycheck Protection Program

The Community Foundation accounts for Paycheck Protection Program ("PPP") loans as debt. Upon legal release, amounts forgiven are recorded as a gain on extinguishment of debt.

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 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* 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.

- *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.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

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 represents 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, 2020 or 2019.

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

n. Adoption of New Accounting Standard

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Community Foundation has adopted the standard during the year ended December 31, 2020. There was no material impact on the Community Foundation's change in net assets or financial condition upon adoption of the new standard.

o. Subsequent Events

The Community Foundation has evaluated subsequent events for potential recognition or disclosure through August 25, 2021 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, 2020	December 31, 2019
Total assets	$ 95,693,381	$ 90,039,508
Less assets not available for general expenditures		
Long-term portion of receivables, net	10,014	349,470
Investments, held in endowment	44,272,655	40,255,369
Investments, held for grants	37,267,507	37,530,290
Assets held under split interest agreements	1,743,079	1,635,288
Prepaid expense	21,356	21,713
Cash surrender value of life insurance	279,199	276,193
Property and equipment, net	83,608	103,190
	12,015,963	9,867,995
Investments held for grants, that could be made available	37,267,507	37,530,290
Financial assets available for grants and general expenditures within one year of the statement of financial position date	$ 49,283,470	$ 47,398,285

The Community Foundation has $49,283,470 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.

Note 3 - Receivables, Net

Receivables, net consist of the following:

	December 31, 2020	December 31, 2019
Promises to give, net	$ 427,434	$ 1,672,124
Remainder beneficiary of charitable remainder trusts and pooled income funds	441,497	389,232
Other	1,000	23,850
	$ 869,931	$ 2,085,206

Note 3 - Receivables, Net - Continued

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

	December 31, 2020	December 31, 2019
Amounts due in		
Less than one year	$ 417,420	$ 1,322,654
One to five years	103,167	459,833
	520,587	1,782,487
Less:		
Discounts to present value	(12,857)	(21,044)
Allowance for uncollectible receivables	(80,296)	(89,319)
	$ 427,434	$ 1,672,124

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 discount rates that range from .06% to 2.76% 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.

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

	December 31, 2020	December 31, 2019
Charitable remainder trusts	$ 830,792	$ 759,524
Charitable gift annuities	470,790	486,532
	$ 1,301,582	$ 1,246,056

Note 4 - Split Interest Agreements - Continued

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 statement 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, 2020, the Community Foundation maintained a segregated reserve of $473,991, which is in excess of the minimum required reserve of $344,850. As of December 31, 2019, the Community Foundation maintained a segregated reserve of $486,506, which is in excess of the minimum required reserve of $365,991.

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.

Note 5 - Paycheck Protection Program Loan

In April 2020, the Community Foundation obtained a $137,500 loan pursuant to the PPP under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), which was enacted March 27, 2020. Loans under the PPP, including accrued interest, are forgivable after twenty-four weeks if, in general, employee and compensation levels are maintained, and the proceeds are used for eligible expenses including payroll, benefits, rent and utilities.

Management has applied for forgiveness-in-full. Subsequent to December 31, 2020, management received notification from the lender that the application for forgiveness-in-full was approved by the Small Business Administration (“SBA”), and that the SBA repaid the loan to the lender. The PPP loan will be recorded as a gain on the extinguishment of debt during the year ending December 31, 2021.

Note 6 - Agency Funds Held

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

	December 31, 2020	December 31, 2019
Agency Funds, beginning of year	$ 2,977,232	$ 2,564,788
Amounts raised	152,475	56,242
Interest and dividends	43,687	57,990
Realized investment gains, net	43,567	18,552
Net appreciation of investments	280,171	449,105
Fees	(45,817)	(52,436)
Grants to the Agencies	(305,432)	(117,009)
Agency Funds, end of year	$ 3,145,883	$ 2,977,232

Note 7 - Net Assets with Donor Restrictions

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

	December 31, 2020	December 31, 2019
Pooled income funds		
Subject to expiration of income beneficiaries' interest	$ 47,379	$ 43,022
Charitable remainder trusts		
Subject to expiration of trust terms	1,113,523	1,005,693
Charitable gift annuities		
Subject to expiration of trust terms	473,267	470,835
Subject to the passage of time		
For periods after December 31,	223,405	502,929
Subject to the spending policy and appropriations		
Earnings on endowed gifts which are expendable to support donor restrictions	11,223,170	7,914,094
Gifts to be held in perpetuity to support donor restrictions	33,049,485	32,341,275
Total net assets with donor restrictions	$ 46,130,229	$ 42,277,848

Note 8 - 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 distribution of fund principal.

The Community Foundation's endowment includes both donor-restricted endowment funds and funds designated by the board 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 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 effect 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.

The Community Foundation for the Greater Capital Region, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

Note 8 - Endowment - Continued

Relevant Law - Continued

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

	December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 44,272,655	$ 44,272,655
Endowed for administration	6,949,683	-	6,949,683
Total funds	$ 6,949,683	$ 44,272,655	$ 51,222,338

	December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, *beginning of year*	$ 6,035,070	$ 40,255,369	$ 46,290,439
Investment return			
Interest and dividends	92,779	594,599	687,378
Net appreciation of investments	743,295	4,555,632	5,298,927
Investment expense	(68,857)	(255,107)	(323,964)
Total investment return	767,217	4,895,124	5,662,341
Contributions	276,643	802,420	1,079,063
Withdrawals	(129,247)	(1,680,258)	(1,809,505)
Endowment net assets, *end of year*	$ 6,949,683	44,272,655	$ 51,222,338

	December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 40,255,369	$ 40,255,369
Endowed for administration	6,035,070	-	6,035,070
Total funds	$ 6,035,070	$ 40,255,369	$ 46,290,439

	December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, *beginning of year*	$ 4,966,873	$ 34,302,230	$ 39,269,103
Investment return			
Interest and dividends	46,846	700,095	746,941
Net appreciation of investments	911,686	5,937,780	6,849,466
Investment expense	(76,671)	(307,660)	(384,331)
Total investment return	881,861	6,330,215	7,212,076
Contributions	307,319	1,154,454	1,461,773
Withdrawals	(120,983)	(1,531,530)	(1,652,513)
Endowment net assets, *end of year*	$ 6,035,070	$ 40,255,369	$ 46,290,439

Note 8 - 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 both December 31, 2020 and 2019.

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, 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 deems prudent and appropriate to expend some part of the principal.

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

Note 9 - 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 5% of the employee's salary. For the years ended December 31, 2020 and 2019, the Community Foundation's employer contributions were $35,993 and $23,195, respectively.

Note 10 - Commitments, Risks and Uncertainties

a. Operating Leases

The Community Foundation's office is leased under a noncancelable operating lease. The lease expires in July 2023 and calls for rent ranging from $8,052 to $8,900 per month. Under the lease, the Community Foundation is also required to pay, as additional rent, its pro rata share of the increases in the lessor's operating expenses, computed on an annual basis. The Community Foundation also pays its pro rata share of electric, heat and air conditioning costs.

The Community Foundation also rents office equipment under operating leases that call for monthly payments ranging from $164 to $469 expiring at various times between November 2023 and April 2025.

The Community Foundation's future minimum rental commitments under such leases are as follows:

For the year ending December 31,	
2021	$ 101,720
2022	113,135
2023	60,840
2024	5,634
2025	1,878
	$ 283,207

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.

Note 10 - 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 11 - Fair Value of Financial Instruments

The framework for measuring fair value includes 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, including limited partnerships that are invested in publicly traded securities. 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, market value of comparable companies, an income-based approach, or discounted cash flow projections. These valuations are reviewed for reasonableness by 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/net asset value calculation that may not be indicative of net realizable value or reflective of future fair or net asset values. Furthermore, while the Community Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair or net asset value of certain financial instruments could result in a different fair or net asset value measurement at the reporting date.

The Community Foundation for the Greater Capital Region, Inc.

Notes to Financial Statements
December 31, 2020 and 2019

Note 11 - Fair Value of Financial Instruments - Continued

The following tables present the Community Foundation's investments at December 31, 2020 and 2019:

	December 31, 2020				
	Total	Level 1	Level 2	Level 3	Commingled Investments Measured at NAV
Assets					
Investments					
Large Cap Equity	$ 22,393,193	$ 22,393,193	$ -	$ -	$ -
Mid Cap Equity	6,767,102	-	-	-	6,767,102
Small Cap Equity	2,736,714	2,736,714	-	-	-
International Equity	21,449,922	10,059,815	-	-	11,390,107
Emerging Markets	8,190,916	-	-	-	8,190,916
Multi Strategy Hedge Funds	4,495,736	-	-	-	4,495,736
Long/Short Equity Hedge Funds	5,989,494	-	-	-	5,989,494
Private Equity	5,123,362	-	-	-	5,123,362
Real Estate	1,473,509	-	-	-	1,473,509
Fixed income	10,891,730	8,319,141	-	-	2,572,589
Real assets	764,295	764,295	-	-	-
	$ 90,275,974	$ 44,273,158	$ -	$ -	$ 46,002,816
Assets reserved under split interest agreements	$ 1,301,582	$ 1,301,582	$ -	$ -	$ -

	December 31, 2019				
	Total	Level 1	Level 2	Level 3	Commingled Investments Measured at NAV
Assets					
Investments					
Large Cap Equity	$ 12,741,734	$ 12,741,734	$ -	$ -	$ -
Mid Cap Equity	8,486,169	-	-	-	8,486,169
Small Cap Equity	6,074,650	6,074,650	-	-	-
International Equity	21,076,074	-	-	-	21,076,074
Emerging Markets	6,854,657	-	-	-	6,854,657
Multi Strategy Hedge Funds	4,609,791	-	-	-	4,609,791
Long/Short Equity Hedge Funds	5,559,728	-	-	-	5,559,728
Private Equity	3,943,368	-	-	-	3,943,368
Real Estate	1,435,426	-	-	-	1,435,426
Fixed income	12,106,194	4,284,098	-	-	7,822,096
	$ 82,887,791	$ 23,100,482	$ -	$ -	$ 59,787,309
Assets reserved under split interest agreements	$ 1,246,056	$ 1,246,056	$ -	$ -	$ -

Note 11 - Fair Value of Financial Instruments - Continued

The following table summarizes investments measured at fair value based on NAV:

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Available	Notice Period
Mid Cap Equity	$ 6,767,102	$ -	Monthly	n/a	15 days
International Equity	3,840,526	-	n/a	n/a	10 days
International Equity	3,446,860	-	Monthly	n/a	5 days
International Equity	4,102,721	-	Semi- annually	March 31, 2022	90 days
Emerging Markets	3,468,291	-	Quarterly	n/a	7 days
Emerging Markets	4,722,625		Daily	n/a	n/a
Multi Strategy Hedge Fund	2,338,716	-	Monthly	June 30, 2021	61 days
Multi Strategy Hedge Fund	2,157,020		Quarterly	June 30, 2021	65 days
Long/Short Equity Hedge Funds	1,424,586	-	*	n/a	n/a
Long/Short Equity Hedge Funds	2,103,834	-	Semi- annually	June 30, 2021	46 days
Long/Short Equity Hedge Funds	1,555,856	-	Quarterly	June 30, 2021	60 days
Long/Short Equity Hedge Funds	905,217	-	Quarterly	June 30, 2021	90 days
Private Equity	1,039,315	99,000	No liquidity	n/a	n/a
Private Equity	1,319,590	280,000	No liquidity	n/a	n/a
Private Equity	973,986	52,420	No liquidity	n/a	n/a
Private Equity	1,711,375	226,606	No liquidity	n/a	n/a
Private Equity	50,423	970,000	No liquidity	n/a	n/a
Private Equity	28,673	970,000	No liquidity	n/a	n/a
Real Estate	578,307	106,920	No liquidity	n/a	n/a
Real Estate	416,926	596,520	No liquidity	n/a	n/a
Real Estate	478,276	432,561	No liquidity	n/a	n/a
Fixed income	2,572,589	-	Monthly	n/a	10 days
	$ 46,002,816	$ 3,734,027			

*Full redemption is in progress.

Note 12 - Pending Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. In July 2018, the FASB issued ASU 2018-10, Codification Improvements to Topic 842, Leases, which makes narrow scope improvements to the standard for specific issues. In July 2018, the FASB also issued ASU 2018-11, Leases (Topic 842): Targeted Improvements, which provides an optional transition method allowing the standard to be applied at the adoption date. In March 2019, the FASB issued ASU 2019-01, Leases (Topic 842) Codification Improvements, which exempts entities from having to provide the interim disclosures required by ASC 250-10-50-3 in the fiscal year in which a company adopts the new leases standard. A modified retrospective transition approach is required. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The new standard provides a number of practical expedients. The Community Foundation currently expects that upon adoption of ASU 2016-02, right-of-use assets and lease liabilities will be recognized in the balance sheet in amounts that will be material. The new standard, as delayed by FASB ASU’s 2019-10 and 2020-05, is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Community Foundation is currently evaluating the impact of this new guidance on its financial statements.