
Max M. & Marjorie S. Fisher Foundation

Financial Report
December 31, 2020

Independent Auditor's Report	1
Financial Statements	
Balance Sheet	2
Statement of Activities and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5-15

Independent Auditor's Report

To the Board of Trustees
Max M. & Marjorie S. Fisher Foundation

We have audited the accompanying financial statements of Max M. & Marjorie S. Fisher Foundation (the "Foundation"), which comprise the balance sheet as of December 31, 2020 and 2019 and the related statements of activities and changes in net assets 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Max M. & Marjorie S. Fisher Foundation 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.

Emphasis of Matter

As explained in Note 2, the financial statements include certain investments whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the partnership general partners. These investments are valued at \$150,257,422 (51.6 percent of net assets) at December 31, 2020 and \$134,095,326 (48.0 percent of net assets) at December 31, 2019. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Plante & Moran, PLLC".

September 1, 2021

Max M. & Marjorie S. Fisher Foundation

Balance Sheet

December 31, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	\$ 322,124	\$ 313,009
Investments (Note 3)	287,691,372	279,649,442
Mission-related investments (Note 3)	1,560,604	1,424,554
Program-related investments - Net of allowance of \$0 and \$650,000 as of December 31, 2020 and 2019, respectively (Note 5)	4,654,561	2,701,550
Other receivables	2,230,812	1,087,073
Other assets	87,500	94,500
Property and equipment - Net (Note 6)	169,034	189,863
Total assets	\$ 296,716,007	\$ 285,459,991
Liabilities and Net Assets		
Liabilities		
Accrued liabilities	\$ 445,375	\$ 336,563
Grants payable (Note 4)	4,887,593	5,692,500
Total liabilities	5,332,968	6,029,063
Net Assets - Without donor restrictions	291,383,039	279,430,928
Total liabilities and net assets	\$ 296,716,007	\$ 285,459,991

Max M. & Marjorie S. Fisher Foundation**Statement of Activities and Changes in Net Assets****Years Ended December 31, 2020 and 2019**

	2020	2019
Changes in Net Assets without Donor Restrictions		
Income:		
Contributions	\$ -	\$ 512
Investment income:		
Dividends and interest	1,059,705	1,175,822
Net realized and unrealized gains on investments	31,430,327	32,155,509
Other income	202,558	-
Investment expenses	(943,117)	(912,713)
Federal excise tax	(165,627)	(188,442)
Net investment income	31,583,846	32,230,176
Net income	31,583,846	32,230,688
Expenses:		
Program services:		
Grants	16,473,356	11,418,163
Program support expenses	1,759,047	1,506,045
Total program services	18,232,403	12,924,208
Management and general	1,399,332	1,794,098
Total expenses	19,631,735	14,718,306
Increase in Net Assets	11,952,111	17,512,382
Net Assets - Beginning of year	279,430,928	261,918,546
Net Assets - End of year	\$ 291,383,039	\$ 279,430,928

Statement of Cash Flows**Years Ended December 31, 2020 and 2019**

	2020	2019
Cash Flows from Operating Activities		
Increase in net assets	\$ 11,952,111	\$ 17,512,382
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation and amortization	24,101	23,391
Discount on grants payable	(6,663)	(76,944)
Discount on program-related investment loan receivable	135,989	(20,864)
Realized gain on sales of investments	(8,880,992)	(9,663,252)
Unrealized gain on investments	(22,549,335)	(22,492,257)
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Accounts receivable	356,261	(116,992)
Program-related investment loan receivables	(1,439,000)	(261,000)
Allowance for doubtful accounts	(650,000)	115,000
Other assets	7,000	11,703
Grants payable	(798,244)	(3,864,876)
Accrued liabilities	108,812	114,804
Net cash and cash equivalents used in operating activities	(21,739,960)	(18,718,905)
Cash Flows from Investing Activities		
Purchase of property and equipment	(3,272)	(11,132)
Purchases of investments	(25,096,213)	(27,455,528)
Proceeds from sales and maturities of investments	48,348,560	45,820,249
Net change in investment redemption receivable	(1,500,000)	-
Net cash and cash equivalents provided by investing activities	21,749,075	18,353,589
Net Increase (Decrease) in Cash and Cash Equivalents	9,115	(365,316)
Cash and Cash Equivalents - Beginning of year	313,009	678,325
Cash and Cash Equivalents - End of year	\$ 322,124	\$ 313,009

December 31, 2020 and 2019

Note 1 - Nature of the Organization

Max M. & Marjorie S. Fisher Foundation (the "Foundation"), located in Southfield, Michigan; established in 1955; and endowed following the death of Max M. Fisher in 2005, is a private family foundation that was organized to make grants to charitable organizations, which are described in Section 501(c)(3) of the Internal Revenue Code. The primary activity of the Foundation is to receive and administer funds in order to support charitable, educational, religious, cultural, and other organizations. The Foundation aims to enrich humanity by strengthening and empowering children and families in need. The Foundation was funded through the Max M. Fisher Estate and contributions by family members.

Note 2 - Significant Accounting Policies

Cash Equivalents

The Foundation considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Investments

Money market investment funds are under the custody of fund managers and represent temporarily uninvested moneys and short-term investments consisting of funds collected.

Investments in common and preferred stocks, bonds, U.S. Treasury bills, and mutual funds are carried at quoted fair market value. The change in unrealized market appreciation is included in the statement of activities and changes in net assets. Realized gains and losses are recorded using specific identification of the assets sold.

The alternative investments, composed primarily of funds of funds, multiasset funds, private equity funds, alternative/hedge funds, and real estate funds, a significant amount of which are not readily marketable, are carried at estimated fair values, as provided by the various fund managers. Foundation management reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and significant assumptions used in determining fair value. Those estimated fair values are subject to uncertainty and may differ significantly from the values that would have been used had a ready market for these securities existed. The estimated fair values of the Foundation's alternative investments totaled \$150,257,422 and \$134,095,326 at December 31, 2020 and 2019, respectively.

Allowance for Doubtful Accounts

An allowance for doubtful accounts on program-related investments is established based on a specific assessment of all receivables that remain unpaid following agreed-upon payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made.

Risk and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, currency, 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 balance sheet.

Property and Equipment

Property and equipment are recorded at cost when purchased and at estimated fair market value when donated. Depreciation on property and equipment is provided on a straight-line basis over the estimated useful lives of the assets. Donated collections that include works of art, historical treasures, or similar assets are not capitalized or recognized as revenue or gains. In 2015, Mrs. Fisher donated the Max M. Fisher Archives to the Foundation. The archives consist of political memorabilia, autographs, and photos. The archives are housed at Wayne State University.

December 31, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

Grants Payable

Unconditional promises to give are recognized as an expense once the grant agreement is fully executed. Discretionary promises to give are recognized as an expense at the time of formal approval by the full board of trustees. Conditional promises to give, if any, are expensed when such conditions are substantially met.

Tax Status

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code. As a private family foundation, the Foundation is subject to an excise tax on net investment income, including realized gains, as defined in the Tax Reform Act of 1969.

Contributions

Contributions of cash and other assets are reported as revenue when received, measured at fair value. All contributions received by the Foundation are without donor restrictions.

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions. All net assets of the Foundation are without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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 revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Adopted Accounting Pronouncement

During the year ended December 31, 2020, the Foundation adopted Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The Foundation adopted the new standard on a modified prospective basis. Adoption of the standard had no significant impact on the timing of recognition for contributions made.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including September 1, 2021, which is the date the financial statements were available to be issued.

Notes to Financial Statements

December 31, 2020 and 2019

Note 3 - Investments and Mission-related Investments

Investments and mission-related investments consisted of the following at December 31:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Short-term cash pool	\$ 4,698,414	\$ 4,698,414	\$ 2,439,618	\$ 2,439,618
Fixed-income securities	31,987,348	38,141,026	40,067,180	47,385,630
Equity securities	41,393,625	95,111,761	43,819,048	93,096,518
Asset allocation funds	-	-	2,755,394	3,034,746
Real estate funds	12,587,546	19,906,406	12,700,760	18,646,387
Private equity funds and distressed credit	39,907,645	72,717,889	36,373,391	59,539,256
Hedge funds	30,415,146	57,115,876	35,147,998	55,507,287
Mission-related investments	1,372,612	1,560,604	1,391,431	1,424,554
Total	<u>\$ 162,362,336</u>	<u>\$ 289,251,976</u>	<u>\$ 174,694,820</u>	<u>\$ 281,073,996</u>

Note 4 - Grants for Charitable, Educational, and Other Authorized Purposes

The following summarizes the changes in grants payable as of December 31, 2020 and 2019:

	2020	2019
Grants payable - Beginning of year	\$ 5,692,500	\$ 9,634,320
Grants approved	16,162,003	11,159,490
Payments made	(16,973,573)	(15,178,254)
Change in present value discount	6,663	76,944
Grants payable - End of year	<u>\$ 4,887,593</u>	<u>\$ 5,692,500</u>

The discount rate used in the December 31, 2020 and 2019 present value calculations was 0.27 percent and 1.62 percent, respectively, and is based on daily treasury yield curve rates.

Grants payable at December 31, 2020 are scheduled to be disbursed as follows: \$2,812,496, \$1,389,318, \$467,519, and \$218,260 for 2021, 2022, 2023, and 2024, respectively.

As of December 31, 2020 and 2019, there were conditional grant commitments totaling \$2,125,000 and \$1,750,000, respectively, for which the grantee had not yet satisfied the condition.

Note 5 - Program-related Investments

The Foundation has funded 14 program-related investments. These investments are in addition to the 5 percent grant budget.

PRI #1: In 2019, the Foundation completed the loan of \$200,000 to Hebrew Free Loan that was approved in 2012. The loan was paid in full on December 31, 2019.

PRI #2: The P3E, L3C changed its name to Artesian Farms, L3C in 2016. On September 28, 2016, the Foundation converted the promissory note into a 7.35 percent membership interest in Artesian Farms, L3C. As of December 31, 2020 and 2019, the Foundation valued the asset at \$30,575.

PRI #3: A loan of \$400,000 was made to Recovery Park in 2016. As of December 31, 2019, the Foundation valued the asset at \$0. The loan was forgiven in 2020 and converted to a grant.

PRI #4: A loan of \$250,000 was made to Dualis Social Investment Fund in 2016. As of December 31, 2020 and 2019, the Foundation valued the asset at \$0. The loan was forgiven in 2020 and converted to a grant.

December 31, 2020 and 2019

Note 5 - Program-related Investments (Continued)

PRI #5: In 2017, the Foundation completed two loans, which total \$2,000,000, to the Detroit Community Loan Fund. One loan for \$1 million bears 2 percent interest, and the other \$1 million note bears 0 percent interest. Both will mature on September 15, 2025. As of December 31, 2020 and 2019, the Foundation valued the asset at \$1,821,892 and \$1,786,169, respectively, to reflect the collectibility of the final payment due in 2025.

PRI #6: Rebel Nell L3C was provided a \$195,000 loan by the Foundation at the end of 2017. This loan bears 2 percent interest and will mature on November 15, 2023. In 2019, a principal payment of \$38,025 was made. As of December 31, 2020 and 2019, the Foundation valued the asset at \$151,548 and \$148,577, respectively, to reflect the collectibility of the final payment due in 2023.

PRI #7: In 2018, Rebel Nell L3C was provided a second \$195,000 loan by the Foundation. This loan bears 2 percent interest and will mature on December 31, 2024. As of December 31, 2020 and 2019, the Foundation valued the asset at \$187,501 and \$183,824, respectively, to reflect the collectibility of the final payment due in 2024.

PRI #8: In 2018, a loan of \$100,000 was made to Future Build Construction. This loan bears 2 percent interest and will mature on October 29, 2023. As of December 31, 2020 and 2019, the Foundation valued the asset at \$0 and \$95,270, respectively, to reflect the collectibility of the final payment due in 2023.

PRI #9: Michigan Women's Foundation was provided a \$500,000 loan by the Foundation in 2019. This loan bears 1 percent interest and will mature on December 31, 2028. As of December 31, 2020 and 2019, the Foundation valued the asset at \$461,706 and \$457,135, respectively, to reflect the collectibility of the final payment in 2028.

PRI #10: In 2020, a loan of \$750,000 was made to Grand Lahser. This loan bears 2 percent interest and will mature on January 7, 2030. As of December 31, 2020, the Foundation valued the asset at \$627,228 to reflect the collectibility of the final payment due in 2030.

PRI #11: Illinois Finance Fund was provided a \$500,000 loan by the Foundation in 2020. This loan bears 1 percent interest and will mature on January 13, 2025. As of December 31, 2020, the Foundation valued the asset at \$480,295 to reflect the collectibility of the final payment in 2025.

PRI #12: A loan of \$350,000 was made to Detroit Training Center in 2020. This loan bears 2 percent interest and will mature on May 31, 2025. As of December 31, 2020, the Foundation valued the asset at \$330,867 to reflect the collectibility of the final payment in 2025.

PRI #13: Ogen-Social Loan Fund was provided a \$300,000 loan by the Foundation in 2020. This loan bears 1 percent interest and will mature on December 31, 2029. Two additional loans are scheduled to be paid to Ogen in 2021 and 2022 for \$300,000 and \$400,000, respectively. As of December 31, 2020, the Foundation valued the asset at \$279,810 to reflect the collectibility of the final payment in 2029.

PRI #14: A loan of \$289,000 was made to Industrial Sewing and Innovation Center (ISAIC) in 2020. This loan bears 2.5 percent interest and will mature on October 31, 2021. ISAIC can borrow up to \$500,000 total up until the maturity date. As of December 31, 2020, the Foundation valued the asset at \$283,139 to reflect the collectibility of the final payment in 2021.

Notes to Financial Statements**December 31, 2020 and 2019****Note 6 - Property and Equipment**

Property and equipment are summarized as follows:

	2020	2019
Office equipment	\$ 55,882	\$ 55,882
Computer equipment and software	101,824	98,552
Leasehold improvements	254,851	254,851
Total cost	412,557	409,285
Accumulated depreciation	243,523	219,422
Net property and equipment	\$ 169,034	\$ 189,863

Depreciation and amortization expense for 2020 and 2019 was \$24,101 and \$23,391, respectively. Depreciation is calculated on a straight-line basis over useful lives ranging from 3 to 39 years.

Note 7 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at December 31, 2020 and 2019 and the valuation techniques used by the Foundation to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Notes to Financial Statements

December 31, 2020 and 2019

Note 7 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2020*		
	Quoted Prices in Active Markets for Identical Assets (Level 1)		Balance at December 31, 2020
		Net Asset Value	
Investments:			
Equity securities - U.S.	\$ 61,673	\$ 47,447,018	\$ 47,508,691
Equity securities - International and emerging markets funds	-	41,701,758	41,701,758
Equity mutual funds	5,901,312	-	5,901,312
Fixed-income mutual funds	20,311,829	-	20,311,829
Fixed-income institutional funds	-	17,829,197	17,829,197
Real estate funds	-	19,906,406	19,906,406
Private equity funds	-	71,241,945	71,241,945
Distressed credit funds	-	1,475,944	1,475,944
Hedge fund instruments	-	57,115,876	57,115,876
Total investments	26,274,814	256,718,144	282,992,958
Mission-related investments:			
Fixed-income mutual funds	1,043,353	-	1,043,353
Private equity funds	-	517,251	517,251
Total mission-related investments	1,043,353	517,251	1,560,604
Total assets	\$ 27,318,167	\$ 257,235,395	\$ 284,553,562

*Excludes the short-term cash pool totaling \$4,698,414, which is not required to be disclosed under this accounting standard.

Notes to Financial Statements

December 31, 2020 and 2019

Note 7 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2019*		
	Quoted Prices in Active Markets for Identical Assets (Level 1)		Balance at December 31, 2019
		Net Asset Value	
Investments:			
Equity securities - U.S.	\$ 22,527	\$ 36,416,353	\$ 36,438,880
Equity securities - International and emerging markets funds	-	49,995,983	49,995,983
Equity mutual funds	6,661,655	-	6,661,655
Fixed-income mutual funds	24,345,688	-	24,345,688
Fixed-income institutional funds	-	23,039,942	23,039,942
Global asset allocation funds	3,034,746	-	3,034,746
Real estate funds	-	18,646,387	18,646,387
Private equity funds	-	58,190,148	58,190,148
Distressed credit funds	-	1,349,108	1,349,108
Hedge fund instruments	-	55,507,287	55,507,287
Total investments	34,064,616	243,145,208	277,209,824
Mission-related investments:			
Fixed-income mutual funds	1,022,158	-	1,022,158
Private equity funds	-	402,396	402,396
Total mission-related investments	1,022,158	402,396	1,424,554
Total assets	\$ 35,086,774	\$ 243,547,604	\$ 278,634,378

*Excludes the short-term cash pool totaling \$2,439,618, which is not required to be disclosed under this accounting standard.

Investments in Entities That Calculate Net Asset Value per Share

The Foundation holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

Notes to Financial Statements

December 31, 2020 and 2019

Note 7 - Fair Value Measurements (Continued)

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows (in thousands):

	December 31, 2020	December 31, 2019	December 31, 2020		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Equity securities - U.S. (a)	\$ 47,447	\$ 36,416	\$ -	Monthly	30 days
Equity securities - International and emerging markets funds (b)	41,702	49,996	-	Monthly	30 days
Fixed-income institutional funds (c)	17,829	23,040	-	Monthly	30 days
Real estate (d)	19,906	18,646	7,978	N/A*	N/A
Private equity (e)	71,242	58,190	41,081	N/A*	N/A
Distressed credit (f)	1,476	1,349	316	N/A*	N/A
Hedge funds (g)	57,116	55,507	-	Semiannually	105 days
Mission-related investments (h)	517	403	-	N/A*	N/A
Total	\$ 257,235	\$ 243,547	\$ 49,375		

*These funds are in private equity structures with no rights to redemption. Liquidity is based on the timing of the fund's ability to distribute proceeds as available.

The unfunded commitments noted above are not considered liabilities of the Foundation at December 31, 2020 and 2019 and have not been recorded in the balance sheet.

(a) Equity securities - U.S. include an actively managed portfolio of individual stocks and index funds benchmarked to three stock indexes.

(b) Equity securities - International and emerging markets funds include investments in diversified institutional funds.

(c) Fixed-income institutional funds include investments in diversified institutional funds. The underlying investments include U.S. corporate bonds (both investment grade and high yield), bank loans, sovereign debt of both established international and emerging market countries, U.S. master limited partnerships, and U.S. Treasury and agency bonds.

(d) The real estate funds category includes several real estate funds invested in a variety of real property types, including multifamily, office, retail, and hotel, primarily in North America.

(e) The private equity funds category includes investments in large and small company buyouts, venture capital, growth equity, and distressed situations. The investment managers invest directly or through secondary market purchases globally.

(f) The distressed credit category includes investments in a variety of debt instruments purchased at discounts to intrinsic value globally.

(g) The hedge fund category includes global investments in stocks, bonds, commodities, and currencies. Such managers are provided broad latitude to invest long or short, directly or synthetically, and can employ leverage.

(h) The mission-related investments category includes investments in a venture capital fund for a social or environmental impact.

December 31, 2020 and 2019**Note 8 - Liquidity and Availability of Financial Assets**

The following reflects the Foundation's financial assets available to meet cash needs for general expenditures within one year as of December 31:

	2020	2019
Cash and cash equivalents	\$ 322,125	\$ 313,009
Short-term investments	138,994,554	146,978,669
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 139,316,679</u>	<u>\$ 147,291,678</u>

None of the financial assets disclosed above are subject to contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date. The Foundation has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average approximately \$2,955,000. 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, as part of its liquidity management, the Foundation invests cash in excess of daily requirements in various short-term investments.

Note 9 - Excise Taxes

The Foundation's current excise tax expense for the years ended December 31, 2020 and 2019 was \$165,627 and \$188,442, respectively. The unrealized gain on contributed securities was \$1,709,112 for both years. There are deferred taxes related to this unrealized gain at December 31, 2020 and 2019 of \$23,757 and \$17,091, respectively, which are included within accrued liabilities on the balance sheet.

The Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, which was signed into law in March 2020, enabled taxpayers to carry back net operating losses (NOL) to the five prior tax years. Previously, these losses were only allowed to be carried forward. As the Foundation had tax losses in 2018 and 2019, they carried the losses back to 2013 and 2014 respectively to obtain refunds in the amounts of \$41,838 and \$98,388, respectively. The amended returns were filed prior to year end, and, as such, the refunds were booked as a receivable and a reduction to tax expense. The refunds were received in 2021.

Note 10 - Related Party Transactions

The following is a description of transactions between the Foundation and related parties:

The Fisher Group (TFG) provides financial and investment management services for the Foundation under the terms of a service agreement. Four trustees of the Foundation are also owners of TFG. For the years ended December 31, 2020 and 2019, the Foundation incurred expenses related to TFG service provider fees in the amount of \$1,417,068 and \$1,362,460, respectively. The TFG fee is multiplied by 65 percent and added to Mellon fees to calculate investment expense, which can be found on the statement of activities and changes in net assets. The non-investment-related portion (35 percent) is included in functional expenses under management and general expenses in Note 12.

The Foundation has entered into a commitment to invest \$8 million in Ram Realty Partners II LP and Ram Realty Investors II LLC (collectively, the "Ram Funds"). The Foundation has also entered into a commitment to invest \$2.5 million directly in Ram Realty Partners III, \$1.7 million in Ram Realty Partners IV, and \$1.35 million in The Boulevard f/k/a Third & Grand LLC. In 2018, the Foundation entered into a commitment to invest \$1 million in Platform Neighborhood Fund I and \$800,000 in Ram Realty Partners V LP. The above-mentioned funds are sponsored and managed by entities co-owned by a foundation board of trustees member.

Notes to Financial Statements**December 31, 2020 and 2019****Note 11 - Defined Contribution Plan**

The Foundation sponsors a defined contribution 403(b) plan for all eligible full-time employees. Employees may make elective contributions to the 403(b) plan in accordance with IRS regulations. The Foundation may make contributions to the 403(b) plan up to 5 percent of the employees' base salaries. During the years ended December 31, 2020 and 2019, the Foundation contributed \$43,643 and \$40,374, respectively, to the plan.

Note 12 - Functional Expenses

Expenses are functionally allocated as follows for the year ended December 31, 2020:

	Program Services	Management and General	Total
Grants	\$ 16,473,356	\$ -	\$ 16,473,356
Salaries and wages	793,162	397,314	1,190,476
Contract and professional fees	653,330	256,994	910,324
Employee benefits	193,625	102,430	296,055
Travel	11,650	12,446	24,096
Payroll taxes	48,533	24,312	72,845
Rent and utilities	37,171	21,244	58,415
Depreciation and amortization	15,336	8,765	24,101
Telephone	4,240	2,577	6,817
Miscellaneous	2,000	17,839	19,839
Convenings	-	26,140	26,140
Employee relations and training	-	17,813	17,813
Insurance	-	12,654	12,654
Postage and shipping	-	1,814	1,814
Non-investment-related TFG service provider fee	-	495,974	495,974
Supplies, printing, and subscriptions	-	14,880	14,880
Interest expense	-	2	2
Other taxes (recovery)*	-	(34,610)	(34,610)
Information systems	-	20,744	20,744
Total	<u>\$ 18,232,403</u>	<u>\$ 1,399,332</u>	<u>\$ 19,631,735</u>

Notes to Financial Statements

December 31, 2020 and 2019

Note 12 - Functional Expenses (Continued)

Expenses are functionally allocated as follows for the year ended December 31, 2019:

	Program Services	Management and General	Total
Grants	\$ 11,418,163	\$ -	\$ 11,418,163
Salaries and wages	764,050	499,974	1,264,024
Contract and professional fees	440,238	316,493	756,731
Employee benefits	174,066	105,921	279,987
Travel	33,300	43,183	76,483
Payroll taxes	44,946	29,412	74,358
Rent and utilities	32,127	24,565	56,692
Depreciation and amortization	13,256	10,135	23,391
Telephone	4,062	3,144	7,206
Miscellaneous	-	23,629	23,629
Convenings	-	11,562	11,562
Employee relations and training	-	44,416	44,416
Insurance	-	12,630	12,630
Postage and shipping	-	2,588	2,588
Non-investment-related TFG service provider fee	-	476,861	476,861
Supplies, printing, and subscriptions	-	14,842	14,842
Interest expense	-	329	329
Other taxes (recovery)*	-	(43,547)	(43,547)
Information systems	-	12,062	12,062
Retreat	-	205,899	205,899
Total	<u>\$ 12,924,208</u>	<u>\$ 1,794,098</u>	<u>\$ 14,718,306</u>

*Other taxes (recovery) includes federal and state income tax on unrelated business taxable income generated from investment gains. See Note 9 for more information.

Costs have been allocated between program and management and general based on estimates determined by management. Salaries and wages, employee benefits, and payroll taxes are allocated on the basis of the actual employee time and effort devoted to these activities. Other expenses are allocated on the basis of the program or support service that used the related asset or service. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.