

**THE COMMUNITY FOUNDATION OF
NORTH LOUISIANA
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

THE COMMUNITY FOUNDATION OF NORTH LOUISIANA

SHREVEPORT, LOUISIANA

TABLE OF CONTENTS

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Independent Auditor's Report	1-3
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5-6
Consolidated Statements of Functional Expenses	7-8
Consolidated Statements of Cash Flows	9
Notes to the Consolidated Financial Statements	10-23

SUPPLEMENTARY INFORMATION

Schedule of Compensation, Benefits, and Other Payments to Agency Head	24
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OTHER REPORTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25-26
Schedule of Findings and Questioned Costs	27
Schedule of Prior Audit Findings	28

AUDITED CONSOLIDATED FINANCIAL STATEMENTS



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

April 21, 2022

The Audit Committee
The Community Foundation of North Louisiana
Shreveport, Louisiana

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Community Foundation of North Louisiana, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Community Foundation of North Louisiana as of December 31, 2021 and 2020, and the consolidated 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) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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 of North Louisiana 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Community Foundation of North Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Community Foundation of North Louisiana'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on page 24 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and *Government*

Auditing Standards. In our opinion, the information on page is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2022 on our consideration of The Community Foundation of North Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Community Foundation of North Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Community Foundation of North Louisiana's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

THE COMMUNITY FOUNDATION OF NORTH LOUISIANA

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	135,462	378,024
Prepaid expenses	42,777	32,776
Accounts receivable	192,957	537,006
Investments	181,238,908	156,853,576
Beneficial interest in trusts and estates	1,039,000	983,000
Fixed assets, net	324,451	46,938
Other assets	598,409	1,287,803
Cash surrender value of life insurance	<u>105,202</u>	<u>107,288</u>
Total assets	<u>183,677,166</u>	<u>160,226,411</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities:</u>		
Accounts payable and advance contributions	506,394	330,036
Grants payable	213,097	629,636
Funds held as agency endowments	<u>10,383,849</u>	<u>9,267,070</u>
Total liabilities	11,103,340	10,226,742
<u>Net assets:</u>		
Without donor restrictions:		
Designated for donor advised grants	12,591,211	10,281,895
Designated for operations	1,269,662	1,193,117
Designated for discretionary grants	66,594,522	59,225,477
Designated by board for endowment	1,502,185	1,292,849
Invested in property and equipment, net	<u>324,451</u>	<u>46,938</u>
Total without donor restrictions	82,282,031	72,040,276
With donor restrictions:		
Restricted in perpetuity - endowment	77,052,878	66,558,997
Restricted for specified purpose	12,199,917	10,417,396
Restricted for passage of time	<u>1,039,000</u>	<u>983,000</u>
Total with donor restrictions	<u>90,291,795</u>	<u>77,959,393</u>
Total net assets	<u>172,573,826</u>	<u>149,999,669</u>
Total liabilities and net assets	<u>183,677,166</u>	<u>160,226,411</u>

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

THE COMMUNITY FOUNDATION OF NORTH LOUISIANA

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Support, revenues, and gains:</u>			
Contributions:			
Membership	216,353	-	216,353
Other	4,865,469	2,113,146	6,978,615
Net investment income	11,630,061	12,668,189	24,298,250
Grants	223,589	203,426	427,015
Rental income	100	-	100
Other income	88,827	-	88,827
Total support, revenues and gains	17,024,399	14,984,761	32,009,160
Net assets released from restrictions	3,258,505	(3,258,505)	-
Net assets restricted by donor	(606,146)	606,146	-
<u>Total support, revenue, gains, and reclassifications</u>	19,676,758	12,332,402	32,009,160
<u>Expenses:</u>			
Program services:			
Grants	8,084,682	-	8,084,682
Community programs	675,344	-	675,344
Management and general	456,778	-	456,778
Fundraising and development	218,199	-	218,199
Total expenses	9,435,003	-	9,435,003
<u>Change in net assets</u>	10,241,755	12,332,402	22,574,157
<u>Net assets at beginning of period</u>	72,040,276	77,959,393	149,999,669
<u>Net assets at end of period</u>	82,282,031	90,291,795	172,573,826

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

THE COMMUNITY FOUNDATION OF NORTH LOUISIANA

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Support, revenues, and gains:</u>			
Contributions:			
Membership	236,413	-	236,413
Other	3,092,994	5,121,708	8,214,702
Net investment income	6,668,769	5,455,659	12,124,428
Grants	393,011	-	393,011
Rental income	-	6,891	6,891
Other income	156,338	-	156,338
Total support, revenues and gains	10,547,525	10,584,258	21,131,783
Net assets released from restrictions	1,831,422	(1,831,422)	-
Net assets restricted by donor	(2,281,190)	2,281,190	-
<u>Total support, revenue, gains, and reclassifications</u>	10,097,757	11,034,026	21,131,783
<u>Expenses:</u>			
Program services:			
Grants	7,420,938	-	7,420,938
Community programs	542,499	-	542,499
Management and general	421,934	-	421,934
Fundraising and development	218,839	-	218,839
Total expenses	8,604,210	-	8,604,210
<u>Change in net assets</u>	1,493,547	11,034,026	12,527,573
<u>Net assets at beginning of period</u>	70,546,729	66,925,367	137,472,096
<u>Net assets at end of period</u>	72,040,276	77,959,393	149,999,669

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

THE COMMUNITY FOUNDATION OF NORTH LOUISIANA

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services				
	Grants	Community Programs	Management and General	Fundraising and Development	Total
Amortization of leasehold improvements	-	-	8,923	-	8,923
Community programs	-	193,024	-	-	193,024
Depreciation	-	-	10,761	-	10,761
Dues and subscriptions	-	4,634	4,119	1,545	10,298
Equipment rental and maintenance	-	13,650	18,200	13,650	45,500
Grants	8,084,682	-	-	-	8,084,682
Health insurance	-	27,772	19,440	8,332	55,544
Insurance	-	-	19,358	-	19,358
Office supplies and expense	-	11,126	11,126	11,126	33,378
Parking	-	-	11,250	-	11,250
Payroll taxes	-	24,050	16,835	7,215	48,100
Postage	-	1,660	1,660	1,660	4,980
Printing	-	6,613	13,225	13,225	33,063
Professional fees	-	-	49,141	-	49,141
Public relations	-	25,930	-	32,102	58,032
Rent	-	26,507	35,342	26,507	88,356
Retirement plan expense	-	13,094	9,167	3,929	26,190
Salaries	-	314,121	219,884	94,236	628,241
Seminars and travel	-	4,518	3,389	3,389	11,296
Special events	-	6,079	-	-	6,079
Telephone	-	2,566	428	1,283	4,277
Other	-	-	4,530	-	4,530
	8,084,682	675,344	456,778	218,199	9,435,003

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

THE COMMUNITY FOUNDATION OF NORTH LOUISIANA

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>				<u>Total</u>
	<u>Grants</u>	<u>Community Programs</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	
Amortization of leasehold improvements	-	-	-	-	-
Community programs	-	93,190	-	-	93,190
Depreciation	-	-	13,054	-	13,054
Dues and subscriptions	-	2,790	2,480	930	6,200
Equipment rental and maintenance	-	13,621	18,161	13,621	45,403
Grants	7,420,938	-	-	-	7,420,938
Health insurance	-	26,960	18,872	8,088	53,920
Insurance	-	-	16,576	-	16,576
Office supplies and expense	-	9,543	9,544	9,544	28,631
Parking	-	-	10,382	-	10,382
Payroll taxes	-	22,057	15,440	6,617	44,114
Postage	-	1,488	1,487	1,488	4,463
Printing	-	5,428	10,854	10,854	27,136
Professional fees	-	-	45,719	-	45,719
Public relations	-	29,735	-	45,858	75,593
Rent	-	28,179	37,572	28,179	93,930
Retirement plan expense	-	14,178	9,924	4,253	28,355
Salaries	-	288,882	202,217	86,665	577,764
Seminars and travel	-	1,154	865	865	2,884
Special events	-	2,224	-	-	2,224
Telephone	-	2,387	398	1,194	3,979
Other	-	683	8,389	683	9,755
	<u>7,420,938</u>	<u>542,499</u>	<u>421,934</u>	<u>218,839</u>	<u>8,604,210</u>

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

THE COMMUNITY FOUNDATION OF NORTH LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	22,574,157	12,527,573
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	10,761	13,054
Amortization of leasehold improvements	8,923	-
Realized and unrealized (gain) on investments	(19,549,641)	(9,120,767)
(Increase) in interest in charitable remainder trusts and estates	(56,000)	(42,000)
(Increase) decrease in prepaid expenses and other assets	(10,001)	18,968
(Increase) decrease in accounts receivable	344,049	(496,142)
Decrease in cash surrender value of life insurance	2,086	810
(Increase) decrease in other assets	689,394	(1,287,803)
Increase in accounts payable and advance dues	176,358	53,546
(Decrease) in grants payable	(416,539)	(150,788)
Increase in funds held as agency endowments	<u>1,116,779</u>	<u>415,061</u>
Net cash provided by operating activities	4,890,326	1,931,512
<u>Cash flows from investing activities:</u>		
Proceeds from sale of investments	8,863,324	23,040,798
Purchase of investments	(13,698,985)	(24,809,934)
Leasehold improvements	(214,143)	-
Purchase of equipment and furnishings	<u>(83,084)</u>	<u>(23,693)</u>
Net cash (used) by investing activities	(5,132,888)	(1,792,829)
<u>Net (decrease) increase in cash and cash equivalents</u>	(242,562)	138,683
<u>Cash and cash equivalents at beginning of year</u>	<u>378,024</u>	<u>239,341</u>
<u>Cash and cash equivalents at end of year</u>	<u><u>135,462</u></u>	<u><u>378,024</u></u>

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

THE COMMUNITY FOUNDATION OF NORTH LOUISIANA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

1. Nature of Operations

The consolidated financial statements include The Community Foundation of North Louisiana (the Foundation), CFNLA Properties, LLC, CFNLA Properties II, LLC, and its supporting organization, the Annie Lowe Stiles Trust (the Trust). All significant intercompany accounts and transactions have been eliminated in consolidation.

The Foundation (formerly The Community Foundation of Shreveport-Bossier) is a public nonprofit organization which was organized on June 26, 1961, to serve the needs of North Louisiana including the following parishes: Bienville, Bossier, Caddo, Claiborne, DeSoto, Jackson, Lincoln, Morehouse, Natchitoches, Ouachita, Red River, Sabine, Union and Webster. Grants are made by the Foundation for charitable, scientific, literary, educational, and civic purposes.

The Trust is being administered by the trustees for the benefit of the Foundation which is both the income and principal beneficiary of the Trust. The trustees are directed to deliver the net income annually to the Foundation for its public, charitable, and educational uses. The trustees have full discretion to distribute any amount of principal to the Foundation and in the event the principal of the Trust should become inadequate to justify its continuance, they may terminate it by delivering its remaining property to the Foundation. The net income from the Trust's real estate (royalties, rentals, and timber sales) is distributed to the Foundation quarterly. Such distributions are eliminated in consolidation.

CFNLA Properties, LLC and CFNLA Properties II, LLC (collectively, the Companies) were formed during 2014 and 2019, respectively. The Foundation is the sole member of each company.

2. Summary of Significant Accounting Policies

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

- (a)** Financial Statement Presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Financial Accounting Standards Board ("FASB") has established the Accounting Standards Codification ("ASC") as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with GAAP. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for general use and not subject to donor restrictions. Funds designated for donor advised grants are available for distribution or restriction upon recommendation by the donor which is followed by Foundation Board approval. The Board of Directors has designated, from net assets without donor restrictions, net assets for endowment, operations, and discretionary grants. The Foundation's policy is to designate unrestricted donor gifts at the discretion of the Board of Directors. Net assets without donor restriction also include the investment in property and equipment net of accumulated depreciation.

2. Summary of Significant Accounting Policies (Continued)

Net Assets With Donor Restrictions – Net assets that are contributions and endowment investment earnings subject to donor-imposed restrictions. The Foundation may report 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. Donors may make recommendations of donor advised funds to restricted funds held by the foundation. These transfers are shown on the statement of activities as net assets restricted by donor. 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. As of December 31, 2021 and 2020, the Foundation’s net assets with donor restrictions are restricted for funding various community educational and philanthropic programs specified by the donors.

(b) Cash and Cash Equivalents

The Foundation considers all highly liquid financial instruments purchased with original maturities of three months or less, which are not held within our investment portfolios, to be cash and cash equivalents. Cash and highly liquid financial instruments included in our investment portfolios are excluded from this definition.

(c) Income Taxes

The Foundation, Trust and Companies are nonprofit organizations and are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has further determined that the Trust is a supporting organization as described in Section 509(a)(3) of the Internal Revenue Code. The Companies have been deemed disregarded entities and all transactions have been recorded by the Foundation. Therefore, no provision for income taxes has been made in the financial statements, but the Foundation is required to file an annual information tax return. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Foundation’s accounting records.

The Foundation and Trust file U.S. federal Form 990 for informational purposes. The Foundation’s federal income tax returns are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

(d) Investments

The Foundation records investments at fair value, based on quoted market prices, where available. Mineral interests are valued using a multiple of earnings or discounted estimated cash flow methodology. Alternative investments consist of those investments which are not valued based upon a quoted market price and include non-marketable hedge funds, real estate funds, and private equity assets. These funds invest in various partnership interests, managed accounts, and other vehicles to generate investment return. These funds are reported at estimated fair value as measured by their net asset value as reported by fund managers. That amount represents the Foundation’s proportionate interest in the capital of the invested funds. Increases and decreases in market value are recognized in the periods in which they occur. Upon disposition, the cost of the specific investment is used to compute the realized gain or loss to be recognized. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. Cost and market values are disclosed in Note 3.

2. Summary of Significant Accounting Policies (Continued)

(e) Fixed Assets, Depreciation, and Amortization

Fixed assets are recorded at cost, or if donated, at the fair market value at the date of donation. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis. Amortization of leasehold improvements is provided on a straight-line basis over the remaining term of the lease or the useful life of the improvement, whichever is shorter.

(f) Support and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

(g) Functional Allocation of Expenses

The costs of program services have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the community programs, management and general, and fundraising expenses. Certain administrative costs associated with the grant process are not included under grants on the consolidated statement of functional expenses and have been more appropriately reflected under community programs.

(h) 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated.

(i) Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited at any one institution. The Organization has not experienced any losses on its cash equivalents. The Organization's investments do not represent significant concentrations of market risk in as much as the Organization's investment portfolio is adequately diversified among issuers, industries, and geographic regions.

Contributions from a few individual donors represented 31% and 30% of total contributions for the years ended December 31, 2021 and 2020, respectively.

(j) Reclassification

Certain prior year amounts have been reclassified to conform with current year presentation.

(k) Accounting Guidance/Principles Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, "Leases" (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and

2. Summary of Significant Accounting Policies (Continued)

- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

Additional qualitative and quantitative disclosures will be required so that users can understand more about the nature of an entity's leasing activities. Also, the new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing.

ASU 2016-02 will be effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. The Foundation is currently evaluating the potential impact of adopting this guidance on their financial statements.

3. Investments

Major classifications of investments at December 31, 2021 and 2020 follow:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Trusts (excluding Stiles)	13,390,531	18,501,791	12,948,545	17,181,018
Stiles trust	2,766,344	8,220,830	2,806,373	5,691,628
Long-term pool	93,237,525	124,559,059	85,673,758	107,840,790
Intermediate Pool	838,640	884,676	-	-
Short-term pool	13,721,337	13,700,287	12,716,849	12,798,790
Other pools	10,147,966	14,424,618	10,274,940	12,344,594
Other	1,093,352	947,647	1,093,352	996,756
Total investments	<u>135,195,695</u>	<u>181,238,908</u>	<u>125,513,817</u>	<u>156,853,576</u>

Investments-other pools are funds established by donors in an amount over \$250,000 whereby the donor is allowed to recommend a financial advisor. The performance of these funds is monitored by the Foundation Board and Investment Committee.

Investments-trusts, investments pools, and investments-other are presented below with their respective costs and fair values at December 31:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	16,603,979	16,603,979	14,322,877	14,322,877
Fixed income	29,218,786	28,945,475	22,378,545	23,263,367
Equity	57,557,598	82,366,541	57,974,064	73,500,862
Hedge funds	14,041,982	17,383,225	13,532,991	15,833,529
Real estate and mineral interests	3,783,104	12,839,140	4,218,697	10,161,128
Other	13,990,246	23,100,548	13,086,643	19,771,813
	<u>135,195,695</u>	<u>181,238,908</u>	<u>125,513,817</u>	<u>156,853,576</u>

3. Investments (Continued)

The Foundation adopted FASB Codification topic 820, “Fair Value Measurement” (FASB ASC 820), as of January 1, 2008. FASB ASC 820 requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements. These strata include:

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),
- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and
- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Foundation-specific data. These unobservable assumptions reflect the Foundation’s own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

Fair values of assets and liabilities measured on a recurring basis at December 31, 2021 and 2020 are as follows:

	Level 1	Level 2	Level 3	Total Fair Value
December 31, 2021:				
Cash and cash equivalents	16,603,979	-	-	16,603,979
Fixed income	28,945,475	-	-	28,945,475
Equity	82,366,541	-	-	82,366,541
Hedge funds	-	-	789,997	789,997
Real estate and mineral interests	-	10,601,892	-	10,601,892
Other	-	3,000	306,866	309,866
Total assets in the fair value hierarchy	127,915,995	10,604,892	1,096,863	139,617,750
Investments measured at net asset value	-	-	-	41,621,158
Total investments	<u>127,915,995</u>	<u>10,604,892</u>	<u>1,096,863</u>	<u>181,238,908</u>

3. Investments (Continued)

	Level 1	Level 2	Level 3	Total Fair Value
December 31, 2020:				
Cash and cash equivalents	14,322,877	-	-	14,322,877
Fixed income	23,263,367	-	-	23,263,367
Equity	73,500,862	-	-	73,500,862
Hedge funds	-	-	744,269	744,269
Real estate and mineral interests	-	7,837,363	-	7,837,363
Other	-	3,000	308,902	311,902
Total assets in the fair value hierarchy	111,087,106	7,840,363	1,053,171	119,980,640
Investments measured at net asset value	-	-	-	36,872,936
Total investments	<u>111,087,106</u>	<u>7,840,363</u>	<u>1,053,171</u>	<u>156,853,576</u>

Investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Hedge Funds	Other	Total
Balance-December 31, 2019	679,568	314,072	993,640
Gains (losses) realized and unrealized	<u>64,701</u>	<u>(5,170)</u>	<u>59,531</u>
Balance-December 31, 2020	744,269	308,902	1,053,171
Gains (losses) realized and unrealized	<u>45,728</u>	<u>(2,036)</u>	<u>43,692</u>
Balance-December 31, 2021	<u>789,997</u>	<u>306,866</u>	<u>1,096,863</u>

3. Investments (Continued)

The following table summarizes investments measured at fair value based on net asset value (NAVs) per share as of December 31, 2021 and 2020, respectively.

	NAV in Funds	Amount Unfunded Commitments	Redemption Terms	Redemption Restrictions
December 31, 2021:				
Hedge funds				
Multi-strategy fund	-	-	Quarterly	(a)
Multi-strategy fund	8,325,710	-	Quarterly	N/A*
Multi-strategy fund	8,267,518	-	Quarterly	(b)
Emerging markets fund	1,991,030	-	Monthly	(c)
International fund	6,222,405	-	Monthly	(d)
Real estate-illiquid funds				
Real estate	2,237,248	554,223	N/A	N/A*
Natural resources	5,094,963	1,431,917	N/A	N/A*
Private equity funds				
Distressed, buyout, and venture capital and energy				
Energy	2,581,951	3,569,486	N/A	N/A*
Real estate	1,539,487	83,872	N/A	N/A*
Debt	4,078,059	3,000,000	N/A	N/A*
	1,282,787	1,800,214	N/A	N/A*
	<u>41,621,158</u>	<u>10,439,712</u>		
	NAV in Funds	Amount Unfunded Commitments	Redemption Terms	Redemption Restrictions
December 31, 2020:				
Hedge funds				
Multi-strategy fund	5,965	-	Quarterly	(a)
Multi-strategy fund	7,836,095	-	Quarterly	N/A*
Multi-strategy fund	7,247,200	-	Quarterly	(b)
Emerging markets fund	2,225,025	-	Monthly	(c)
International fund	5,868,756	-	Monthly	(d)
Real estate-illiquid funds				
Real estate	2,323,765	569,725	N/A	N/A*
Natural resources	4,235,764	1,699,472	N/A	N/A*
Private equity funds				
Distressed, buyout, and venture capital and energy				
Energy	1,795,077	1,244,506	N/A	N/A*
Real estate	1,320,989	102,010	N/A	N/A*
Debt	3,086,171	980,600	N/A	N/A*
	928,129	2,084,440	N/A	N/A*
	<u>36,872,936</u>	<u>6,680,753</u>		

3. Investments (Continued)

*These funds are in a private equity or partnership structure with no ability to redeem.

- (a) 10% may be redeemed each year; full redemption on a rolling two-year lock-up.
- (b) Up to 25% may be redeemed quarterly.
- (c) This class includes emerging market index funds, a comingled actively managed fund that invests only in emerging market public equities. This class may invest in derivatives.
- (d) This class includes a comingled fund that invests in large and mid-cap value public equities. This account has no short positions.

4. Fixed Assets

A summary of fixed assets at December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Equipment and furnishings	279,140	208,392
Leasehold improvements	556,305	342,161
Construction in Progress	-	19,847
<u>Less-accumulated depreciation and amortization</u>	<u>(510,994)</u>	<u>(523,462)</u>
Total fixed assets	<u><u>324,451</u></u>	<u><u>46,938</u></u>

5. Agency Endowment Funds

FASB ASC 958 establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets or both to another entity that is specified by the donor. FASB ASC 958 specifically requires that if a not-for-profit organization (NPO) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments.

The Foundation maintains variance power and legal ownership of agency endowment funds and as such continues to report the funds as assets of the Foundation. However, in accordance with FASB ASC 958, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the NPOs.

At December 31, 2021 and 2020, the Foundation was the owner of forty-six agency endowment funds with a combined value of \$10,383,849 and \$9,267,070, respectively. The following table summarizes activity in such funds during the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
<u>Agency endowment fund balances at beginning of year</u>	9,267,070	8,852,009
Contributions	85,729	56,682
Net investment income	1,452,642	774,963
Grants	(334,660)	(332,169)
Administrative expenses	(86,008)	(83,948)
Other expenses	<u>(924)</u>	<u>(467)</u>
<u>Agency endowment fund balances at end of year</u>	<u><u>10,383,849</u></u>	<u><u>9,267,070</u></u>

6. Endowed Net Assets

The Foundation has established prudent investment and spending policies with the objective of maintaining the purchasing power of its endowed assets in perpetuity and to provide a stable level of support to the beneficiaries. To achieve this objective, the Foundation's asset allocation strategy is reviewed periodically and adjusted to target a total return that covers inflation, administrative expenses, and spending allocations, while minimizing volatility.

A spending rate is determined by the Foundation's Board of Directors. The rate is currently 4.0%. This determination is made with consideration given to market conditions and the spending levels of peer institutions. The spending rate approved by the Board is applied to the twelve-quarter moving average market value of the pooled assets by fund. Effective July 1, 2010, the Louisiana legislature enacted Act No. 168 ("Act") to implement the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as the standard for the management and investment of institutional funds in Louisiana. The Act permits an institution to appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument. The Foundation's spending policy dictates that no portion of the corpus (original amount of donation) of the endowed assets shall be allocated for spending.

The Foundation classifies as net assets with donor restrictions the original value of gifts donated for permanent endowment, any subsequent gifts to such endowments, and accumulations subsequently made at the direction of the applicable donor instrument. During 2020, certain donors amended their donor instruments to endow funds previously held by the Foundation as donor advised funds, which were classified as funds without donor restrictions.

Endowment funds net asset composition as of December 31, 2021 and 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2019	159,463	57,009,745	57,169,208
Contributions	-	3,598,103	3,598,103
Net investment income	212,571	4,708,554	4,921,125
Appropriation of endowment assets for expenditure	(8,081)	(1,489,271)	(1,497,352)
Net assets restricted by donor	-	2,281,190	2,281,190
Net assets transferred	<u>928,896</u>	<u>450,676</u>	<u>1,379,572</u>
Endowment net assets, December 31, 2020	1,292,849	66,558,997	67,851,846
Contributions	12,589	1,003,733	1,016,322
Net investment income	205,013	11,201,104	11,406,117
Appropriation of endowment assets for expenditure	<u>(8,266)</u>	<u>(1,710,956)</u>	<u>(1,719,222)</u>
Endowment net assets, December 31, 2021	<u><u>1,502,185</u></u>	<u><u>77,052,878</u></u>	<u><u>78,555,063</u></u>

6. Endowed Net Assets (Continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below corpus. These deficiencies could result from unfavorable market fluctuations. Subsequent gains that restore the fair value of the assets of the endowment funds to corpus will be classified as an increase in net assets with donor restrictions or an increase in net assets without donor restrictions as applicable. There were no reported deficiencies in endowed net assets as of December 31, 2021 and 2020.

7. Liquidity and Availability

The Foundation manages its cash available to meet general expenditures and grants following two guiding principles:

- Operating within a prudent range of financial soundness and stability, and
- Maintaining adequate liquid assets.

General Expenditures

General expenditures include management and general expenses, fundraising expenses, and some program expenses.

Financial assets at December 31, 2021 and 2020 designated by the board for operating purposes:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	74,731	67,087
Investments - short term pool	<u>1,429,711</u>	<u>1,276,768</u>
Total	<u><u>1,504,442</u></u>	<u><u>1,343,855</u></u>

In addition to these funds available for general expenditures, the Foundation's Board of Directors has chosen to charge an administrative fee to all funds based on the funds' average quarterly market value over the preceding twelve quarters or the number of quarters in existence to cover general expenditures required to operate the Foundation. The administrative fee rate is 1% for all funds with the exception of scholarship funds established after February 19, 2004, which incur fees at a rate of 1.5%. The fees are assessed on a quarterly basis. Administrative fees of \$1,418,711 for 2021 and \$1,339,489 for 2020 were charged to specific funds. Such administrative fee income (Operating Fund) and administrative fee expense (other funds) is netted in the presentation of the consolidated statement of activities. Estimated administrative fees available for general expenditures during 2022 are \$1,504,616.

The Foundation manages its cash available for grant purposes by examining the purpose for which the fund was established, whether the fund is endowed or not. Most funds that are not endowed are invested in the Foundation's short-term pool which includes an allocation to money market funds and an allocation to high quality fixed-income securities with maturities ranging from approximately one year to approximately five years. Funds held in the short-term pool are subject to withdrawal at any time. Capital preservation and liquidity are paramount.

For those funds that are endowed, or the fund operates according to our spending policy for granting, the funds are generally invested in the Foundation's long-term pool. The amount available for granting is determined on an annual basis. This amount is calculated according to the Foundation's spending policy, which is currently 4% of the funds' average quarterly market value over the preceding twelve quarters. In order to protect the value of an endowment and not consume principal, no grant distributions are made that will cause the fund value to dip below the amounts contributed to the fund. Funds calculated as available for granting during 2020 and 2021 were

7. Liquidity and Availability (Continued)

\$4,505,820 and \$4,730,790, respectively. Amounts available for granting and to cover the administrative fees charged by the Foundation are transferred to the short-term pool so that they are readily available. In addition, an estimated amount of \$5,547,890 will be available for granting during 2022, at the Board's discretion. The board endowed \$1,249,028 and \$1,076,346 for operating expenditures at December 31, 2021 and 2020, respectively.

8. Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include dues and subscriptions, equipment rental and maintenance, health insurance, office supplies, payroll taxes, postage, printing, rent, retirement plan expense, salaries, seminars and travel, and telephone, all of which are allocated on the basis of estimates of time and effort or other reasonable bases.

9. Leases

The Foundation leases office space under an operating lease expiring May 31, 2026. Future minimum lease requirements are presented below:

2022	94,244
2022	96,311
2023	98,379
2024	100,446
2025	42,211
Thereafter	-
	<u>431,591</u>

Lease expense recorded for the years ended December 31, 2021 and 2020 was \$88,356 and \$93,930, respectively.

10. Retirement Plan

Effective January 1, 2003, the assets of the 401(k) plan were rolled into a new 403(b) retirement plan. The 403(b) plan covers employees who have completed one year of eligibility service and are at least twenty-one years old. The Foundation matches employee contributions up to 6% of eligible wages.

Participants are fully vested in employer contributions after three years of service. The Foundation contributed \$26,190 and \$28,355 to the 403(b) plan for the years ended December 31, 2021 and 2020, respectively.

Also, effective January 1, 2003, the Foundation implemented a tax-deferred annuity plan. Participation in this plan is voluntary and the Foundation makes no contributions. Employees may begin participating in this plan on the first of the month following employment at the Foundation.

11. Condensed Financial Statements of Annie Lowe Stiles Trust

Financial information pertaining only to the Annie Lowe Stiles Trust follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Assets:		
Investments	<u>8,220,830</u>	<u>5,691,628</u>
Total assets	<u><u>8,220,830</u></u>	<u><u>5,691,628</u></u>
Net assets with donor restrictions	<u><u>8,220,830</u></u>	<u><u>5,691,628</u></u>

Statement of Activities

	<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Net investment income	<u>-</u>	<u>3,578,317</u>	<u>3,578,317</u>
Total revenues, gains, and other support:	<u>-</u>	<u>3,578,317</u>	<u>3,578,317</u>
Net assets released from restrictions	<u>1,049,115</u>	<u>(1,049,115)</u>	<u>-</u>
Total revenues, gains, other support, and reclassifications	<u>1,049,115</u>	<u>2,529,202</u>	<u>3,578,317</u>
Distributions	<u>(1,049,115)</u>	<u>-</u>	<u>(1,049,115)</u>
Changes in net assets	<u>-</u>	<u>2,529,202</u>	<u>2,529,202</u>
Net assets at beginning of year	<u>-</u>	<u>5,691,628</u>	<u>5,691,628</u>
Net assets at end of year	<u><u>-</u></u>	<u><u>8,220,830</u></u>	<u><u>8,220,830</u></u>

11. Condensed Financial Statements of Annie Lowe Stiles Trust (Continued)

Statement of Activities

	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Net investment income	<u>-</u>	<u>1,610,257</u>	<u>1,610,257</u>
Total revenues, gains, and other support:	<u>-</u>	<u>1,610,257</u>	<u>1,610,257</u>
Net assets released from restrictions	<u>942,080</u>	<u>(942,080)</u>	<u>-</u>
Total revenues, gains, other support, and reclassifications	942,080	668,177	1,610,257
Distributions	<u>(942,080)</u>	<u>-</u>	<u>(942,080)</u>
Changes in net assets	-	668,177	668,177
Net assets at beginning of year	<u>-</u>	<u>5,023,451</u>	<u>5,023,451</u>
Net assets at end of year	<u>-</u>	<u>5,691,628</u>	<u>5,691,628</u>

The distributions of \$1,049,115 and \$942,080 from the Trust to the Foundation for the years ended December 31, 2021 and 2020, respectively, were eliminated in consolidation.

12. Interest in Estate of Carolyn Querbes Nelson

The Foundation was named as one of two residual legatees in the Last Will and Testament of Carolyn Querbes Nelson. Ms. Nelson died on May 1, 2013. At the conclusion of the succession, after all debt and taxes have been paid, a judgment of possession will be rendered by the court. During 2021 and 2020, respectively, \$-0- and \$-0- was received by the Foundation.

13. Lyndon Erroll Dawson, Jr. Succession

The Foundation was the residual legatee of the Succession of Lyndon Erroll Dawson, Jr. Cash and other properties were distributed to the Foundation following the termination of the estate during 2020. During 2021 and 2020, respectively, \$15,860 and \$2,850,283 was received by the Foundation.

14. Uncertainties Arising Due to Pandemic

The World Health Organization declared the coronavirus outbreak a pandemic in March 2020. Actions taken around the world to help mitigate the spread of the coronavirus included restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of substantially all countries around the world, including the geographical area in which the Foundation operates. While the disruption currently is expected to be temporary, there is considerable uncertainty about its duration. Although the pandemic could negatively affect the Foundation, the amount of that impact and its duration cannot be reasonably estimated at this time.

15. Subsequent Events

The Foundation is required to evaluate events or transactions that may occur after the balance sheet date for potential recognition or disclosure in the financial statements. The Foundation performed such an evaluation through April 21, 2022, the date which the financial statements were available to be issued noting no such issues.