

# Consolidated Financial Statements



June 30, 2021



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## ***INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS***

Board of Governors  
International Community Foundation  
National City, California

We have audited the accompanying consolidated financial statements of the International Community Foundation (the Foundation), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited International Community Foundation's June 30, 2020, consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating statements of financial position and activities on page 17 and 18 are presented for purposes of additional analysis and are 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 the 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



WEST RHODE & ROBERTS

San Diego, California  
October 7, 2021

**INTERNATIONAL COMMUNITY FOUNDATION**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**June 30, 2021**

**(With Summarized Financial Information for June 30, 2020)**

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	<u>2021</u>	<u>2020</u> (Note 14)
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,102,177	\$ 9,093,214
Accounts receivable:		
Contributions	350,000	-
Other	69,597	16,512
Deposits and prepaid expenses	66,698	10,529
Program related investment	291,626	530,883
Property and equipment	2,813,722	2,885,242
Investments	<u>23,924,628</u>	<u>20,648,772</u>
Total assets	<u>\$ 33,618,448</u>	<u>\$ 33,185,152</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 344,493	\$ 394,633
Grants payable	1,447,940	2,856,085
Refundable advances	362,742	270,050
Economic Injury Disaster Loan	<u>300,000</u>	<u>300,000</u>
Total liabilities	<u>2,455,175</u>	<u>3,820,768</u>
Net assets:		
Without donor restriction	13,709,093	12,726,981
With donor restriction	<u>17,454,180</u>	<u>16,637,403</u>
Total net assets	<u>31,163,273</u>	<u>29,364,384</u>
Total liabilities and net assets	<u>\$ 33,618,448</u>	<u>\$ 33,185,152</u>

**INTERNATIONAL COMMUNITY FOUNDATION**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2021**

**(With Summarized Financial Information for the Year Ended June 30, 2020)**

	Without Donor Restriction	With Donor Restriction	2021 Total	2020 (Note 14)
<u>Operating Activities:</u>				
<b>SUPPORT AND REVENUES</b>				
Gifts and support	\$ 8,217,642	\$ 5,559,956	\$ 13,777,598	\$ 24,457,175
In-kind gifts	-	-	-	1,146,047
Other income	162,993	-	162,993	61,308
Net assets released from restrictions	<u>6,767,969</u>	<u>(6,767,969)</u>	-	-
Total support and revenues	<u>15,148,604</u>	<u>(1,208,013)</u>	<u>13,940,591</u>	<u>25,664,530</u>
<b>EXPENSES</b>				
Program services				
Program grants:				
Environment	6,063,822	-	6,063,822	6,655,310
Education	1,813,912	-	1,813,912	1,545,128
Health and human services	1,800,302	-	1,800,302	5,418,982
Arts and culture	391,487	-	391,487	115,100
Human rights	359,434	-	359,434	1,342,218
Community and economic development	241,606	-	241,606	2,290,749
Disaster relief	<u>162,880</u>	-	<u>162,880</u>	<u>82,500</u>
Total program grants	10,833,443	-	10,833,443	17,449,987
Program expenses	2,021,934	-	2,021,934	2,094,887
Olivewood Gardens	<u>767,879</u>	-	<u>767,879</u>	<u>628,154</u>
Total program services	13,623,256	-	13,623,256	20,173,028
Support services:				
Operating and administrative	827,317	-	827,317	715,768
Development and fundraising	<u>476,826</u>	-	<u>476,826</u>	<u>469,327</u>
Total program and supporting services	14,927,399	-	14,927,399	21,358,123
Cost of direct benefits to donors	<u>11,606</u>	-	<u>11,606</u>	<u>13,403</u>
Total expenses	<u>14,939,005</u>	-	<u>14,939,005</u>	<u>21,371,526</u>
Operating support and revenue in excess of expenses	<u>209,599</u>	<u>(1,208,013)</u>	<u>(998,414)</u>	<u>4,293,004</u>
<u>Non-Operating Activities:</u>				
Investment income, net	94,877	176,090	270,967	426,587
Realized and unrealized gains	<u>711,096</u>	<u>1,815,240</u>	<u>2,526,336</u>	<u>106,178</u>
Total non-operating activities	<u>805,973</u>	<u>1,991,330</u>	<u>2,797,303</u>	<u>532,765</u>
<b>CHANGE IN NET ASSETS BEFORE</b>				
DONOR ADVISED GRANT	<u>1,015,572</u>	<u>783,317</u>	<u>1,798,889</u>	<u>4,825,769</u>
Interfund grant to endowment	<u>(33,460)</u>	<u>33,460</u>	-	-
<b>CHANGE IN NET ASSETS</b>	982,112	816,777	1,798,889	4,825,769
NET ASSETS AT BEGINNING OF YEAR	<u>12,726,981</u>	<u>16,637,403</u>	<u>29,364,384</u>	<u>24,538,615</u>
NET ASSETS AT END OF YEAR	<u>\$ 13,709,093</u>	<u>\$ 17,454,180</u>	<u>\$ 31,163,273</u>	<u>\$ 29,364,384</u>

**INTERNATIONAL COMMUNITY FOUNDATION**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2021**

*(With Summarized Financial Information for the Year Ended June 30, 2020)*

	Program Services	Supporting Services		2021 Total	2020 (Note 14)
		Operating and Administrative	Fundraising		
Salaries	743,243	354,794	335,325	1,433,362	1,323,156
Payroll taxes and employee benefits	128,267	49,321	47,928	225,516	197,059
	<u>871,510</u>	<u>404,115</u>	<u>383,253</u>	<u>1,658,878</u>	<u>1,520,215</u>
Grants	10,833,443	-	-	10,833,443	17,449,987
Charitable expenses	1,526,721	-	-	1,526,721	1,526,623
Contract services	145,950	128,051	57,092	331,093	272,645
Property expenses	146,186	17,154	1,855	165,195	154,000
Professional fees	22,840	116,582	2,781	142,203	136,054
Information technology	21,878	92,910	12,600	127,388	92,634
Insurance	18,513	32,367	-	50,880	47,703
Other expenses	23,880	21,360	1,563	46,803	43,132
Office expenses	5,689	11,790	5,958	23,437	31,140
Communications and development	1,515	562	10,212	12,289	19,696
Travel and conferences	5,131	2,426	1,512	9,069	64,294
	<u>13,623,256</u>	<u>827,317</u>	<u>476,826</u>	<u>14,927,399</u>	<u>21,358,123</u>

**INTERNATIONAL COMMUNITY FOUNDATION**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**Year Ended June 30, 2021**

**(With Summarized Financial Information for the Year Ended June 30, 2020)**

	2021	2020 (Note 14)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,798,889	\$ 4,825,769
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	71,520	69,101
Realized and unrealized gain on investments	(2,526,336)	(106,178)
Change in allowance for program related investment	200,000	327,000
Contributions restricted for endowments	(4,243)	(25,000)
Change in operating assets and liabilities:		
Accounts receivable	(403,085)	441,105
Deposits and prepaid expenses	(56,169)	222,722
Accounts payable and accrued expenses	(50,140)	176,410
Grants payable	(1,408,145)	884,111
Refundable advances	92,692	270,050
Net cash (used in) provided by operating activities	(2,285,017)	7,085,090
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(26,680)
Net change of program related investment	39,257	(199,794)
Net purchase of investments	(1,037,677)	(1,479,911)
Net cash used in investing activities	(998,420)	(1,706,385)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted for endowments	4,243	25,000
Proceeds from Economic Injury Disaster Loan	-	300,000
Net cash provided by financing activities	4,243	325,000
Change in cash and cash equivalents	(3,279,194)	5,703,705
Cash and cash equivalents at beginning of year	16,646,972	10,943,267
Cash and cash equivalents at end of year	\$ 13,367,778	\$ 16,646,972
<b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>		
Cash and cash equivalents	6,102,177	9,093,214
Cash and cash equivalents included in investments	7,265,601	7,553,758
	\$ 13,367,778	\$ 16,646,972



## **Note 1. Organization and Significant Accounting Policies**

### **Organization and Activities**

International Community Foundation (the Foundation) is a nonprofit organization founded in 1990 and is committed to working with donors to expand charitable giving internationally with a focus on Mexico and Latin America. The Foundation is focused in the areas of environment, education, health and human services, human rights, community and economic development, civic engagement, disaster relief, and arts and culture.

The Foundation formed a Type 1 supporting organization named the ICF Center for Cross-Border Philanthropy, dba Olivewood Gardens (the Garden) in 2008 which is operated, supervised, and/or controlled by the supported organization (the Foundation) in accordance with the Internal Revenue Code. The Foundation transferred its National City land totaling 6.75 acres and buildings at 2505 N Avenue and 2525 N Avenue to the Garden in October, 2009. In 2021 the Foundation transferred 1 more acre at 2443 N Avenue to the Garden. The Garden operates the Olivewood Gardens school garden program and maintains the property which includes the historic Noyes House.

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and include accounts of the International Community Foundation and the ICF Center for Cross-Border Philanthropy, dba Olivewood Gardens. All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

### **Significant Accounting Policies**

**Basis of Accounting** – The accompanying consolidated financial statements have been prepared in accordance with the accrual method of accounting.

**Basis of Presentation** – The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which requires the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of International Community Foundation’s management and board of directors. Net assets without donor restriction are available for the following purposes.

- Amounts available for the support of the Foundation's operational functions and to support community activities at the discretion of the Board of Governors.
- Donor-advised funds represent amounts for which grant recommendations of the respective donors are accepted for consideration, subject to final approval by the Foundation's Board of Governors. The Foundation’s by-laws give variance power, which under certain unanticipated circumstances, allows for redirection of funds.
- Donor-designated advised funds represent amounts for which grant recommendations are specific to one organization, subject to final approval by the Foundation's Board of Governors. The Foundation’s by-laws give variance power, which under certain unanticipated circumstances, allows for redirection of funds.
- Land Conservation Funds represent amounts for which grant recommendations guide fund use, subject to final approval by the Foundation’s Board of Governors. The Foundation’s by-laws give variance power which under certain unanticipated circumstances, allow for redirection of funds.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**Measure of Operations** – The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundation's ongoing programs. Nonoperating activities are limited to resources that generate return from long-term investments and other activities of a nonrecurring nature.

### **Revenue Recognition**

Contributions – Contributions are recognized as revenue when they are unconditionally pledged or when all conditions have been met.

In accordance with Accounting Standards Codification ("ASC") 958, Not-for-Profit Entities, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, the Foundation reviews all grant agreements and determines whether the agreement qualifies as an exchange transaction or as a contribution. In cases where agreements are determined to be exchange transactions, the Foundation recognizes revenues as services are rendered and, if applicable, funds received in advance of services being rendered are classified as deferred revenue. Revenue is recognized in the period in which services are rendered and is presented as revenue without donor restrictions in the Statement of Activities.

In cases where agreements are determined to be contributions, the agreement is reviewed for barriers or restrictions and, if applicable, advanced payments are classified as deferred revenue until the barrier or restriction has been met. Revenue is recognized in the period in which all barriers and restrictions have been met and is presented as contributions without donor restrictions on the Statement of Activities.

The Foundation reports contributions as restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, contributions with donor restrictions are reclassified to unrestricted revenues and reported in the statement of activities as revenues released from restrictions. Contributions with donor restrictions requiring the principal gift to be held in perpetuity are reported as net assets with donor restrictions. The income earned from such assets is generally restricted to the purpose designated by the donor. Gifts not designated for a specific purpose are reported as increases in net assets without donor restrictions.

**Cash and Cash Equivalents** – Cash equivalents are highly liquid debt instruments with original maturities of three months or less.

**Contributions Receivable** – Contributions are recognized upon the earlier of the receipt of a donor's unconditional promise to give or upon receipt of the contribution. 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. The discounts on these amounts are computed using risk-free rates applicable in the years in which those promises are received. Amortization of the discounts related to pledges receivable are recognized over the period of the promise as contribution revenue. Management has reviewed the collectability of receivables and determined that an allowance for uncollectability is not needed.

**Investments** – Investments are made in accordance with investment policies adopted by the Foundation's Board. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

**Property and Equipment** – Property and equipment are carried at cost for purchased assets or fair value at the date of gift for donated assets. Items which cost or have a fair value at the date of the gift of \$10,000 or more are capitalized. Property and equipment is depreciated on a straight-line basis as follows:

Buildings and improvements	30 years
Furniture and equipment	3 to 7 years

Depreciation expense for the year ended June 30, 2021, was \$71,250.

**Program Related Investment (PRI)** – In accordance with Section 4944 of the Internal Revenue Code, the Foundation is permitted to make investments that further some aspect of its charitable mission. The Foundation made 3 program related investments and these investments are anticipated to have lower-than-market returns on a risk-adjusted basis.

**Cost of Direct Benefits to Donors** – The costs of special events that represent a direct benefit to donors are separately reported.

**Refundable Advance** – In April 2020, the Foundation received \$170,250 and the Garden received \$99,800 under the Paycheck Protection Program (PPP). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The Garden’s loan was forgiven during the year and is recorded as a contribution on the statement of activities for the year ended June 30, 2021.

In February 2021, The Foundation received an additional 192,492 under the PPP. This amount has been recorded as a refundable advance and will be recorded as revenue when the PPP loan is forgiven.

**Economic Injury Disaster Loan** - In June 2020, the Foundation and the Garden each received \$150,000 towards Economic Injury Disaster Loan (EIDL) under the Disaster Recovery Loan Program from Small Business Administration.

**Grants Payable** – Unconditional grants are recognized as an expense when they have been approved by the Board of Governors.

**Functional Allocation of Expenses** – The statement of functional expenses presents expense by function and natural classification. Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas. A portion of costs that benefit multiple functional areas (indirect costs) have been allocated across programs and supporting services based on the full-time employee equivalents of programs or supporting service. Depreciation expense is allocated based on square footage.

**Use of Estimates** – The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 period. Actual results could differ from those estimates.

**Income Taxes** – The Foundation and its supporting organization are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701 (d) of the State Revenue and Taxation Code. The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) No. 740-10, *Accounting for Uncertainties in Income Tax*, which sets a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. The Foundation has reviewed its positions for all open tax years and has determined that it has no uncertain tax positions requiring accrual or disclosure.

**Subsequent Events** – Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before consolidated financial statements are available to be issued. The Foundation recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at that date, including the estimates inherent in the process of preparing consolidated financial statements. The Foundation's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position, but arose after that date and before the consolidated financial statements are available to be issued.

The Foundation has evaluated subsequent events through October 7, 2021, which is the date the consolidated financial statements are available for issuance, and concluded that the below event needs to be disclosed.

In July 2021, the Foundation increased its EIDL loan by \$350,000. The monthly payment increased to \$2,207 per month. The repayment terms and interest rate remained unchanged.

Apart from the above event there were no other events or transactions that needed to be disclosed as of June 30, 2021.

## **Note 2. Liquidity and Availability of Resources**

International Community Foundation's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Financial Assets	
Cash and cash equivalents	\$ 6,102,177
Receivables	419,597
Investments	<u>23,924,628</u>
Total financial assets available within one year	<u>30,446,402</u>
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	4,114,663
Restricted by donors in perpetuity	<u>10,867,996</u>
Total amounts unavailable for general expenditure within one year	14,982,659
Less amounts unavailable to management without Board approval:	
Donor advised funds	<u>11,872,042</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 3,591,701</u>

International Community Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

### **Note 3. Concentration of Credit Risk**

Non-interest bearing transaction accounts including checking and savings accounts are not fully insured by the Federal Deposit Insurance Corporation (FDIC). Accordingly, non-interest bearing transaction accounts fall under the standard deposit insurance amount of \$250,000 per depositor, per insured bank, for each account ownership category. For the period ending June 30, 2021, the Foundation held about 95 percent (\$13 million) of its cash, money market, CD, and cash equivalent assets in non-FDIC insured balances at Tier 1 banking institutions that adhere to the U.S. Federal Reserve capital adequacy guidelines. The remainder of the Foundation's cash, money market, CD, and cash equivalent assets are held within FDIC limits.

In addition, the Foundation invests in various investment securities, including U.S. government securities, corporate debt instruments, mutual funds, and longer term certificates of deposit up to 12 months in duration. Investment securities, in general, are subject to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect amounts reported on the consolidated financial statements.

### **Note 4. Fair Value Measurements**

Due to the short-term nature of cash equivalents, receivables, deposits and prepaid expenses, accounts payable and grants payable, fair value approximates carrying value. In accordance with Financial Accounting Standards Board Codification No. 820 (FASB ASC 820), fair value is defined as the price that Foundation would receive upon selling an asset or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market of the asset.

FASB ASC 820 establishes a three-tier hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs and to establish the classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available:

**Level 1:** Quoted prices of identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

**Level 2:** Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

**Level 3:** Significant unobservable inputs that reflect the Foundation's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Foundation's consolidated statement of financial position includes investments which have been considered Level I assets and are reported at fair value based on quoted prices in active markets for identical assets at the measurement date.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. All of the Foundation's investments are based upon the quoted market prices at June 30, 2021.

INTERNATIONAL COMMUNITY FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The management of the Foundation is responsible for making the fair value measurements and disclosures in the consolidated financial statements. As part of fulfilling this responsibility, the management of the Foundation has established an accounting and financial reporting process for determining the fair value measurements and disclosures, which identifies and adequately supports the valuation methods and assumptions used and ensures that the presentation of the fair value measurement is in accordance with U.S. GAAP.

**Note 5. Investments**

Investments at June 30, 2021, consist of:

	<u>Market</u>	<u>Cost</u>
At fair value:		
Cash Equivalents	\$ 7,265,601	\$ 7,264,993
Fixed Income	1,121,593	1,127,172
Mutual funds	<u>15,537,434</u>	<u>12,473,841</u>
	<u>\$ 23,924,628</u>	<u>\$ 20,866,006</u>

Investment income at June 30, 2021 is made up of \$297,026 in interest and dividends, \$26,059 in investment fees and \$2,526,336 in realized and unrealized gains.

**Note 6. Property and Equipment**

Property and equipment at June 30, 2021, consist of the following:

Land	\$ 1,775,124
Buildings	1,035,000
Improvements	762,291
Office equipment	<u>112,480</u>
	3,684,895
Less accumulated depreciation	<u>871,173</u>
	<u>\$ 2,813,722</u>

**Note 7. Program Related Investment**

The Program Related Investments (PRI) in the consolidated statement of financial position represent three below-market rate loans totaling \$541,626 as of June 30, 2021. Interest rates on the loans range between 1 percent and 7 percent. The loans have maturity dates of August 31, 2021, March 31, 2023, and June 30, 2023. Management has evaluated the recoverability of these loans and has recorded an allowance of \$250,000 related to the program related investments. The loans are scheduled for collection as follows for the years ending June 30:

2022	\$ 184,002
2023	<u>357,624</u>
	541,626
Less allowance	<u>250,000</u>
	<u>\$ 291,626</u>

**Note 8. Economic Injury Disaster Loans**

In June 2020, the Foundation and the Garden each received \$150,000 towards Economic Injury Disaster Loan (EIDL) under the Disaster Recovery Loan Program from Small Business Administration. The CARES Act expanded the existing EIDL program in response to the Coronavirus pandemic. The monthly payment on the loans are \$641 for each loan. The payments begin 24 from the date of the promissory notes, which is May and June 2020. The loans each have an interest rate of 2.75% and mature in May and June 2050. The outstanding balance on the loans as of June 30, 2021 is \$300,000.

INTERNATIONAL COMMUNITY FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Maturities on EIDL payable as of June 30, 2021 are as follows:

<u>Years Ending June 30,</u>	
2022	\$ -
2023	-
2024	-
2025	6,526
2026	39,130
Thereafter	254,344
	<u>\$ 300,000</u>

**Note 9. Net Assets without Donor Restrictions**

Net assets without donor restrictions are comprised of donor advised funds and undesignated funds. Net assets without donor restrictions at June 30, 2021 are comprised of the following:

Donor advised funds	\$ 11,872,042
Undesignated funds	1,870,511
	<u>\$ 13,742,553</u>

**Note 10. Net Assets with Donor Restrictions**

Net assets with donor restrictions represent contributions and other inflows received by the Foundation, which are limited in their use by the donor-imposed stipulations. Net assets with donor restrictions at June 30, 2021 are available for the following purposes or periods:

Subject to expenditure for specified purpose	
ICF Special Projects	\$ 3,710,323
Olivewood Garden Special Projects	404,340
	<u>4,114,663</u>
Donor-restricted endowments subject to spending policy and appropriation (including net accumulated earnings of \$3,601,474)	10,867,996
Donor-restricted contribution of building and property to be used in perpetuity.	<u>2,471,521</u>
Total net assets with donor restrictions at June 30, 2021	<u>\$ 17,454,180</u>

The Garden received a donation of land and buildings that have been recorded as net assets with donor restrictions and are being depreciated over their useful lives. In the unlikely event that the Garden was to sell the property, the property gift agreement provides for the proceeds of the sale less expenses and the value of facility improvements to the property, to be transferred to a donor advised fund at the Foundation.

Funds held in perpetuity in the endowment are for the benefit of the Garden and other philanthropic purposes.

The Foundation received an endowment to support the Garden. If the Advisor in its sole discretion determines that any one or more of the following events has occurred: (a) ICF and/or The Garden disposes of the property or any portion thereof; (b) ICF and/or The Garden fail to use the property in accordance with the terms of Endowment Agreement; or (c) if ICF fails to administer the Endowment in accordance with the Endowment Agreement, then the Advisor may advise the Foundation to (a) use the Garden's Endowment, or any portion thereof, for an additional purpose or purposes to support the Foundation's charitable activities (which may include, for example, funding a donor-advised fund at the Foundation); or (b) transfer the Endowment, or any portion thereof, to one or more other public charities described in Section 501(a)(1), (2) or (3) of the Internal Revenue Code, as designated by the Advisor.

**Note 11. Net Assets Released from Restriction**

Net assets totaling \$6,767,969 were released from restriction by satisfying program restrictions during the year ended June 30, 2021.

**Note 12. Endowments**

The Foundation's endowment portfolio consists of 16 individual funds with the majority of the assets under management held for the benefit of the Garden. The other funds are set up as donor advised, agency, and discretionary endowments. The endowment includes only donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified based on the existence or absence of donor imposed restrictions. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

**Interpretation of Relevant Law** – The Board of Governors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

**Endowment Investment and Spending Policies** – The 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. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5 percent annually. Actual returns in any given year may vary from this amount.

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

The Foundation's spending policy is approved by the board each year. For the year ended June 30, 2021, the amount to be distributed was equal to 4 percent of its endowment fund, based on the average value each quarter. It is also the Foundation's policy not to take distributions from an endowment's permanently restricted value.

**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 or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no funds with deficiencies at June 30, 2021.



Donor-restricted endowment net asset composition as of June 30, 2021, is as follows:

	<u>With donor restrictions</u>
Endowment net assets, beginning of year	\$ 9,115,416
Investment return:	
Investment income	176,090
Net appreciation (realized and unrealized)	<u>1,847,246</u>
Total investment return	2,023,336
Distribution	(308,459)
Contributions	<u>37,703</u>
Endowment net assets, end of year	<u>\$ 10,867,996</u>

### **Note 13. Risks and Uncertainties**

In 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. The ultimate disruption which may be caused by the pandemic is uncertain; it has not resulted in a material adverse impact on the Foundation's financial position, operations, and cash flows, such disruptions or restrictions may occur in the future. Possible effects may include but are not limited to disruptions or restrictions on our employee's ability to work, decline in value of assets held, including property and equipment, marketable securities, and changes to the current regulatory environment. Management is actively working to mitigate the impact of these and other unforeseen potential disruptions to operations.

### **Note 14. June 30, 2020 Financial Information**

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Certain reclassifications have been made to the summarized 2020 financial information to conform to the classifications adopted for the 2021 financial statements. These reclassifications had no effect on the change in net assets.

***SUPPLEMENTARY INFORMATION***

**INTERNATIONAL COMMUNITY FOUNDATION**

**SUPPLEMENTAL CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

**June 30, 2021**

	<u>ICF</u>	<u>Center</u>	<u>Total</u>	<u>Eliminating Entries</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,620,619	\$ 1,481,558	\$ 6,102,177	\$ -	\$ 6,102,177
Accounts receivable:					
Contributions	350,000	-	350,000	-	350,000
Other	162,562	4,166	166,728	(97,131)	69,597
Deposits and prepaid expenses	62,740	3,958	66,698	-	66,698
Program related investment	291,626	-	291,626	-	291,626
Property and equipment	10,093	2,803,629	2,813,722	-	2,813,722
Investments	23,924,628	-	23,924,628	-	23,924,628
Total assets	<u>\$ 29,422,268</u>	<u>\$ 4,293,311</u>	<u>\$ 33,715,579</u>	<u>\$ (97,131)</u>	<u>\$ 33,618,448</u>
<b>LIABILITIES AND NET ASSETS</b>					
Accounts payable and accrued expenses	\$ 376,064	\$ 65,560	\$ 441,624	\$ (97,131)	\$ 344,493
Grants payable	1,447,940	-	1,447,940	-	1,447,940
Refundable advances	362,742	-	362,742	-	362,742
Economic Injury Disaster Loan	150,000	150,000	300,000	-	300,000
Total liabilities	<u>2,336,746</u>	<u>215,560</u>	<u>2,552,306</u>	<u>(97,131)</u>	<u>2,455,175</u>
Total net assets	<u>27,085,522</u>	<u>4,077,751</u>	<u>31,163,273</u>	<u>-</u>	<u>31,163,273</u>
Total liabilities and net assets	<u>\$ 29,422,268</u>	<u>\$ 4,293,311</u>	<u>\$ 33,715,579</u>	<u>\$ (97,131)</u>	<u>\$ 33,618,448</u>

**INTERNATIONAL COMMUNITY FOUNDATION**

**SUPPLEMENTAL CONSOLIDATING STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2021**

	<u>ICF</u>	<u>Center</u>	<u>Total</u>	<u>Eliminating Entries</u>	<u>Total</u>
<b>Operating Activities:</b>					
<b>SUPPORT AND REVENUES</b>					
Gifts and support	\$ 12,801,731	\$ 1,261,145	\$ 14,062,876	\$ (285,278)	\$ 13,777,598
Other income	1,500	161,493	162,993	-	162,993
Total operating support and revenues	<u>12,803,231</u>	<u>1,422,638</u>	<u>14,225,869</u>	<u>(285,278)</u>	<u>13,940,591</u>
<b>EXPENSES</b>					
<b>Program services</b>					
<b>Program grants:</b>					
Environment	6,063,822	-	6,063,822	-	6,063,822
Education	1,813,912	-	1,813,912	-	1,813,912
Health and human services	1,800,302	-	1,800,302	-	1,800,302
Arts and culture	391,487	-	391,487	-	391,487
Human rights	359,434	-	359,434	-	359,434
Community and economic development	241,606	-	241,606	-	241,606
Disaster relief	162,880	-	162,880	-	162,880
Total program grants	<u>10,833,443</u>	<u>-</u>	<u>10,833,443</u>	<u>-</u>	<u>10,833,443</u>
Program expenses	2,021,934	-	2,021,934	-	2,021,934
Olivewood Gardens	285,278	767,879	1,053,157	(285,278)	767,879
	13,140,655	767,879	13,908,534	(285,278)	13,623,256
<b>Support services:</b>					
Operating and administrative	748,656	78,661	827,317	-	827,317
Development and fundraising	393,220	83,606	476,826	-	476,826
Total program and supporting services	14,282,531	930,146	15,212,677	(285,278)	14,927,399
Cost of direct benefits to donors	-	11,606	11,606	-	11,606
Total operating expenses	<u>14,282,531</u>	<u>941,752</u>	<u>15,224,283</u>	<u>(285,278)</u>	<u>14,939,005</u>
<b>Non-operating Activities:</b>					
Investment income, net	270,967	-	270,967	-	270,967
Realized and unrealized gains	2,526,336	-	2,526,336	-	2,526,336
Total non-operating activities	<u>2,797,303</u>	<u>-</u>	<u>2,797,303</u>	<u>-</u>	<u>2,797,303</u>
Change in net assets	<u>\$ 1,318,003</u>	<u>\$ 480,886</u>	<u>\$ 1,798,889</u>	<u>\$ -</u>	<u>\$ 1,798,889</u>