

**Fairfield County's  
Community Foundation, Inc.**

Financial Statements

June 30, 2022 and 2021

## **Independent Auditors' Report**

**The Board of Directors**  
**Fairfield County's Community Foundation, Inc.**

### ***Opinion***

We have audited the accompanying financial statements of Fairfield County's Community Foundation, Inc., which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fairfield County's Community Foundation, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fairfield County's Community Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*PKF O'Connor Davies, LLP*

Harrison, New York  
October 12, 2022

**Fairfield County's Community Foundation, Inc.**

Statements of Financial Position

	June 30,	
	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,306,406	\$ 1,237,181
Contributions and other receivables	-	30,236
Investments	250,860,697	262,603,565
Split-interest agreements	28,025	32,634
Property and equipment, net	90,888	145,643
Other assets	153,160	115,447
	\$ 258,439,176	\$ 264,164,706
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Grants payable	\$ 1,212,102	\$ 762,745
Accounts payable and other liabilities	329,719	280,593
Liability under split-interest agreements	1,572	1,572
Deferred rent payable	282,301	303,669
Paycheck Protection Program loan	-	529,352
Agency funds	9,607,193	11,375,677
Total Liabilities	11,432,887	13,253,608
 <b>Net Assets</b>		
<b>Without Donor Restrictions</b>		
Undesignated	3,110,348	3,007,495
Board designated	3,472,649	3,966,680
Total Without Donor Restriction	6,582,997	6,974,175
 <b>With Donor Restrictions</b>		
Donor advised funds	108,371,096	110,774,094
Discretionary and field of interest funds	78,140,758	85,781,491
Designated funds	21,667,908	11,435,827
Scholarships funds	32,217,077	35,914,449
Split-interest agreements	26,453	31,062
Total With Donor Restrictions	240,423,292	243,936,923
Total Net Assets	247,006,289	250,911,098
	\$ 258,439,176	\$ 264,164,706

See notes to financial statements

**Fairfield County's Community Foundation, Inc.**

Statement of Activities  
Year Ended June 30, 2022

(With summarized information for the Year Ended June 30, 2021)

	2022			2021
	Without Donor Restriction	With Donor Restriction	Total	Total
<b>REVENUE</b>				
Contributions	\$ 1,714,412	\$ 39,749,693	\$ 41,464,105	\$ 27,998,346
Investment return, net of expenses	(171,403)	(17,921,641)	(18,093,044)	53,121,029
Change in value of split-interest agreements	-	(4,609)	(4,609)	4,262
Other income	200,169	7,263	207,432	183,496
Paycheck Protection Program loan forgiveness	529,352		529,352	532,737
Net assets released from restrictions	25,344,337	(25,344,337)	-	-
<b>Total Revenue</b>	27,616,867	(3,513,631)	24,103,236	81,839,870
<b>EXPENSES</b>				
Program				
Grants				
Donor advised	16,170,648	-	16,170,648	21,462,986
Designated	1,043,516	-	1,043,516	475,301
Scholarships	1,129,434	-	1,129,434	1,185,966
Discretionary and Field of Interest				
Advocacy	75,000	-	75,000	62,000
Arts	27,103	-	27,103	34,715
Capacity building	-	-	-	26,200
COVID -19 and disaster recovery	164,600	-	164,600	915,183
Economic opportunity	587,500	-	587,500	500,800
Education	1,812,351	-	1,812,351	1,828,726
Health & human services	663,595	-	663,595	1,408,909
Women and girls	718,906	-	718,906	894,795
<b>Total Discretionary and Field of Interest Grants</b>	4,049,055	-	4,049,055	5,671,328
<b>Total Grants</b>	22,392,653	-	22,392,653	28,795,581
Grants services and community initiatives	1,830,032	-	1,830,032	1,707,030
Philanthropic advisory services	326,178	-	326,178	307,772
<b>Total Program Expenses</b>	24,548,863	-	24,548,863	30,810,383
Supporting Services				
Management and administration	2,325,875	-	2,325,875	2,025,249
Fundraising	1,133,307	-	1,133,307	1,217,542
<b>Total Supporting Services</b>	3,459,182	-	3,459,182	3,242,791
<b>Total Expenses</b>	28,008,045	-	28,008,045	34,053,174
Change in Net Assets	(391,178)	(3,513,631)	(3,904,809)	47,786,696
<b>NET ASSETS</b>				
Beginning of year	6,974,175	243,936,923	250,911,098	203,124,402
End of year	\$ 6,582,997	\$ 240,423,292	\$ 247,006,289	\$ 250,911,098

**Fairfield County's Community Foundation, Inc.**

Statement of Activities  
Year Ended June 30, 2021

	Without Donor Restriction	With Donor Restriction	Total
<b>REVENUE</b>			
Contributions	\$ 2,003,042	\$ 25,995,304	\$ 27,998,346
Investment return, net of expenses	651,673	52,469,356	53,121,029
Change in value of split-interest agreements	-	4,262	4,262
Other income	183,496	-	183,496
Paycheck Protection Program loan forgiveness	532,737	-	532,737
Net assets released from restrictions	31,864,188	(31,864,188)	-
Total Revenue	35,235,136	46,604,734	81,839,870
<b>EXPENSES</b>			
Program			
Grants			
Donor advised	21,462,986	-	21,462,986
Designated	475,301	-	475,301
Scholarships	1,185,966	-	1,185,966
Discretionary and Field of Interest			
Advocacy	62,000	-	62,000
Arts	34,715	-	34,715
Capacity building	26,200	-	26,200
COVID -19 and disaster recovery	915,183	-	915,183
Economic opportunity	500,800	-	500,800
Education	1,828,726	-	1,828,726
Health & human services	1,408,909	-	1,408,909
Women and girls	894,795	-	894,795
Total Discretionary and Field of Interest Grants	5,671,328	-	5,671,328
Total Grants	28,795,581	-	28,795,581
Grants services and community initiatives	1,707,030	-	1,707,030
Philanthropic advisory services	307,772	-	307,772
Total Program Expenses	30,810,383	-	30,810,383
Supporting Services			
Management and administration	2,025,249	-	2,025,249
Fundraising	1,217,542	-	1,217,542
Total Supporting Services	3,242,791	-	3,242,791
Total Expenses	34,053,174	-	34,053,174
Change in Net Assets	1,181,962	46,604,734	47,786,696
<b>NET ASSETS</b>			
Beginning of year	5,792,213	197,332,189	203,124,402
End of year	\$ 6,974,175	\$ 243,936,923	\$ 250,911,098

See notes to financial statements

**Fairfield County's Community Foundation, Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2022  
(With summarized information for the Year Ended June 30, 2021)

	Grants	Grants Services and Community Initiatives	Philanthropic Advisory Services	Total Program Expenses	Management and Administration	Fundraising	Total Supporting Services	Total	Year Ended June 30, 2021 Total
<b>EXPENSES</b>									
Grants made	\$ 22,392,653	\$ -	\$ -	\$ 22,392,653	\$ -	\$ -	\$ -	\$ 22,392,653	\$ 28,795,581
Salaries and related expense		1,256,748	239,906	1,496,654	1,596,835	559,626	2,156,461	3,653,115	3,831,433
Professional fees	-	324,721	38,823	363,544	405,176	109,338	514,514	878,058	506,886
Information technology	-	74,699	14,260	88,959	94,912	33,263	128,175	217,134	240,645
Occupancy and related expenses	-	98,789	18,858	117,647	125,522	43,990	169,512	287,159	270,463
Office related expenses	-	37,650	7,187	44,837	48,038	81,619	129,657	174,494	168,841
Event expense	-	172	33	205	219	288,882	289,101	289,306	140,375
Meetings and conferences	-	4,432	846	5,278	5,631	1,974	7,605	12,883	5,799
Travel	-	454	87	541	577	202	779	1,320	289
Insurance	-	-	-	-	7,837	-	7,837	7,837	7,464
Depreciation	-	27,368	5,224	32,592	34,776	12,187	46,963	79,555	71,296
Other	-	4,999	954	5,953	6,352	2,226	8,578	14,531	14,102
<b>Total Expenses for the Year Ended June 30, 2022</b>	<b><u>\$ 22,392,653</u></b>	<b><u>\$ 1,830,032</u></b>	<b><u>\$ 326,178</u></b>	<b><u>\$ 24,548,863</u></b>	<b><u>\$ 2,325,875</u></b>	<b><u>\$ 1,133,307</u></b>	<b><u>\$ 3,459,182</u></b>	<b><u>\$ 28,008,045</u></b>	<b><u>\$ 34,053,174</u></b>
<b>Total Expenses for the Year Ended June 30, 2021</b>	<b><u>\$ 28,795,581</u></b>	<b><u>\$ 1,707,030</u></b>	<b><u>\$ 307,772</u></b>	<b><u>\$ 30,810,383</u></b>	<b><u>\$ 2,025,249</u></b>	<b><u>\$ 1,217,542</u></b>	<b><u>\$ 3,242,791</u></b>	<b><u>\$ 34,053,174</u></b>	

**Fairfield County's Community Foundation, Inc.**

Schedule of Functional Expenses  
Year Ended June 30, 2021

	Grants	Grants services and Community Initiatives	Philanthropic Advisory Services	Total Program Expenses	Management and Administration	Fundraising	Total Supporting Services	Total
<b>EXPENSES</b>								
Grants made	\$ 28,795,581	\$ -	\$ -	\$ 28,795,581	\$ -	\$ -	\$ -	\$ 28,795,581
Salaries and related expense		1,226,993	241,303	1,468,296	1,531,357	831,780	2,363,137	3,831,433
Professional fees	-	233,310	17,947	251,257	177,498	78,131	255,629	506,886
Information technology	-	77,065	15,156	92,221	96,182	52,242	148,424	240,645
Occupancy and related expenses	-	86,614	17,034	103,648	108,099	58,716	166,815	270,463
Office related expenses	-	54,070	10,634	64,704	67,483	36,654	104,137	168,841
Event expense	-	-	-	-	-	140,375	140,375	140,375
Meetings and conferences	-	1,857	365	2,222	2,318	1,259	3,577	5,799
Travel	-	93	18	111	115	63	178	289
Insurance	-	-	-	-	7,464	-	7,464	7,464
Depreciation	-	22,832	4,490	27,322	28,496	15,478	43,974	71,296
Other	-	4,196	825	5,021	6,237	2,844	9,081	14,102
<b>Total Expenses for the Year Ended June 30, 2021</b>	<b><u>\$ 28,795,581</u></b>	<b><u>\$ 1,707,030</u></b>	<b><u>\$ 307,772</u></b>	<b><u>\$ 30,810,383</u></b>	<b><u>\$ 2,025,249</u></b>	<b><u>\$ 1,217,542</u></b>	<b><u>\$ 3,242,791</u></b>	<b><u>\$ 34,053,174</u></b>

See notes to financial statements



**Fairfield County's Community Foundation, Inc.**

Statements of Cash Flows

	Year Ended June 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (3,904,809)	\$ 47,786,696
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	79,555	71,296
Realized gain on investments	(3,290,472)	(12,030,968)
Unrealized loss (gain) on investments	22,404,606	(40,357,391)
Net loss (gain) on split-interest agreements	4,609	(4,262)
Paycheck Protection Program loan forgiveness	(529,352)	(532,737)
Change in operating assets and liabilities		
Contributions and other receivables	30,236	11,441
Other assets	(37,713)	32,140
Grants payable	449,357	485,554
Deferred income	-	(125,675)
Deferred rent payable	(21,368)	(14,978)
Accounts payable and other liabilities	49,126	16,414
	<u>15,233,775</u>	<u>(4,662,470)</u>
Net Cash from Operating Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(81,902,644)	(88,477,726)
Proceeds from disposition of investments	74,531,378	90,669,636
Purchases of furniture and equipment	(24,800)	-
	<u>(7,396,066)</u>	<u>2,191,910</u>
Net Cash from Investing Activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program loan	-	529,352
Additions to agency funds	206,425	2,706,931
Reductions in agency funds	(1,974,909)	(487,494)
	<u>(1,768,484)</u>	<u>2,748,789</u>
Net Cash from Financing Activities		
Net Change in Cash and Cash Equivalents	6,069,225	278,229
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>1,237,181</u>	<u>958,952</u>
End of year	<u>\$ 7,306,406</u>	<u>\$ 1,237,181</u>

See notes to financial statements

# Fairfield County's Community Foundation, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

## 1. The Community Foundation

Fairfield County's Community Foundation, Inc., (the "Community Foundation") advances philanthropy to build and sustain a vital and prosperous community where all have the opportunity to participate and thrive. As the region's center of philanthropy, the Community Foundation provides:

- **Grants services and community initiatives** which include leadership and other training to local nonprofits, research on nonprofits and causes, due diligence and consultation with agencies, monitoring and evaluation of grant programs and strategic initiatives that address key regional issues.
- **Philanthropic advisory services** and financial stewardship to donors and partners which includes the education of donors and the public about philanthropy, community needs and charitable giving issues as well as support for donor grant making efforts.

The Community Foundation is a qualifying non-profit organization as defined in Section 501(c)(3) of the Internal Revenue Code ("IRC"). Accordingly, the Community Foundation is exempt from federal and state income taxes. Contributions made to the Community Foundation qualify for the maximum allowable deduction under the IRC.

## 2. Significant Accounting Policies

### ***Basis of Presentation***

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Community Foundation is required to report information regarding its financial position and activities according to two classes of net assets. Accordingly, net assets of the Community Foundation and changes therein are classified and reported as follows:

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

*Net Assets Without Donor Restrictions* – net assets available for use in general operations and not subject to donor restrictions. The Board of Directors has designated a portion of net assets for specific uses. These funds may not be used without specific action of the Board of Directors.

*Net Assets With Donor Restrictions* – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

## Fairfield County's Community Foundation, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

### 2. Significant Accounting Policies (*continued*)

#### ***Basis of Presentation (continued)***

##### *Net Assets With Donor Restrictions - continued*

The Community Foundation's net assets with donor restrictions include the following:

*Donor Advised* – funds which allow the donor advisors to make recommendations to the Board of Directors regarding grants to charities.

*Discretionary and Field of Interest*– funds which allow donors to establish endowed funds. These funds allow the Community Foundation's Board of Directors to use its discretion to award grants that respond to either critical community needs or needs within a particular area of charitable interest.

*Designated* – funds which allow donors to support specific organizations they identify in their fund agreements.

*Scholarship* – funds that provide financial assistance to support students' educational needs.

*Split Interest Agreements* – irrevocable charitable remainder unitrusts (CRUTS).

#### ***Endowment Fund Management and Variance Power***

To ensure observation of limitations and restrictions placed on the use of resources available to the Community Foundation, the funds of the Community Foundation are managed as individual charitable funds, according to their nature and purpose. Endowment funds are subject to the restriction of the gift instruments. Endowment and other funds are subject to both variance power and limited invasion of corpus power. The Board of Directors has adopted a policy describing the criteria and limited circumstances under which the Community Foundation would exercise these powers.

#### ***Revenue Recognition***

Other revenue is primarily generated from administrative fees for the Agency Funds, registration fees for workshops related to the Community Foundation's programs and revenue from special events. The performance obligation for the workshops or events is identified at the contract level which represents the Community Foundation's promise to provide the specified workshop or event at a fixed cost. The performance obligation is satisfied at a point in time, when the workshops or events are held or the services are rendered. The performance obligation for the administrative fees is identified at the contract level which represents the Community Foundation to manage the fund. The Community Foundation's performance obligation is satisfied over time as the Agency Fund receives and consumes the benefit when the Community Foundation performs the services.

See Note 4 for detail of all sources of earned income from contracts with customers.

## Fairfield County's Community Foundation, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

### 2. Significant Accounting Policies (*continued*)

#### ***Fair Value Measurements***

The Community Foundation follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. The input or methodology used for valuation of securities is not necessarily an indication of the risk associated with investing in those securities.

Pursuant to U.S. GAAP guidance, alternative investments where fair value is measured using the Net Asset Value ("NAV") per share as a practical expedient are not categorized within the fair value hierarchy.

#### ***Investments Valuation***

Investments are carried at fair value. Investments in publicly traded equity and debt securities are carried at fair value based upon quoted market prices. Mutual funds are carried at the daily reported NAV. Certificates of deposit are carried at cost plus accrued interest which approximates fair value. The fair value of alternative investments has been estimated using the NAV as reported by the management of the respective alternative investment fund as a practical expedient to estimate the fair value of the Community Foundation's interest therein. Because alternative investments are not immediately marketable given the nature of the underlying strategies and the terms of the governing partnership agreements, the estimated fair value is subject to uncertainty and, therefore, may differ from the value that may be received if a ready market for the investment had been in existence, and the difference could be material. Considerable judgment is required to interpret the factors used to develop estimates of fair value.

#### ***Investment Income Recognition***

The Community Foundation maintains pooled investment accounts for most of its funds. Interest, dividends, investment expenses and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to all of the donor funds in each pool based on the relationship of the fair value of each fund to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

## Fairfield County's Community Foundation, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

### 2. Significant Accounting Policies (*continued*)

#### ***Cash and Cash Equivalents***

The Community Foundation considers all highly liquid investments with a maturity of three months or less at the time of purchase that are utilized for operations, to be cash equivalents.

#### ***Split-Interest Agreements***

Split-interest agreements consist of assets placed in trust for the benefit of the Community Foundation and beneficiaries. Revocable split-interest agreements are not recorded as contributions unless enforceable by law. Irrevocable split-interest agreements are recorded as contributions at fair value when the assets are received or when the Community Foundation is notified of the existence of the agreement, net of a liability for the present value of future cash outflows to the beneficiaries. The liability is adjusted during the term of the agreement for changes in actuarial assumptions.

#### **Property and Equipment**

Property and equipment with a cost of \$3,000 or more and with an estimated useful life greater than one year, are capitalized at cost, or if donated, at approximate fair value at the date of donations. Depreciation is computed using the straight-line method over their estimated useful lives. Property and equipment consists primarily of office furniture and computer equipment with useful lives ranging from three to seven years.

#### ***Other Assets***

Other assets consist of prepaid expenses and the cash surrender value on a life insurance policy.

#### ***Agency Funds***

The Community Foundation receives and distributes assets under certain agency fund agreements with unrelated organizations. Amounts received and distributed under these relationships totaled \$2,000 and \$921,748 in 2022 and \$102,000 and \$330,277 in 2021.

## Fairfield County's Community Foundation, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

### 2. Significant Accounting Policies (*continued*)

#### ***Contributions***

Contributions received, including unconditional pledges, are recognized as increases in net assets in the period received at fair value. Contributions stipulated by the donor to be used for certain purposes are released from restriction as the donor stipulated purposes are fulfilled. No allowance for doubtful accounts has been provided as management has deemed that all receivables are collectible.

#### ***Contributed Services***

A substantial number of volunteers have donated their time to the Community Foundation's programs and supporting services. These contributed services did not meet the requirements for recognition in the financial statements for the years ended June 30, 2022 and 2021.

#### ***Grants***

All grants made are in accordance with the terms of the various governing instruments and are subject to the approval of the Board and are recorded when approved. For conditional grants, the grant expenditure and liability are recognized and recorded in the accounting period when the Community Foundation determines that the specific conditions are met. All grants payable at June 30, 2022 will be paid within the next 12 months.

#### ***Rent Expense***

Rent expense under operating leases is recognized on a straight-line basis over the life of the underlying lease. Any difference between the amount expensed and the amount due and payable in accordance with the terms of the lease is recorded as deferred rent payable.

#### ***Functional Allocation of Expenses***

The financial statements report certain categories of expenses that are attributable to one or more program and supporting services of the Community Foundation. Therefore, expenses require allocation on a reasonable and consistent basis. The more significant expense allocations include salaries and related personnel costs and occupancy. Personnel costs have been allocated based on estimates of time and effort. Other expenses, such as occupancy are allocated based on the personnel cost allocation percentages.

#### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The most significant estimates and assumptions relate to the determination of the fair value of alternative investments, allocation of functional expenses and depreciation of property and equipment. Actual results could differ from those estimates.

## Fairfield County's Community Foundation, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

### 2. Significant Accounting Policies *(continued)*

#### ***Accounting of Uncertainty in Income Taxes***

The Community Foundation recognizes the effect of income tax positions when they are more likely than not to be sustained. Management has determined that the Community Foundation had no uncertain tax positions that would require financial statement recognition or disclosure. The Community Foundation is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to fiscal 2019.

#### ***Future Adoption of Lease Guidance***

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases*. The update requires all leases with a term greater than 12 months to be recognized on the balance sheet through a right-of-use asset and a lease liability. The ASU, as amended, is effective for years beginning on or after December 15, 2021 and early adoption is permitted. Management continues to evaluate the potential impact of this update on the financial statements and related disclosures.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date these financial statements were available to be issued, which date is October 12, 2022.

### 3. Credit Risk Concentration

Financial instruments that potentially subject the Community Foundation to significant concentrations of credit risk consist principally of cash, cash equivalents, and investments. At times, cash balances held at financial institutions were in excess of federally insured limits. At June 30, 2022 and 2021, cash in the amounts of \$7,050,000 and \$984,000 was maintained at one institution in excess of federally insured limits. The Community Foundation has not incurred any losses on these accounts. Concentration of credit risk with respect to investments is reduced by diversification, professional management, and limited exposure to any single investment.

### 4. Earned Income

Earned income was derived from the following sources for the year ending June 30:

	2022	2021
Administrative fees	\$ 126,766	\$ 103,927
Workshop registration fees	7,950	35,644
Special event revenue	47,578	6,925
Advisory fee	25,138	37,000
	<u>\$ 207,432</u>	<u>\$ 183,496</u>

**Fairfield County's Community Foundation, Inc.**

Notes to Financial Statements  
June 30, 2022 and 2021

**5. Investments and Investment Return**

Investments at June 30, categorized according to the fair value hierarchy for those investments subject to categorization in the fair value hierarchy are summarized as follows:

<u>Description</u>	2022			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 20,164,947	\$ -	\$ -	\$ 20,164,947
Equity securities	15,212,639	-	-	15,212,639
Equity mutual funds	17,800,975	-	-	17,800,975
Fixed income mutual funds	23,890,385	-	-	23,890,385
Corporate bonds	-	1,045,751	-	1,045,751
Alternative investments (1)	-	-	-	167,979,060
Total Investments at Fair Value	<u>\$ 77,068,946</u>	<u>\$ 1,045,751</u>	<u>\$ -</u>	<u>246,093,757</u>
Certificates of deposit				4,766,940
Total Investments				<u>\$ 250,860,697</u>
<u>Description</u>	2021			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 12,420,803	\$ -	\$ -	\$ 12,420,803
Equity securities	19,758,262	-	-	19,758,262
Equity mutual funds	19,742,996	-	-	19,742,996
Fixed income mutual funds	21,530,911	-	-	21,530,911
Corporate bonds	-	1,211,381	-	1,211,381
Alternative investments (1)	-	-	-	183,174,615
Total Investments at Fair Value	<u>\$ 73,452,972</u>	<u>\$ 1,211,381</u>	<u>\$ -</u>	<u>257,838,968</u>
Certificates of deposit				4,764,597
Total Investments				<u>\$ 262,603,565</u>

(1) As discussed in Note 2, investments that are measured using the practical expedient are not classified within the fair value hierarchy. The fair value amounts presented in the total column of this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.



## Fairfield County's Community Foundation, Inc.

### Notes to Financial Statements June 30, 2022 and 2021

#### 5. Investments and Investment Return *(continued)*

Information regarding alternative investments measured at NAV using the practical expedient at June 30, 2022 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
U.S and Non-U.S. Equity (see "a" below)	\$ 78,838,434	\$ -	Monthly	10-30 days
Hedge funds (see "b" below)	26,346,240	-	Monthly - 3 years	30-90 days
Global Fixed Income (see "c" below)	5,311,085	-	Daily	15 days
Liquid real assets (see "d" below)	11,744,373		Daily - Monthly	3-30 days
Private Markets (see "e" below)	<u>45,738,928</u>	<u>27,819,392</u>	Illiquid	Illiquid
	<u>\$ 167,979,060</u>	<u>\$ 27,819,392</u>		

- (a) This category includes investments in entities seeking long-term growth of capital through investments in professionally managed, liquid, equity-based portfolios. Investments are in options, common stocks and preferred stocks of U.S. and non-U.S. companies.
- (b) This category primarily includes equity investments, either long or short, in marketable securities and publicly traded global equities. Several of the funds in this category invest in fixed income assets, interest rates and currencies, both long and short. One fund has a three-year redemption frequency.
- (c) This category includes investments in entities that employ systemic global macro trading strategies to achieve returns in global fixed income and other securities.
- (d) This category includes investments in real assets through the purchase of liquid securities. The assets act as a placeholder for unfunded commitments to private real asset/real estate while providing the portfolio a desired level of real asset investments.
- (e) This category includes investments in equity capital through firms making underlying investments in specific companies not quoted on a public exchange, private debt and illiquid real assets including real estate and infrastructure. Private market investments are made with a long-term perspective of nine to twelve years and are expected to earn an illiquidity premium over the life of the investment.

The Community Foundation utilizes a total return investment approach with its asset allocation diversified over multiple asset classes. Investments are managed by independent fund managers under guidelines established by the Board of Directors and executed by the Investment Committee, with recommendations from the Community Foundation's independent investment consultant.

**Fairfield County's Community Foundation, Inc.**

Notes to Financial Statements  
June 30, 2022 and 2021

**5. Investments and Investment Return (continued)**

Investment return on the total portfolio for the years ended June 30, is as follows:

	2022	2021
Realized gains, net	\$ 3,290,472	\$ 12,030,968
Unrealized (losses) gains, net	(22,404,606)	40,357,391
Interest and dividends	1,396,042	1,133,607
	(17,718,092)	53,521,966
Less investment expenses	(374,952)	(400,937)
	\$ (18,093,044)	\$ 53,121,029

**6. Liquidity and Availability**

Financial assets available for general expenditure, that is, without restrictions limiting their use, within one year of the statements of financial position dates, comprise the following at June 30,

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 7,306,406	\$ 1,237,181
Contributions and other receivables	-	30,236
Investments	6,930,212	7,290,965
Total Financial Assets	14,236,618	8,558,382
Less those unavailable for general expenditure within one year,		
Board designated net assets	3,472,649	3,966,680
Restricted by donor for purpose included in cash and cash equivalents	6,100,000	-
Financial asset available to meet general expenditures over the next twelve months	\$ 4,663,969	\$ 4,591,702

The Community Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Community Foundation invests cash in excess of monthly requirements in short-term investments. The Community Foundation's governing board has designated a portion of net assets without donor restrictions for endowment. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board.

Management has revised the June 30, 2021 liquidity disclosures to eliminate the inclusion of endowment assets available for expenditure in future years, as most of those funds are available for grant expenditure, which is not considered part of general expenditures. In addition, the amount of Board Designated net assets have also been excluded. As noted above, these funds can be available for general expenditure at the discretion of the Board of Directors.

## Fairfield County's Community Foundation, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

### 7. Paycheck Protection Program Loan

On April 22, 2020, the Community Foundation received a Paycheck Protection Program ("PPP") loan for \$529,300, from People's United Bank. The loan and interest totaling \$532,737 were forgiven on December 22, 2020.

On March 15, 2021, the Community Foundation received a second PPP loan in the amount of \$529,352, from People's United Bank, under Second Draw provisions of the PPP as authorized by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the "Economic Aid Act"). The Second Draw provisions of the Economic Aid Act provide for loans to qualifying entities for amounts up to 2.5 to 3.5 times their 2019 or 2020 average monthly payroll expenses. The Second Draw PPP loan bears an interest rate of 1% per annum. All or a portion of the Second Draw PPP loan principal and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") as amended by the Economic Aid Act, over a period between eight to twenty-four weeks from the date the Second Draw PPP loan proceeds are received (the "Second Draw Covered Period"). The loan was forgiven on February 8, 2022.

### 8. Endowment

The Community Foundation's endowment consists of 538 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### ***Interpretation of Relevant Law***

The Board of Directors has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act (CUPMIFA) as allowing the Community Foundation to appropriate for expenditures or accumulate so much of the donor-restricted endowment fund as the Community Foundation determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established, subject to the intent of the donors as expressed in their gift instruments.

In accordance with U.S. GAAP guidance, donor-restricted endowment funds subject to the limited invasion of corpus over time may be an endowment fund within the meaning of CUPMIFA, but are not a permanent endowment fund subject to classification within net assets with donor restriction in perpetuity.

**Fairfield County's Community Foundation, Inc.**

Notes to Financial Statements  
June 30, 2022 and 2021

**8. Endowment (continued)**

Changes in endowment net assets for the years ending June 30, consisted of the following:

Endowment Net Assets and Changes for the Fiscal Year Ended June 30, 2022:

	<u>Board Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,966,680	\$ 243,936,923	\$ 247,903,603
Investment return, net of expenses	(121,074)	(17,921,641)	(18,042,715)
Appropriation of endowment assets for expenditure	(966,080)	(25,344,337)	(26,310,417)
Contributions	564,502	39,749,693	40,314,195
Change in value of split interest agreements	-	(4,609)	(4,609)
Other income	<u>28,621</u>	<u>7,263</u>	<u>35,884</u>
Endowment net assets, end of year	<u>\$ 3,472,649</u>	<u>\$ 240,423,292</u>	<u>\$ 243,895,941</u>

Endowment Net Assets and Changes for the Fiscal Year Ended June 30, 2021:

	<u>Board Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,525,527	\$ 197,332,189	\$ 200,857,716
Investment return, net of expenses	519,755	52,469,356	52,989,111
Appropriation of endowment assets for expenditure	(809,561)	(31,864,188)	(32,673,749)
Contributions	726,084	25,995,304	26,721,388
Change in value of split interest agreements	-	4,262	4,262
Other income	<u>4,875</u>	<u>-</u>	<u>4,875</u>
Endowment net assets, end of year	<u>\$ 3,966,680</u>	<u>\$ 243,936,923</u>	<u>\$ 247,903,603</u>

Description of amounts classified as net assets with donor restrictions as of June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Net assets with donor restrictions:		
Endowment funds	\$ 240,396,839	\$ 243,905,861
Split-interest agreements	<u>26,453</u>	<u>31,062</u>
Total net assets with donor restriction	<u>\$ 240,423,292</u>	<u>\$ 243,936,923</u>

## Fairfield County's Community Foundation, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

### 8. Endowment (*continued*)

#### ***Return Objectives and Risk Parameters***

The Community Foundation has adopted investment and spending policies that provide a predictable stream of funding for its programs while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Community Foundation must hold for donor-specified periods as well as board-designated funds.

#### ***Strategies Employed for Achieving Objectives***

The Community Foundation uses a total return strategy to achieve investment returns through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Community Foundation targets a diversified asset allocation among equity, debt, and alternative investments that balances growth, income and liquidity and targets a return in line with the Community Foundation's spending policy goals to support current and changing charitable needs in the community.

#### ***Spending Policy and How the Investment Objectives Relate to Spending Policy***

The Community Foundation's spending policy is administered in accordance with the CUPMIFA and based on the total return concept, which emphasizes investment income and realized and unrealized gains and losses on its investment portfolio. The policy applies to all of the Community Foundation's funds unless the donor has expressed a different intent. The Community Foundation's spending policy is 5.5% and 4.5% of the previous 12 quarterly average portfolio market values, reviewed and approved annually by the Board of Directors for the years ending June 30, 2022 and 2021. The spending rate includes the Community Foundation's administrative fee and grants.

### 9. Employee Benefit Plan

The Community Foundation adopted a 403(b) thrift plan to provide retirement benefits for employees. The Foundation contributes 5% of the employee's base salary for all employees. Contributions are effective on employment and vesting of the Community Foundation's contributions occurs when the employee has completed one year of service. During the years ended June 30, 2022 and 2021, the Community Foundation contributions totaled \$144,824 and \$154,819. Employees may elect to make deferred voluntary contributions to the 403(b) thrift plan.

**Fairfield County's Community Foundation, Inc.**

Notes to Financial Statements  
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**10. Lease Commitment**

The Community Foundation leases its office space and certain equipment under operating leases expiring through May 2029.

Future minimum payments due under such leases at June 30, 2022 are payable as follows:

2023	\$	260,344
2024		265,551
2025		270,862
2026		276,279
2027		281,805
Thereafter		<u>556,037</u>
	\$	<u>1,910,878</u>

For the years ended June 30, 2022 and 2021, office rental expense was \$245,595 and \$229,727.

In connection with the lease for its current office space, the Community Foundation maintains an irrevocable transferable letter of credit agreement with a bank that allows for drawdowns of up to \$198,450 by the landlord. The final expiration date of the letter of credit is May 30, 2029.

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