

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

Financial Statements

June 30, 2024 and 2023



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, 2024 and 2023, 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, 2024 and 2023, 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

New York, New York
October 18, 2024

Fairfield County's Community Foundation, Inc.

Statements of Financial Position

	June 30,	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 115,519	\$ 1,304,550
Contributions and other receivables	4,860	61
Investments	280,598,186	264,518,551
Operating lease right of use asset	1,072,387	1,273,228
Split-interest agreements	31,011	27,591
Property and equipment, net	17,707	58,263
Other assets	<u>190,952</u>	<u>145,390</u>
	<u>\$ 282,030,622</u>	<u>\$ 267,327,634</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Grants payable	\$ 797,522	\$ 61,578
Accounts payable and other liabilities	532,235	395,149
Liability under split-interest agreements	1,572	1,572
Operating lease liability	1,290,308	1,515,238
Agency funds	<u>9,672,420</u>	<u>10,265,195</u>
Total Liabilities	<u>12,294,057</u>	<u>12,238,732</u>
Net Assets		
Without Donor Restrictions		
Undesignated	3,936,595	2,653,502
Board designated	<u>2,741,591</u>	<u>3,203,647</u>
Total Without Donor Restriction	<u>6,678,186</u>	<u>5,857,149</u>
With Donor Restrictions		
Donor advised funds	114,982,848	112,120,059
Discretionary and field of interest funds	84,828,124	80,962,161
Designated funds	29,358,339	22,672,899
Scholarships funds	33,859,629	33,450,615
Split-interest agreements	<u>29,439</u>	<u>26,019</u>
Total With Donor Restrictions	<u>263,058,379</u>	<u>249,231,753</u>
Total Net Assets	<u>269,736,565</u>	<u>255,088,902</u>
	<u>\$ 282,030,622</u>	<u>\$ 267,327,634</u>

See notes to financial statements

Fairfield County's Community Foundation, Inc.

Statement of Activities
Year Ended June 30, 2024

(With summarized information for the Year Ended June 30, 2023)

	2024			2023
	Without Donor Restriction	With Donor Restriction	Total	Total
REVENUE				
Contributions	\$ 1,696,112	\$ 12,813,031	\$ 14,509,143	\$ 17,530,671
Investment return, net of expenses	502,560	28,464,733	28,967,293	20,020,048
Change in value of split-interest agreements	-	3,420	3,420	(434)
Other income	146,118	-	146,118	150,398
Net assets released from restrictions	<u>27,454,558</u>	<u>(27,454,558)</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>29,799,348</u>	<u>13,826,626</u>	<u>43,625,974</u>	<u>37,700,683</u>
EXPENSES				
Program				
Grants				
Donor advised	16,786,059	-	16,786,059	17,523,064
Designated	745,987	-	745,987	813,805
Scholarships	890,286	-	890,286	1,425,262
Discretionary and Field of Interest				
Advocacy	56,000	-	56,000	1,000
Arts	71,500	-	71,500	23,000
Capacity building	26,000	-	26,000	18,876
COVID -19 and disaster recovery	-	-	-	25,138
Economic opportunity	1,166,843	-	1,166,843	877,000
Education	1,251,900	-	1,251,900	1,618,096
Environment	-	-	-	11,000
Health & human services	1,076,009	-	1,076,009	419,831
Women and girls	<u>995,657</u>	<u>-</u>	<u>995,657</u>	<u>1,386,555</u>
Total Discretionary and Field of Interest Grants	<u>4,643,909</u>	<u>-</u>	<u>4,643,909</u>	<u>4,380,496</u>
Total Grants	<u>23,066,241</u>	<u>-</u>	<u>23,066,241</u>	<u>24,142,627</u>
Grants services and community initiatives	2,431,969	-	2,431,969	1,638,706
Philanthropic advisory services	<u>430,178</u>	<u>-</u>	<u>430,178</u>	<u>512,436</u>
Total Program Expenses	<u>25,928,388</u>	<u>-</u>	<u>25,928,388</u>	<u>26,293,769</u>
Supporting Services				
Management and administration	2,054,598	-	2,054,598	2,409,963
Fundraising	<u>995,325</u>	<u>-</u>	<u>995,325</u>	<u>914,338</u>
Total Supporting Services	<u>3,049,923</u>	<u>-</u>	<u>3,049,923</u>	<u>3,324,301</u>
Total Expenses	<u>28,978,311</u>	<u>-</u>	<u>28,978,311</u>	<u>29,618,070</u>
Change in Net Assets	821,037	13,826,626	14,647,663	8,082,613
NET ASSETS				
Beginning of year	<u>5,857,149</u>	<u>249,231,753</u>	<u>255,088,902</u>	<u>247,006,289</u>
End of year	<u>\$ 6,678,186</u>	<u>\$ 263,058,379</u>	<u>\$ 269,736,565</u>	<u>\$ 255,088,902</u>

See notes to financial statements

Fairfield County's Community Foundation, Inc.

Statement of Activities
Year Ended June 30, 2023

	Without Donor Restriction	With Donor Restriction	Total
REVENUE			
Contributions	\$ 1,547,302	\$ 15,983,369	\$ 17,530,671
Investment return, net of expenses	217,176	19,802,872	20,020,048
Change in value of split-interest agreements	-	(434)	(434)
Other income	150,398	-	150,398
Net assets released from restrictions	26,977,346	(26,977,346)	-
Total Revenue	28,892,222	8,808,461	37,700,683
EXPENSES			
Program			
Grants			
Donor advised	17,523,064	-	17,523,064
Designated	813,805	-	813,805
Scholarships	1,425,262	-	1,425,262
Discretionary and Field of Interest			
Advocacy	1,000	-	1,000
Arts	23,000	-	23,000
Capacity building	18,876	-	18,876
COVID -19 and disaster recovery	25,138	-	25,138
Economic opportunity	877,000	-	877,000
Education	1,618,096	-	1,618,096
Environment	11,000	-	11,000
Health & human services	419,831	-	419,831
Women and girls	1,386,555	-	1,386,555
Total Discretionary and Field of Interest Grants	4,380,496	-	4,380,496
Total Grants	24,142,627	-	24,142,627
Grants services and community initiatives	1,638,706	-	1,638,706
Philanthropic advisory services	512,436	-	512,436
Total Program Expenses	26,293,769	-	26,293,769
Supporting Services			
Management and administration	2,409,963	-	2,409,963
Fundraising	914,338	-	914,338
Total Supporting Services	3,324,301	-	3,324,301
Total Expenses	29,618,070	-	29,618,070
Change in Net Assets	(725,848)	8,808,461	8,082,613
NET ASSETS			
Beginning of year	6,582,997	240,423,292	247,006,289
End of year	\$ 5,857,149	\$ 249,231,753	\$ 255,088,902

See notes to financial statements

Fairfield County's Community Foundation, Inc.

Statement of Functional Expenses

Year Ended June 30, 2024

(With summarized information for the Year Ended June 30, 2023)

	Grants	Grants Services and Community Initiatives	Philanthropic Advisory Services	Total Program Expenses	Management and Administration	Fundraising	Total Supporting Services	Total	Year Ended June 30, 2023 Total
EXPENSES									
Grants made	\$ 23,066,241	\$ -	\$ -	\$ 23,066,241	\$ -	\$ -	\$ -	\$ 23,066,241	\$ 24,142,627
Salaries and related expense	-	1,726,110	310,223	2,036,333	1,433,789	621,355	2,055,144	4,091,477	3,710,026
Professional fees	-	363,231	56,477	419,708	350,969	122,497	473,466	893,174	697,783
Information technology	-	98,978	18,339	117,317	84,757	36,731	121,488	238,805	204,081
Occupancy and related expenses	-	121,978	22,600	144,578	80,393	45,266	125,659	270,237	295,104
Office related expenses	-	39,028	7,231	46,259	33,421	20,531	53,952	100,211	115,105
Event expense	-	19,743	3,658	23,401	16,906	125,602	142,508	165,909	343,622
Promotions and development	-	7,205	1,335	8,540	6,170	2,674	8,844	17,384	6,075
Meetings and conferences	-	33,046	6,123	39,169	28,298	12,263	40,561	79,730	26,919
Travel	-	987	183	1,170	845	366	1,211	2,381	2,879
Insurance	-	-	-	-	500	-	500	500	16,870
Depreciation	-	18,509	3,429	21,938	15,849	6,869	22,718	44,656	43,202
Other	-	3,154	580	3,734	2,701	1,171	3,872	7,606	13,777
	<u>\$ 23,066,241</u>	<u>\$ 2,431,969</u>	<u>\$ 430,178</u>	<u>\$ 25,928,388</u>	<u>\$ 2,054,598</u>	<u>\$ 995,325</u>	<u>\$ 3,049,923</u>	<u>\$ 28,978,311</u>	<u>\$ 29,618,070</u>
Total Expenses for the Year Ended June 30, 2024	<u>\$ 23,066,241</u>	<u>\$ 2,431,969</u>	<u>\$ 430,178</u>	<u>\$ 25,928,388</u>	<u>\$ 2,054,598</u>	<u>\$ 995,325</u>	<u>\$ 3,049,923</u>	<u>\$ 28,978,311</u>	<u>\$ 29,618,070</u>

See notes to financial statements

Fairfield County's Community Foundation, Inc.

Statement of Functional Expenses
Year Ended June 30, 2023

	Grants	Grants services and Community Initiatives	Philanthropic Advisory Services	Total Program Expenses	Management and Administration	Fundraising	Total Supporting Services	Total
EXPENSES								
Grants made	\$ 24,142,627	\$ -	\$ -	\$ 24,142,627	\$ -	\$ -	\$ -	\$ 24,142,627
Salaries and related expense	-	1,164,595	392,760	1,557,355	1,737,604	415,067	2,152,671	3,710,026
Professional fees	-	252,012	44,772	296,784	337,444	63,555	400,999	697,783
Information technology	-	64,062	21,605	85,667	95,582	22,832	118,414	204,081
Occupancy and related expenses	-	97,274	32,806	130,080	130,355	34,669	165,024	295,104
Office related expenses	-	27,181	9,167	36,348	40,555	38,202	78,757	115,105
Event expense	-	4,890	1,649	6,539	7,296	329,787	337,083	343,622
Promotions and development	-	1,907	643	2,550	2,845	680	3,525	6,075
Meetings and conferences	-	8,450	2,850	11,300	12,607	3,012	15,619	26,919
Travel	-	904	305	1,209	1,348	322	1,670	2,879
Insurance	-	-	-	-	16,870	-	16,870	16,870
Depreciation	-	13,561	4,574	18,135	20,234	4,833	25,067	43,202
Other	-	3,870	1,305	5,175	7,223	1,379	8,602	13,777
	<u>\$ 24,142,627</u>	<u>\$ 1,638,706</u>	<u>\$ 512,436</u>	<u>\$ 26,293,769</u>	<u>\$ 2,409,963</u>	<u>\$ 914,338</u>	<u>\$ 3,324,301</u>	<u>\$ 29,618,070</u>
Total Expenses for the Year Ended June 30, 2023								

See notes to financial statements

Fairfield County's Community Foundation, Inc.

Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 14,647,663	\$ 8,082,613
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	44,656	43,202
Amortization of operating lease right of use asset	200,841	173,036
Realized gain on investments	(2,930,003)	(1,712,761)
Unrealized gain on investments	(23,914,074)	(16,585,528)
Net loss (gain) on split-interest agreements	(3,420)	434
Change in operating assets and liabilities		
Contributions and other receivables	(4,799)	(61)
Other assets	(45,562)	7,770
Grants payable	735,944	(1,150,524)
Change in operating lease liability	(224,930)	(213,327)
Accounts payable and other liabilities	137,086	65,430
Net Cash from Operating Activities	(11,356,598)	(11,289,716)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(67,545,149)	(73,669,156)
Proceeds from disposition of investments	78,309,591	78,309,591
Purchases of furniture and equipment	(4,100)	(10,577)
Net Cash from Investing Activities	10,760,342	4,629,858
CASH FLOWS FROM FINANCING ACTIVITIES		
Additions to agency funds	1,226,871	1,175,238
Reductions in agency funds	(1,819,646)	(517,236)
Net Cash from Financing Activities	(592,775)	658,002
Net Change in Cash and Cash Equivalents	(1,189,031)	(6,001,856)
CASH AND CASH EQUIVALENTS		
Beginning of year	1,304,550	7,306,406
End of year	\$ 115,519	\$ 1,304,550

See notes to financial statements

Fairfield County's Community Foundation, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

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, 2024 and 2023

2. Significant Accounting Policies *(continued)*

Basis of Presentation (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's promise 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 other income from contracts with customers.

Fairfield County's Community Foundation, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

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, 2024 and 2023

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.

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 \$3,784 and \$1,700,056 in 2024 and \$353,031 and \$404,098 in 2023.

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.

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, 2024 will be paid within the next 12 months.

Fairfield County's Community Foundation, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

2. Significant Accounting Policies (*continued*)

Leases

The Community Foundation leases its office space and determines if an arrangement is a lease at inception. The operating lease is included in operating lease right-of use ("ROU") asset, and operating lease liability on the accompanying statements of financial position.

ROU asset represents the right to use an underlying asset for the lease term and lease liability represents the obligation to make lease payments arising from the lease. The operating lease ROU asset and liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease does not provide an implicit borrowing rate. The Community Foundation uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Community Foundation's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

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, depreciation of property and equipment and amortization of the ROU asset. Actual results could differ from those estimates.

Fairfield County's Community Foundation, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

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 2021.

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 18, 2024.

3. Credit Risk Concentration

Financial instruments that potentially subject the Community Foundation to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, investments held at financial institutions, other investments not held at financial institutions. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). At times cash balances may exceed the FDIC and/or the SIPC limit. As of June 30, 2024 and 2023, the Community Foundation's uninsured cash and cash equivalents balances on deposit totaled approximately \$200,000 and \$2,134,000. As of June 30, 2024 and 2023, the Community Foundation's uninsured investment holdings totaled approximately \$277,011,000 and \$257,869,000.

The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment, investment advisor, investment manager or group of investments represents a significant concentration of credit risk.

4. Other Income

Other income was derived from the following sources for the year ended June 30:

	2024	2023
Administrative fees	\$ 103,834	\$ 97,507
Workshop registration fees	260	940
Special event revenue	39,373	31,288
Advisory fee	2,651	20,663
	<u>\$ 146,118</u>	<u>\$ 150,398</u>

Fairfield County's Community Foundation, Inc.

Notes to Financial Statements June 30, 2024 and 2023

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:

Description	2024			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 9,132,970	\$ -	\$ -	\$ 9,132,970
Equity securities	26,429,170	-	-	26,429,170
Equity mutual funds	23,300,978	-	-	23,300,978
Fixed income mutual funds	22,246,415	-	-	22,246,415
Corporate bonds	-	10,652,123	-	10,652,123
Alternative investments (1)	-	-	-	188,836,530
Total Investments at Fair Value	<u>\$ 81,109,533</u>	<u>\$ 10,652,123</u>	<u>\$ -</u>	<u>\$ 280,598,186</u>
Cash equivalents	\$ 12,692,298	\$ -	\$ -	\$ 12,692,298
Equity securities	22,678,856	-	-	22,678,856
Equity mutual funds	22,012,438	-	-	22,012,438
Fixed income mutual funds	24,826,657	-	-	24,826,657
Corporate bonds	-	1,632,149	-	1,632,149
Alternative investments (1)	-	-	-	175,906,845
Total Investments at Fair Value	<u>\$ 82,210,249</u>	<u>\$ 1,632,149</u>	<u>\$ -</u>	<u>\$ 259,749,243</u>
Certificates of deposit				4,769,308
Total Investments				<u>\$ 264,518,551</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.

Information regarding alternative investments measured at NAV using the practical expedient at June 30, 2024 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)	\$ 91,078,941	\$ -	Daily-Annually	1-90 days
Hedge funds (see "b" below)	34,751,211	-	Quarterly	1-90 days
Global fixed income (see "c" below)	5,487,798	-	Daily	1 day
Liquid real assets (see "d" below)	2,650,913	-	Daily - Monthly	2-45 days
Private markets (see "e" below)	54,867,667	21,183,568	Illiquid	Illiquid
	<u>\$ 188,836,530</u>	<u>\$ 21,183,568</u>		

Fairfield County's Community Foundation, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

5. Investments and Investment Return (continued)

- (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.

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

	2024	2023
Realized gains, net	\$ 2,930,003	\$ 1,712,761
Unrealized gains (losses), net	23,914,074	16,585,528
Interest and dividends	2,675,596	2,322,668
	29,519,673	20,620,957
Less investment expenses	(552,380)	(600,909)
	\$ 28,967,293	\$ 20,020,048

Fairfield County's Community Foundation, Inc.

Notes to Financial Statements June 30, 2024 and 2023

6. Liquidity and Availability

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

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 115,519	\$ 1,304,550
Contributions and other receivables	4,860	61
Investments	<u>280,598,186</u>	<u>264,518,551</u>
Total Financial Assets	<u>280,718,565</u>	<u>265,823,162</u>
Less those unavailable for general expenditure within one year,		
Endowed Investments	263,058,379	249,231,753
Agency Investments	9,672,420	10,265,195
Board designated net assets	<u>2,741,591</u>	<u>3,203,647</u>
Financial asset available to meet general expenditures over the next twelve months	<u>\$ 5,246,175</u>	<u>\$ 3,122,567</u>

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.

7. Endowment

The Community Foundation's endowment consists of 577 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.

Fairfield County's Community Foundation, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

7. Endowment (continued)

Interpretation of Relevant Law (continued)

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.

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

Endowment Net Assets and Changes for the Fiscal Year Ended June 30, 2024:

	<u>Board Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,203,647	\$ 249,231,753	\$ 252,435,400
Investment return, net of expenses	186,579	28,464,733	28,651,312
Appropriation of endowment assets for expenditure	(39,221)	(26,388,020)	(26,427,241)
Contributions	-	12,813,031	12,813,031
Change in value of split interest agreements	-	3,420	3,420
Transfers	<u>(609,414)</u>	<u>(1,066,538)</u>	<u>(1,675,952)</u>
Endowment net assets, end of year	<u>\$ 2,741,591</u>	<u>\$ 263,058,379</u>	<u>\$ 265,799,970</u>

Endowment Net Assets and Changes for the Fiscal Year Ended June 30, 2023:

	<u>Board Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,472,649	\$ 240,423,292	\$ 243,895,941
Investment return, net of expenses	180,873	19,802,872	19,983,745
Appropriation of endowment assets for expenditure	(942,386)	(26,977,346)	(27,919,732)
Contributions	460,901	15,983,369	16,444,270
Change in value of split interest agreements	-	(434)	(434)
Other income	<u>31,610</u>	<u>-</u>	<u>31,610</u>
Endowment net assets, end of year	<u>\$ 3,203,647</u>	<u>\$ 249,231,753</u>	<u>\$ 252,435,400</u>

Fairfield County's Community Foundation, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

7. Endowment (continued)

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

	<u>2024</u>	<u>2023</u>
Net assets with donor restrictions:		
Endowment funds	\$ 263,028,940	\$ 249,205,734
Split-interest agreements	<u>29,439</u>	<u>26,019</u>
Total net assets with donor restriction	<u>\$ 263,058,379</u>	<u>\$ 249,231,753</u>

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 for the years ended June 30, 2024 and 2023, is 4.5% and 5% of the previous 12 quarterly average portfolio market values, reviewed and approved annually by the Board of Directors. The spending rate includes the Community Foundation's administrative fee and grants.

8. 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, 2024 and 2023, the Community Foundation contributions totaled \$157,793 and \$155,898. Employees may elect to make deferred voluntary contributions to the 403(b) thrift plan.

Fairfield County's Community Foundation, Inc.

Notes to Financial Statements
June 30, 2024 and 2023

9. Lease Commitment

The Community Foundation leases its office space under a operating lease expiring in May 2029. The lease has a remaining lease term of 4.83 years.

The components of lease costs were as follows for the years ended June 30:

	2024	2023
Lease expense		
Operating lease costs	\$ 241,461	\$ 241,461

Information associated with the measurement of the Community Foundation's operating lease obligations as of June 30:

	2024	2023
Weighted-average remaining lease term in years for the operating lease	4.92	5.92
Weighted-average discount rate for operating leases	2.92%	2.92%

As of June 30, 2024, maturities for operating lease liabilities were as follows:

2025		\$ 270,862
2026		276,279
2027		281,805
2028		287,441
Thereafter		268,596
Total undiscounted cash flows		\$ 1,384,983
Less: present value discount		(94,675)
Total lease liabilities		\$ 1,290,308

Supplemental cash flow information related to the operating lease was as follows for the years ended June 30:

	2024	2023
Cash paid for amounts included in the measurement of the lease liability		
Operating cash flows from operating lease	\$ 265,551	\$ 260,344

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