NORTHWEST AREA FOUNDATION
(A MINNESOTA PRIVATE NONPROFIT CORPORATION)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

NORTHWEST AREA FOUNDATION
(A MINNESOTA PRIVATE NONPROFIT CORPORATION)
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Northwest Area Foundation
St. Paul, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Northwest Area Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and change in net assets, 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 Northwest Area Foundation as of December 31, 2021 and 2020, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Northwest Area Foundation 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 Northwest Area Foundation's ability to continue as a going concern for one year after the date 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 GAAS 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 GAAS, 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 Northwest Area Foundation'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 Northwest Area Foundation'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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
August 10, 2022

NORTHWEST AREA FOUNDATION
(A MINNESOTA PRIVATE NONPROFIT CORPORATION)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Grants Receivable	$ -	$ 150,000
Receivable for Securities with Settlements Pending	72,810	5,000,000
Accrued Investment Income	433,407	2,052
Investments	553,629,633	494,844,177
Program-Related Investments	11,351,249	12,284,612
Other Assets	203,094	184,836
Fixed Assets	263,160	289,330
Total Assets	$ 565,953,353	$ 512,755,007
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Other Liabilities	$ 377,325	$ 438,223
Payables for Securities with Settlements Pending	484,319	7,630
Unpaid Grant Commitments	10,641,496	6,793,614
Leasehold Incentives	54,827	86,157
Deferred Taxes	2,394,492	2,053,991
Total Liabilities	13,952,459	9,379,615
NET ASSETS		
Without Donor Restrictions	541,676,600	493,051,098
With Donor Restrictions	10,324,294	10,324,294
Total Net Assets	552,000,894	503,375,392
Total Liabilities and Net Assets	$ 565,953,353	$ 512,755,007

See accompanying Notes to Financial Statements.

NORTHWEST AREA FOUNDATION
(A MINNESOTA PRIVATE NONPROFIT CORPORATION)
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Contribution Revenue	$ -	$ -	$ -	$ 633,000	$ -	$ 633,000
Dividends and Interest	7,162,540	-	7,162,540	4,096,828	-	4,096,828
Realized Gains on Investments	47,550,681	-	47,550,681	33,364,988	-	33,364,988
Unrealized Gains on Investments	28,308,277	-	28,308,277	31,753,481	-	31,753,481
Less: Investment and Related Fees	(5,707,079)	-	(5,707,079)	(8,192,194)	-	(8,192,194)
Other	-	-	-	50,000	-	50,000
Total Revenues	77,314,419	-	77,314,419	61,706,103	-	61,706,103
EXPENSES						
Program:						
Grants Appropriated, Net of Cancellations and Refunds	22,046,755	-	22,046,755	19,293,752	-	19,293,752
Other Program Expenses	2,738,414	-	2,738,414	2,703,965	-	2,703,965
Administrative:						
Management and General Expenses	2,845,904	-	2,845,904	2,878,830	-	2,878,830
Federal Excise Tax and UBIT Provision	1,057,844	-	1,057,844	810,057	-	810,057
Total Expenses	28,688,917	-	28,688,917	25,686,604	-	25,686,604
CHANGE IN NET ASSETS	48,625,502	-	48,625,502	36,019,499	-	36,019,499
Net Assets - Beginning of Year	493,051,098	10,324,294	503,375,392	457,031,599	10,324,294	467,355,893
NET ASSETS - END OF YEAR	$ 541,676,600	$ 10,324,294	$ 552,000,894	$ 493,051,098	$ 10,324,294	$ 503,375,392

See accompanying Notes to Financial Statements.

NORTHWEST AREA FOUNDATION
(A MINNESOTA PRIVATE NONPROFIT CORPORATION)
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Program Activities	Management and General	Total	Program Activities	Management and General	Total
Grants	$ 22,046,755	$ -	$ 22,046,755	$ 19,293,752	$ -	$ 19,293,752
Salaries and Benefits	2,003,929	1,841,655	3,845,584	2,060,995	1,947,368	4,008,363
Professional Services	450,304	416,017	866,321	336,979	390,707	727,686
Excise and Income Taxes	-	1,057,844	1,057,844	-	810,057	810,057
Depreciation	-	114,182	114,182	-	106,449	106,449
Occupancy and Other Office Expenses	267,753	456,592	724,345	287,678	385,403	673,081
Travel and Meeting Expenses	15,232	10,931	26,163	17,415	35,313	52,728
Miscellaneous Expense	1,196	6,527	7,723	898	13,590	14,488
Total Expenses	$ 24,785,169	$ 3,903,748	$ 28,688,917	$ 21,997,717	$ 3,688,887	$ 25,686,604

See accompanying Notes to Financial Statements.

NORTHWEST AREA FOUNDATION
(A MINNESOTA PRIVATE NONPROFIT CORPORATION)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributions	$ 150,000	$ 683,000
Cash Received from Dividends and Interest	6,768,521	4,235,182
Cash Received from Program Related Investments	1,029,317	14,298
Cash Received from Insurance Proceeds	-	50,000
Cash Paid for Grants	(18,182,163)	(18,897,248)
Cash Paid for Program Related Investments	(150,000)	(1,750,000)
Cash Paid to Vendors and Employees	(5,447,838)	(5,590,752)
Cash Paid for Investment Fees and Related Expenses	(1,162,330)	(1,171,108)
Cash Paid for Excise and Income Taxes	(717,343)	(110,323)
Net Cash Used by Operating Activities	(17,711,836)	(22,536,951)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	293,024,687	220,857,127
Purchases of Investments	(275,224,839)	(198,278,365)
Purchases of Leasehold Improvements, Furniture, and Equipment	(88,012)	(41,811)
Net Cash Provided by Investing Activities	17,711,836	22,536,951
DECREASE IN CASH	-	-
Cash - Beginning of Year	-	-
CASH - END OF YEAR	$ -	$ -
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Supplemental Disclosure of Noncash Investing Transactions:		
Change in Receivable for Securities with Settlements Pending	$ (4,927,190)	$ 916,369
Change in Payable for Securities with Settlements Pending	$ 476,689	$ (434,611)

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Northwest Area Foundation (the Foundation) is a private foundation incorporated under the laws of the state of Minnesota. Established in 1934 and based in St. Paul, MN, we support grantees across its region who use their wisdom, passion, and expertise to advance social, economic, and racial justice. Our funding and strategy is guided by listening to grantees and understanding how we can best be allies for our priority communities to thrive on their own terms: Native Americans, communities of color, immigrants and refugees, and people in rural areas. Our region includes the eight states of Minnesota, Iowa, North Dakota, South Dakota, Montana, Idaho, Washington, and Oregon, and more than 76 Native nations. For more information, please visit www.nwaf.org.

The Foundation was formed beginning in 1934 through the donation of three gifts totaling $10,324,294. The amount is preserved in net assets with donor restrictions. As a result, the Foundation as a whole functions as an endowment.

Basis of Presentation

In the financial statements, net assets that have similar characteristics have been combined into categories as follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations to be held in perpetuity by the Foundation. The donors of these assets permit the Foundation to use all of the income earned on these investments.

Uniform Prudent Management of Institutional Funds Act

Background

In August 2008, the state of Minnesota enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) replacing the previous Uniform Management of Institutional Funds Act (UMIFA). Under UMIFA, spending below the historic-dollar-value of an endowment was not permitted. Under UPMIFA, the historic-dollar-value threshold is eliminated, and the governing board has discretion to continue a prudent payout amount of a donor-restricted endowment even if the market value of the fund is below historic dollar value, with the expectation that, over time, the donor-restricted amount will remain intact.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uniform Prudent Management of Institutional Funds Act (Continued)

Interpretation of Relevant Law

In approving endowment, spending, and related policies, as part of the prudent and diligent discharge of its duties, the board of directors of the Northwest Area Foundation has relied upon the actions, reports, information, advice, and counsel taken or provided by its duly constituted committees, the duly appointed officers of the Northwest Area Foundation, and legal counsel, and in doing so has interpreted the law to require the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor direction 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 endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made to the fund in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Return Objectives and Risk Parameters and Strategies

The Foundation's Investment Policy Statement indicates that the Foundation will invest its portfolio in a diverse set of asset classes, aiming to achieve a rate of return sufficient to provide for charitable distribution and operating expenses. The portfolio also aims to maintain its purchasing power over time as measured by the Consumer Price Index (CPI). In order to do so and to meet its obligation to exist in perpetuity, the total return of the fund is targeted to be at least 6% plus CPI over a rolling 10-year period.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a spending policy that states each fiscal year annual budget shall be no more than 5% of the historic, rolling average value of total assets as calculated on a quarterly basis over the most recent five-year period of time. The purpose of this policy is to ensure that the Foundation is spending its assets in a fiscally responsible manner and one that will allow it to fulfill the mission of the organization. The spending policy does allow the Foundation to exceed the 5% policy amount if needed in order to meet qualified minimum distribution requirements. The spending policy also addresses other goals of the Foundation including assuring that the Foundation will exist in perpetuity as required by the Last Will and Testament of Louis W. Hill and complying with the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Cash

Cash represents funds held for use in the operations of the Foundation. As of December 31, 2021 and 2020, the Foundation's cash consisted entirely of temporary cash investments held by investment managers, which are classified as a component of investments on the statements of financial position. At times, cash at financial institutions may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Foundation's investment portfolio is structured to provide a sufficient level of investment return while maintaining prudent levels of risk, liquidity, and diversification. Investments are stated at fair value. The fair value of publicly traded securities is based upon quoted market prices and net asset values. For other securities, for which no such quotations or valuations are readily available, fair value is estimated using values provided by external investment managers. These funds are recorded at approximate fair value as determined and approved by the managers or valuation committees of the alternative investments based upon judgments, which include, among other factors, restrictions affecting marketability and operating results.

The Foundation may also be invested in fixed income securities that are not actively traded and as such quoted market prices may not be available. These investments are priced using the estimates provided by investment managers. The Foundation believes that these valuations are a reasonable estimate of fair value as of December 31, 2021 and 2020, but are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed.

Receivables and payables with settlements pending arise out of the ordinary course of purchases and sales within the Foundation's investment portfolio. These items are short-term in nature and are settled in the next year.

The Foundation invests in a variety of investment vehicles. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Changes in fair value are recorded as unrealized gains or losses in the period of change. Realized gains and losses on sales of securities are generally determined using the average cost method.

Derivative Financial Instruments

The Foundation uses derivatives principally to manage portfolio exposures and risk in the Foundation's investment holdings. As part of the Foundation's liquidity and risk management strategy the Foundation may use derivatives to protect the fair value of investments in the portfolio or the anticipated cash flows associated with the forecasted purchases and sales of certain investments. Derivatives may also be used to maintain targeted asset allocation.

Derivative instruments are measured at fair value and reported as assets or liabilities in the statements of financial position. Changes in the fair value of derivatives during the year are reported in the statements of activities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative Financial Instruments (Continued)

As of December 31, 2021, the Foundation had 130 contracts outstanding and contract exposure amounts of $19,171,486 of long positions in equity index futures, 21 contracts outstanding and contract exposure amounts of $2,899,961 of long positions in fixed income futures, 1 contract outstanding and contract exposure amounts of $79,050 of short positions in currency futures, and 17 contracts outstanding and contract exposure amounts of $2,387,013 of short positions in commodity futures.

As of **December 31, 2020**, the Foundation had 217 contracts outstanding and contract exposure amounts of $27,082,717 of long positions in equity index futures, 60 contracts outstanding and contract exposure amounts of $8,846,203 of long positions in fixed income, 2 contracts outstanding and contract exposure amounts of $156,680 of long positions in currency futures, and 10 contracts outstanding and contract exposure amounts of $1,023,125 of short positions in commodity futures.

Net realized and unrealized gains of approximately $101,181 and $9,890,885 were recognized for the years ending December 31, 2021 **and 2020**, respectively.

Program-Related Investments

Program-related investments consist of debt and equity positions in organizations that conduct activities that fulfill the charitable purposes of the Foundation. Program-related investments are initially recorded on the statements of financial position at cost when approved. Uncollected interest earned on program-related investments with a debt position is recorded as earned and included in the investment account. These investments are recoverable over periods ranging up to 15 years. Should the borrower fail to make progress toward their program goals, the Foundation can require repayment. In the event that a program-related investment is subsequently determined to be uncollectible or the value is permanently impaired, the Foundation may record the uncollectible amount as a grant appropriation or record an impairment reserve.

Accrued Investment Income

Accrued investment income includes interest and declared dividends not yet received. Interest income is recorded in the period in which it is earned, and dividend income is recorded on the ex-dividend date.

Leasehold Improvements, Furniture, and Equipment

Leasehold improvements, furniture, and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets ranging from three to five years. Assets are capitalized over $5,000. Amortization of leasehold improvements is recorded on a straight-line basis over the shorter of the lease term or the estimated useful life of the improvement.

Leasehold Incentives

During 2012, the Foundation received $336,800 from its landlord for leasehold improvements completed in December of 2012. This amount has been deferred and is being amortized over the remaining lease term of 10 years and 9 months beginning in January 2013.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants

Grant appropriations are charged to net assets without donor restrictions at the time the grant agreements are executed, subject to the approval guidelines set forth by the board of directors. Conditional grants are recognized as grant appropriations in the statements of activities and change in net assets when the conditions are met. Cancellations of grants occur when the grantees do not meet the grant terms. Grants are refunded when grant program needs are less than the appropriated amount.

Federal Taxes

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is not subject to federal income taxes except for income from its unrelated business activities.

Under Section 4940 of the IRC, the Foundation is subject to an 1.39% excise tax on its taxable investment income received, which principally includes income from investments plus net realized capital gains. Net capital losses, however, are not deductible.

Deferred taxes result from certain income and expense items being accounted for in different time periods for financial statement purposes than for federal excise and income tax purposes. Deferred excise tax expense (benefit) arises from the change in unrealized appreciation (depreciation) in fair value of investments and accrued investment income. The deferred excise tax provision (benefit) is calculated utilizing a 1.39% excise tax rate.

The Foundation files as a tax-exempt organization. Should that status be challenged in the future, all years since inception would be subject to review by the Internal Revenue Service (IRS).

Fair Value Measurement

Fair value measurement establishes a framework for measuring fair value, a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

The Foundation accounts for its investments at fair value. The Foundation has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Liquidity

The Foundation has a liquidity policy intended to ensure that the Foundation's investment portfolio remains sufficiently liquid regardless of market conditions. The Foundation's management and investment committee regularly review the policy to incorporate the Foundation's changing liquidity needs, level of private investments, and the overall liquidity profile of the investment portfolio. As part of its liquidity management the Foundation invests cash in excess of daily requirements in short-term investments.

The following reflects the Foundation's financial assets available to meet general expenditures within one year of the balance sheet date.

	2021	2020
Grants Receivable	$ -	$ 150,000
Program-Related Investments	528,910	1,043,757
Investments Appropriated for Current Use	22,300,000	24,200,000
Financial Assets Available Within One Year to Meet Cash Needs for General Expenditures Within One Year	$ 22,828,910	$ 25,393,757

The Foundation's maximum annual budget is limited by a spending policy of no more than 5% of the historic, rolling average value of total assets as calculated on a quarterly basis over the most recent five-year period. For the fiscal years 2020 and 2021, the Foundation's board of directors approved an additional $2 million per year over and above the spending policy calculation as part of its response to the economic and social crises in the Foundation's priority communities resulting from the COVID-19 pandemic. As a result of this policy, $22.3 million of appropriations will be available for general expenditures within the next 12 months.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. The reclassifications had no effect on the change in net assets or total net assets as previously reported.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through August 10, 2022, the date the financial statements were approved to be issued.

NOTE 2 INVESTMENTS

Investments consist of the following at December 31:

	2021	2020
Investments, at Fair Value (Cost Value: December 31, 2021 and 2020 - $389,606,751 and $354,471,614, Respectively):		
Temporary Cash Investments	$ 13,622,655	$ 10,033,311
Public Fixed Income	49,533,771	35,801,887
Private Credit	55,656,219	50,730,748
Public Equities	287,487,963	247,875,049
Private Equities	67,530,922	45,467,012
Real Assets	45,951,900	53,795,323
Diversifying Strategies	33,846,203	51,140,847
Total Investments	$ 553,629,633	$ 494,844,177

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation values all other assets and liabilities refer to Note 1 – Summary of Significant Accounting Policies.

NOTE 3 FAIR VALUE MEASUREMENTS

Assets measured at fair value on a recurring basis as of December 31:

	2021			
	Level 1	Level 2	Level 3	Total
Public Fixed Income	$ 35,892,574	$ -	$ -	$ 35,892,574
Public Equities	89,136,767	-	-	89,136,767
Total	$ 125,029,341	$ -	$ -	125,029,341
Temporary Cash Investments				13,622,655
Investments Measured at Net Asset Value Per Share or its Equivalent				414,977,637
Total Investments				$ 553,629,633

	2020			
	Level 1	Level 2	Level 3	Total
Public Equities	$ 33,791,643	$ -	$ -	$ 33,791,643
Total	$ 33,791,643	$ -	$ -	33,791,643
Temporary Cash Investments				10,033,311
Investments Measured at Net Asset Value Per Share or its Equivalent				451,019,223
Total Investments				$ 494,844,177

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of December 31:

	2021 Net Asset Value	2020 Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Public Fixed Income	$ 13,641,197	$ 35,801,887	$ -	Daily	3 - 8 days
Private Credit	55,656,219	50,730,748	18,427,849	N/A	N/A
Public Equities	75,403,756	82,221,426	-	Quarterly	60 Days
Public Equities	41,476,212	44,720,673	-	Monthly	5 - 30 Days
Public Equities	33,584,218	32,013,370	-	Weekly	3 days
Public Equities	33,652,936	44,282,021	-	Daily	3 days
Public Equities	14,234,074	10,845,916	-	N/A	N/A
Private Equities	67,530,922	45,467,012	20,849,779	N/A	N/A
Real Assets	45,951,900	43,812,957	16,556,517	N/A	N/A
Real Assets	-	5,398,275	-	Quarterly	30 Days
Real Assets	-	4,584,091	-	Daily	15 Days
Diversifying Strategies	25,382,295	33,956,097	-	Quarterly	60 - 90 Days
Diversifying Strategies	7,724,256	13,988,449	-	Monthly	7 - 30 Days
Diversifying Strategies	739,652	3,196,301	-	N/A	N/A
Total	$ 414,977,637	$ 451,019,223	$ 55,834,145		
Cash	13,622,655	10,033,311	-		
Level 1 - non NAV investments	125,029,341	33,791,643	-		
	553,629,633	494,844,177	55,834,145		

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

The Foundation's investment portfolio includes individual securities, mutual funds, commingled vehicles, collective trusts, limited partnerships and non-U.S. corporations.

Public fixed income seeks to generate regular, reasonably predictable income. The most common type of fixed income instrument is the bond. Bonds are issued by governments and corporations and offer the investor a defined schedule of obligatory interest payments. Investing in fixed income securities provides diversification, interest income, and stability to the overall portfolio.

Private credit strategies invest in a variety of debt instruments. Distributions from funds are received when the underlying investments in the funds generate distributable cash flows or when the investments are liquidated. Private credit investments provide diversification, interest income, and growth potential to the overall portfolio.

Public equities represent an ownership interest in a company. Investing in equity securities provides diversification, dividend income, and growth potential.

Private equities include a variety of strategies including venture capital, buyouts, secondary funds, and direct investments. This exposure is obtained primarily through investments in long dated limited partnership vehicles and is considered illiquid. The unobservable inputs used to determine the fair value have been estimated based on the capital account balances reported by the fund managers subject to management and third-party review and judgment. Investing in private equity offers diversification, growth potential and accessibility to a broader range of companies.

Real assets include physical or identifiable assets that have intrinsic utility. Investments in this category may include minerals, metals, land, and other natural resources as well as infrastructure, aircraft and real estate. Real asset strategies provide diversification, inflation hedging and risk reduction benefits to the overall portfolio.

Diversifying strategies include a variety of investments (derivatives, equities, fixed income, and unconventional assets). The unobservable inputs used to determine the fair value have been estimated based on the capital account balances reported by the fund managers subject to management and third-party review and judgment. Diversifying strategies provide diversification and risk reduction benefits to the overall portfolio.

NOTE 4 PROGRAM-RELATED INVESTMENTS

Program-related investments consist of the following at December 31:

Regional Focus	Type	Maturity	2021	2020
Rural	Debt	2022-2026	$ 4,900,000	$ 5,400,000
Reservation	Debt	2022-2027	1,475,000	1,325,000
Urban	Debt	2022-2027	2,528,910	3,058,227
Urban	Equity	N/A	500,000	500,000
Multiple	Debt	2022-2025	2,500,000	2,500,000
Subtotal			11,903,910	12,783,227
Less: Discount on Program Related Investments			(633,036)	(510,039)
Interest Receivable (at Varying Rates up to 3.25% and Maturities through 2027)			80,375	11,424
Total			$ 11,351,249	$ 12,284,612

During the year ended December 31, 2021, the Foundation distributed one new program-related investment totaling $150,000, and during the year ended **December 31, 2020**, the Foundation distributed three new program-related investments totaling $1,750,000.

No program related investments were past due as of December 31, 2021 **and 2020**, and no allowance for credit losses has been created for any potential uncollectible program-related investments as of December 31, 2021 **and 2020**. The Foundation discounted loans that were made at below-market-rate interest rates. The discount as of December 31, 2021 **and 2020** was $633,036 and $510,039.

NOTE 5 FIXED ASSETS

Fixed assets consist of the following at December 31:

	2021	2020
Leasehold Improvements	$ 2,265,826	$ 2,265,826
Furniture and Equipment	702,270	702,270
Computer Hardware and Software	448,499	414,155
Work In Progress	53,668	-
Total	3,470,263	3,382,251
Less: Accumulated Depreciation	(3,207,103)	(3,092,921)
Total Fixed Assets	$ 263,160	$ 289,330

NOTE 6 GRANTS

Grant activity for the years ended December 31 is summarized as follows:

	2021	2020
Unpaid Commitments - Beginning of Year	$ 6,793,614	$ 6,397,110
Grant Appropriations, Net of Cancellations and Refunds (*)	22,046,755	19,293,752
Less: Imputed Interest on PRIs	(16,710)	-
Payments (*)	(18,182,163)	(18,897,248)
Unpaid Commitments - End of Year	$ 10,641,496	$ 6,793,614

(*) Does not include program-related investments

Conditional grants made where conditions have not yet been met totaled $165,000 and $230,000 at December 31, 2021 and 2020, respectively.

NOTE 7 FEDERAL EXCISE TAX PROVISION AND DISTRIBUTION REQUIREMENTS

Federal excise taxes for the years ended December 31 consisted of the following:

	2021	2020
Provision:		
Current Expense	$ 728,149	$ 466,867
Deferred	329,695	343,190
Total	$ 1,057,844	$ 810,057
Liability:		
Current	$ 114,574	$ 103,768
Deferred	2,279,918	1,950,223
Total	$ 2,394,492	$ 2,053,991

For the years ended December 31, 2021 and 2020, the provision also includes UBIT expense of $30,337 and $10,323, respectively.

The Foundation is subject to the distribution requirements of the IRC. Accordingly, it must make qualified distributions within one year after the end of each fiscal year of at least 5% of the average market value of its assets as defined to avoid an additional excise tax. The Foundation has complied with these distribution requirements for the years ended December 31, 2021 and 2020.

NOTE 8 CAPITAL STOCK

Included in net assets without donor restrictions are 10 shares of capital stock. Under the terms established in the Foundation's by-laws, these 10 shares of capital stock have a zero par value. The trustees hold all 10 shares as a unit, and individuals do not hold separate identifiable shares. No dividends are paid on these shares, nor do any net earnings of the Foundation benefit any stockholder.

NOTE 9 RELATED PARTY TRANSACTIONS

The Foundation compensates its board of directors for their governance responsibilities, and for the grant portfolio oversight responsibilities they assume as directors of the Foundation. For the years ended December 31, 2021 and 2020, this compensation totaled $244,525 and $243,350, respectively.

During the year, grants may have been approved and disbursed to organizations in which board members are involved through board or other advisory relationships. It is the Foundation's policy to require all board members to disclose any conflicts of interest. These board members are prohibited from voting on grants to those organizations for which a conflict may exist.

NOTE 10 FUNCTIONAL ALLOCATION OF EXPENSES

Program expenses include grants, the cost of direct program services, and an allocation of costs required to run the programs. Management and general expenses include all expenses incidental to operating the Foundation. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Those expenses include occupancy, building maintenance, insurance, salaries and benefits, and the information technology department. Occupancy, building maintenance and insurance are allocated based on square footage, while salaries and benefits are allocated based on estimates of time and effort. The information technology department is allocated based on estimates of time and costs of specific technology utilized.

NOTE 11 EMPLOYEE PENSION PLAN

The Foundation has an employee pension plan operated as a self-funded money purchase plan. This is a defined noncontributory plan available to all employees who work a minimum of 1,000 hours per year, following one full year of service. The plan provides for an annual contribution of 11% of each eligible participant's earned compensation up to the IRS permissible maximum of $290,000 for 2021 and $285,000 for 2020. Contributions to the plan for the years ended December 31, 2021 and 2020 were $287,895 and $292,619, respectively.

NOTE 12 LEASE COMMITMENTS

In March 2001, the Foundation entered into a 10-year noncancelable operating lease for office space, which commenced on May 6, 2002. Under this lease agreement, the Foundation pays operating costs for the leased property. This lease agreement has renewal options for up to 10 additional years. In June 2011, the Foundation exercised the renewal option on its current office space lease. This lease amendment commenced on October 1, 2011 and is for the 12-year period from October 1, 2011 through September 30, 2023. Under this amendment, the Foundation will continue to pay operating costs (prorated share of utilities, property taxes, maintenance of common areas, etc.) for the leased space in addition to rent. Total rent expense was $229,840 for each of the years ended December 31, 2021 and 2020.

Future minimum rental payments at December 31, 2021 are as follows:

Year Ending December 31,	Amount
2022	$ 261,170
2023	195,878
Total	$ 457,048