

**COMMUNITY FOUNDATION OF
GREATER NEW BRITAIN**

**Independent Auditors' Report
Financial Statements**

December 31, 2021 and 2020



ASSURANCE | ADVISORY | TAX | TECHNOLOGY

COMMUNITY FOUNDATION OF GREATER NEW BRITAIN

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Community Foundation of Greater New Britain

Opinion

We have audited the accompanying financial statements of Community Foundation of Greater New Britain (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes 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 the Foundation as of December 31, 2021 and 2020, 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 the 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 the Foundation'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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 the 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 the 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of program and supporting services expenses for the year ended December 31, 2021 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Hartford, Connecticut
June 15, 2022

COMMUNITY FOUNDATION OF GREATER NEW BRITAIN

Statements of Financial Position

December 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,049,282	\$ 863,074
Investments held for Community Chest of New Britain and Berlin, Inc.	-	67,188
Contributions receivable	20,653	89,382
Prepaid expenses	16,454	25,224
Total current assets	<u>1,086,389</u>	<u>1,044,868</u>
Other assets:		
Investments	59,545,999	53,668,454
Split-interest agreements	31,718	48,154
Total investments	<u>59,577,717</u>	<u>53,716,608</u>
Property, plant and equipment, net	<u>379,686</u>	<u>393,353</u>
Total other assets	<u>59,957,403</u>	<u>54,109,961</u>
Total assets	<u><u>\$ 61,043,792</u></u>	<u><u>\$ 55,154,829</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 80,284	\$ 67,666
Refundable advance - Paycheck Protection Program	-	102,298
Grants payable	97,561	130,434
Due to Community Chest of New Britain and Berlin, Inc.	-	67,188
Total current liabilities	<u>177,845</u>	<u>367,586</u>
Long-term liabilities:		
Liability under charitable gift annuities	2,610	5,885
Agency endowments	8,631,579	7,542,860
Total long-term liabilities	<u>8,634,189</u>	<u>7,548,745</u>
Total liabilities	<u>8,812,034</u>	<u>7,916,331</u>
Net assets:		
Without donor restrictions	52,117,187	47,151,028
With donor restrictions	114,571	87,470
Total net assets	<u>52,231,758</u>	<u>47,238,498</u>
Total liabilities and net assets	<u><u>\$ 61,043,792</u></u>	<u><u>\$ 55,154,829</u></u>

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

COMMUNITY FOUNDATION OF GREATER NEW BRITAIN

Statements of Activities and Changes in Net Assets

For the years ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues						
Support:						
Gifts and contributions	\$ 985,917	\$ 105,191	\$ 1,091,108	\$ 2,292,941	\$ 41,542	\$ 2,334,483
Less: agency endowment gifts	(309,811)	-	(309,811)	(40)	-	(40)
Total gifts and contributions	676,106	105,191	781,297	2,292,901	41,542	2,334,443
Revenues:						
Realized and unrealized gains on investments	5,095,169	-	5,095,169	4,081,432	-	4,081,432
Interest and dividends, net of investment fees	1,338,716	-	1,338,716	915,058	-	915,058
Change in value of split-interest agreements	-	(13,161)	(13,161)	-	(6,449)	(6,449)
Miscellaneous revenue	64,002	-	64,002	70,338	-	70,338
Rent revenue	56,296	-	56,296	56,430	-	56,430
Paycheck Protection Program	102,298	-	102,298	-	-	-
Total revenues	6,656,481	(13,161)	6,643,320	5,123,258	(6,449)	5,116,809
Net assets released from restrictions	64,929	(64,929)	-	59,498	(59,498)	-
Total support and revenues	7,397,516	27,101	7,424,617	7,475,657	(24,405)	7,451,252
Operating Expenses						
Program	1,775,121	-	1,775,121	1,795,024	-	1,795,024
Management and general	623,879	-	623,879	583,294	-	583,294
Development	32,357	-	32,357	34,352	-	34,352
Total operating expenses	2,431,357	-	2,431,357	2,412,670	-	2,412,670
Change in net assets	4,966,159	27,101	4,993,260	5,062,987	(24,405)	5,038,582
Net assets, beginning of year	47,151,028	87,470	47,238,498	42,088,041	111,875	42,199,916
Net assets, end of year	\$ 52,117,187	\$ 114,571	\$ 52,231,758	\$ 47,151,028	\$ 87,470	\$ 47,238,498

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

COMMUNITY FOUNDATION OF GREATER NEW BRITAIN

Statements of Functional Expenses

For the years ended December 31, 2021 and 2020

	2021				2020			
	Program	Management and General	Development	Total	Program	Management and General	Development	Total
Grants awarded	\$ 1,248,698	\$ -	\$ -	\$ 1,248,698	\$ 1,307,940	\$ -	\$ -	\$ 1,307,940
Less: agency endowments	(246,220)	-	-	(246,220)	(228,160)	-	-	(228,160)
Net grants awarded	1,002,478	-	-	1,002,478	1,079,780	-	-	1,079,780
Scholarships awarded	300,439	-	-	300,439	253,415	-	-	253,415
Total grants and scholarships	1,302,917	-	-	1,302,917	1,333,195	-	-	1,333,195
Other expenses:								
Salaries and wages	277,354	306,824	15,827	600,005	246,793	312,888	15,892	575,573
Employee benefits	53,562	79,643	1,484	134,689	50,498	80,791	1,609	132,898
Consulting	47,390	-	-	47,390	50,940	-	-	50,940
Building-related costs	19,490	32,282	1,112	52,884	17,193	31,733	1,107	50,033
Payroll taxes	20,807	22,738	1,162	44,707	18,332	23,355	1,151	42,838
Program expense	21,678	-	-	21,678	38,256	-	-	38,256
Legal, accounting and professional fees	939	35,175	-	36,114	15,074	29,031	87	44,192
Miscellaneous	756	9,149	-	9,905	921	5,456	-	6,377
Printing and publications	7,391	52,350	5,107	64,848	7,202	13,254	8,376	28,832
Conferences, conventions and meetings	4,542	6,117	1,040	11,699	1,154	4,507	-	5,661
Depreciation	-	37,690	-	37,690	-	39,179	-	39,179
Computer software and support	8,371	17,210	5,227	30,808	6,283	16,742	5,253	28,278
Office expense	3,519	13,499	1,301	18,319	2,194	13,967	840	17,001
Travel	459	895	97	1,451	837	335	37	1,209
Insurance	478	6,170	-	6,648	1,195	5,763	-	6,958
Membership dues and subscriptions	4,208	2,301	-	6,509	3,792	2,145	-	5,937
Events	-	633	-	633	750	3,636	-	4,386
Website	1,260	1,203	-	2,463	415	512	-	927
Total other expenses	472,204	623,879	32,357	1,128,440	461,829	583,294	34,352	1,079,475
Total operating expenses	\$ 1,775,121	\$ 623,879	\$ 32,357	\$ 2,431,357	\$ 1,795,024	\$ 583,294	\$ 34,352	\$ 2,412,670

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

COMMUNITY FOUNDATION OF GREATER NEW BRITAIN

Statements of Cash Flows

December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets:	\$ 4,993,260	\$ 5,038,582
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	37,690	39,179
Realized gains on investments	(2,775,819)	(99,522)
Unrealized gains on investments	(2,319,350)	(3,981,910)
Paycheck Protection Program forgiveness	(102,298)	-
(Increase)/decrease in assets:		
Contributions receivable	68,729	2,384
Prepaid expenses	8,770	448
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	12,618	18,161
Refundable advance - Paycheck Protection Program	-	102,298
Grants payable	(32,873)	(76,697)
Liability under charitable gift annuities	(3,275)	(2,329)
Agency endowments	1,088,719	565,277
Net change in cash from operating activities	<u>976,171</u>	<u>1,605,871</u>
Cash flows from investing activities:		
Proceeds from sale of investments	7,140,870	2,052,909
Purchase of investments	(7,906,810)	(3,792,553)
Purchase of property and equipment	(24,023)	(20,623)
Net change in cash from investing activities	<u>(789,963)</u>	<u>(1,760,267)</u>
Net change in cash and cash equivalents	186,208	(154,396)
Cash and cash equivalents, beginning of year	<u>863,074</u>	<u>1,017,470</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,049,282</u></u>	<u><u>\$ 863,074</u></u>

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

COMMUNITY FOUNDATION OF GREATER NEW BRITAIN

Notes to the Financial Statements

December 31, 2021 and 2020

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The Community Foundation of Greater New Britain (the “Foundation”) is a community foundation serving Berlin, New Britain, Plainville and Southington, Connecticut. The Foundation's mission is to improve the quality of life in the communities it serves by addressing community needs with strategic grant-making, initiatives and partnerships, developing and managing permanent endowments and gifts, and promoting informed philanthropy by providing donors convenient, cost-effective ways to improve their communities.

Basis of Accounting and Presentation – The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America.

The Foundation records its net assets according to the following two classifications:

Without donor restrictions – These net assets are defined as assets that are free of donor-imposed stipulations and include all investment income and appreciation not subject to donor-imposed stipulations. The Foundation's financial statements classify substantially all funds, including the corpus of endowment funds, as without donor stipulations.

With donor restrictions – These net assets include contributions and other inflows of assets whose use by the Foundation is limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Board of Directors.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, either when a time restriction ends or a purpose restriction is accomplished, new assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Variance Power – Accounting principles generally accepted in the United States of America provide that if the governing body of an organization has the unilateral power to redirect the use of a donor's contribution to another beneficiary, such contributions must be classified as net assets without donor restrictions. The Board of Directors of the Foundation has that ability known as variance power. The Board of Directors has adopted a policy describing the criteria and limited circumstances under which the Foundation would exercise this power. Accordingly, the Foundation's financial statements classify substantially all funds, including the corpus of endowment funds, as net assets without donor restrictions, but segregate for internal management and endowment recordkeeping the portion that is held as endowment from the funds that are currently available for grant administration.

Use of Estimates – The Foundation uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents – Cash equivalents include all highly liquid instruments with an original maturity of three months or less.

The Foundation maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash equivalents.

Property, Plant and Equipment – Property, plant and equipment acquisitions and improvements thereon that exceed \$1,000 are capitalized at cost, or if donated, at the approximate fair value on the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets ranging from 3 to 30 years. Repairs and maintenance are charged to expense as incurred.

Donated Assets – Donated marketable securities and other assets are recorded as contributions at their fair values as of the date of donation.

Investments – Investments in marketable debt securities, equity securities, money market funds and mutual funds with readily determinable fair values are stated at fair value in the statements of financial position. Investments in hedge funds and private equity funds are valued at fair values that are not readily determinable. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities and changes in net assets.

The Foundation follows an investment policy to meet its primary investment goals of preserving the long-term purchasing power of Foundation assets for future generations, while providing the maximum funding possible for current community needs. The long-term investment return objective for the Foundation's endowed assets is to earn 5.5% above the rate of inflation as measured by the Urban Consumer Price Index, at a moderate level of risk. This target rate of return is based on a diversified asset allocation model that incorporates investments in domestic and international equities, fixed income, hedge fund of funds, and private equity investments. The investment portfolio is overseen by the Foundation's Finance and Investments Committee, under direction of the Board of Directors. The Committee meets regularly with the Foundation's investment managers to review investment policy, asset selection and allocation, and to monitor performance of the portfolios. The Foundation complies with the current Uniform Prudent Management of Institutional Funds Act ("UPMIFA") regulations in Connecticut.

Investment Pools – The Foundation maintains master investment accounts for endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated to the individual endowments based on the relationship of the market value of each endowment to the total market value of the master investment accounts, as adjusted for additions to or withdrawals from those accounts.

Fair Value Measurements – The Foundation follows the Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification, (FASB ASC 820) which defines fair value and establishes a framework for measuring fair value in generally accepted accounting principles. The topic defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The topic also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Three levels of inputs may be used to measure fair values:

- Level 1 — Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2 — Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 — Significant unobservable inputs that reflect the Foundation's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Valuation techniques based on unobservable inputs are highly subjective and require judgments regarding significant matters such as the amount and timing of future cash flows and the selection of discount rates that may appropriately reflect market and credit risks. Changes in these judgments often have a material impact on the fair value estimates. In addition, since these estimates are as of a specific point in time, they are susceptible to material near-term changes.

Split-Interest Agreements – Split-interest agreements consist of assets donated for the benefit of the Foundation and other 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 Foundation is notified of the existence of the agreement. The accounting treatment varies depending upon the type of agreement created and whether the Foundation or a third party is the trustee.

Spending Policy – The Foundation utilizes a spending policy based upon the total return concept, which emphasizes total investment return, consisting of investment income and realized and unrealized gains and losses. Under the spending policy, a distribution of investment return is independent of the cash yield and appreciation of investments in that year. This spending formula is designed specifically to stabilize annual spending levels and to preserve the real value of the fund portfolio over time. The Foundation's spending policy is generally 5.5% of the previous 20 quarters' average market values, subject to a floor of 4.0% and ceiling of 6.0% based on the market value at September 30. For 2021, the Foundation in some instances limited spending to a range of 2.2% to 4.0% depending on an evaluation of a fund's historic gift value compared to its fair market value at September 30, 2020. This calculation is used to protect funds from declines in real value during down markets. The amount available for spending was \$2,455,510 and \$2,353,410 for the years ended December 31, 2021 and 2020, respectively. These amounts are available for grant making and administrative expenses to support the operation of the Foundation for that respective year. For the years ending December 31, 2021 and 2020, total expenses for the Foundation amounted to \$2,431,357 and \$2,412,670, respectively. Expenses in excess of spending policy limitations were funded by other revenue sources that were to be used towards the Foundation's operations.

Scholarships – Multi-year scholarship awards are considered conditional grants payable. The financial statements do not reflect the amount of scholarships payable due to their nature, contingency and inability to determine the reasonableness that conditions will be met in the future. The unrecorded scholarships payable are not material to the financial statements.

Income Taxes – The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation. Accordingly, no provision has been made in the accompanying financial statements for federal or state income taxes.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses – The statements of activities and changes in net assets present expenses by natural classification. The Foundation also summarizes its expenses by functional classification in the statements of functional expenses.

Salaries, wages and benefits are charged directly to the program for which work has been done based on management estimates. Overhead is based on staff allocation to functional areas. Operation and maintenance of property and plant are allocated based on square footage.

Reclassifications – Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation.

Subsequent Events – The Foundation monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for the year ended December 31, 2021 through June 15, 2022, the date on which the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Foundation's financial assets available for general expenditure within one year of December 31, are as follows:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 1,049,282	\$ 863,074
Contributions receivable	20,653	89,382
Investments	59,545,999	53,668,454
Total financial assets	<u>60,615,934</u>	<u>54,620,910</u>
Less: Amounts unavailable for general expenditure within one year:		
Restricted by donors with purpose restrictions	(85,463)	(45,201)
Agency funds	(8,631,579)	(7,542,860)
Quasi-endowment	<u>(50,914,420)</u>	<u>(46,125,594)</u>
Total amounts unavailable for general expenditure within one year	<u>(59,631,462)</u>	<u>(53,713,655)</u>
	984,472	907,255
Spending policy amount expected to be available for use	<u>2,470,000</u>	<u>2,350,000</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 3,454,472</u>	<u>\$ 3,257,255</u>

The Foundation has net assets without donor restrictions totaling \$26,185,311 that could be made available by a vote of the board of directors.

NOTE 3 – AGENCY ENDOWMENTS

The Foundation accepts contributions from donors and agrees to transfer those assets, the return on investments on those assets, or both, to another entity on the donors' behalf. Accounting standards require that if an independent nonprofit organization establishes a component fund at a community foundation with its own resources and specifies itself or its affiliate as the beneficiary of those resources the community foundation must record the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments. The Foundation maintains variance power and legal ownership of these endowment funds managed for others and, as such, reports the funds as assets of the Foundation with a corresponding liability. The agency endowment balances as of December 31, 2021 and 2020 were \$8,631,579 and \$7,542,860, respectively.

NOTE 4 – SPLIT-INTEREST AGREEMENTS

Charitable Gift Annuities – The Board of Directors of the Foundation established a Charitable Gift Annuity program. Under the terms of the program, contributions are received from donors in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to a donor or individuals designated by the donor. Annuities contracts may be established for either one or two lives and provide that fixed payments be made to the annuitants for the remainder of their lives. Upon maturity of the annuity contract, any remaining assets revert back to the Foundation for purposes as specified in the Charitable Gift Annuity contract. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. Three annuity contracts matured in 2021 and no annuity contracts matured in 2020. During 2021 assets of \$14,523 were reverted to the Foundation.

NOTE 5 – INVESTMENTS

The following table presents the investments measured at fair value as of December 31, 2021:

	Level 1	Level 2	Level 3	Fair Value
Short-term investments	\$ 369,317	\$ -	\$ -	\$ 369,317
Mutual funds	50,762,119	-	-	50,762,119
Private equity fund	-	-	2,931,883	2,931,883
Total investments, at fair value	51,131,436	-	2,931,883	54,063,319
Hedge funds valued at NAV	-	-	-	5,514,398
Total investments	<u>\$ 51,131,436</u>	<u>\$ -</u>	<u>\$ 2,931,883</u>	<u>\$ 59,577,717</u>

The following table presents the investments measured at fair value as of December 31, 2020:

	Level 1	Level 2	Level 3	Fair Value
Short-term investments	\$ 55,361	\$ -	\$ -	\$ 55,361
Mutual funds	46,956,299	-	-	46,956,299
Exchange traded funds	166,104	-	-	166,104
Private equity fund	-	-	1,988,948	1,988,948
Total investments, at fair value	47,177,764	-	1,988,948	49,166,712
Hedge funds valued at NAV	-	-	-	4,549,896
Total investments	<u>\$ 47,177,764</u>	<u>\$ -</u>	<u>\$ 1,988,948</u>	<u>\$ 53,716,608</u>

NOTE 5 – INVESTMENTS (CONTINUED)

The Foundation invests in private equity funds. As of December 31, 2021 and 2020, the unfunded capital commitment for the funds was \$3,215,000 and \$1,710,000, respectively.

The following is a description of valuation methodologies used for assets measured at fair value:

Short term investments – Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds and exchange traded funds (ETF's) – Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (“NAV”) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Private equity fund – Valued based upon an appraisal. This appraisal was based upon a combination of the market and income valuation techniques.

Hedge funds – Valued as of the close of business at the end of each month in accordance with the valuation principles set forth below or as may be determined from time to time pursuant to policies established by the Board. The NAV is used as a practical expedient to estimate fair value is based on the fair value of the underlying investments held by the fund less its liability.

The following table sets forth a summary of changes in the fair value of the Foundation’s level 3 assets:

	Private Equity Funds
Balance, January 1, 2020	\$ 885,603
Unrealized gains	266,717
Transfers	836,628
Balance, December 31, 2020	1,988,948
Unrealized/realized gains	992,980
Transfers	(50,045)
Balance, December 31, 2021	<u><u>\$ 2,931,883</u></u>

NOTE 6 – ENDOWMENT

The Foundation follows the Not-for-Profit Entities topic of the FASB Accounting Standards Codification (FASB ASC 958), which describes the information that needs to be disclosed regarding its endowment funds. The topic requires certain minimum disclosures comprised of the description of the Foundation’s spending policy, as well as its endowment investment policies. It also requires the following disclosures regarding the composition of the Foundation’s endowment by net asset class and a reconciliation of the beginning and ending balance of the Foundation’s endowment.

NOTE 6 – ENDOWMENT (CONTINUED)

The Foundation's endowment is comprised of investments and split-interest agreements. The reconciliation of the Foundation's endowment by net asset category is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance as of January 1, 2020	\$ 47,838,600	\$ 56,932	\$ 47,895,532
Interest and dividends, net of investment fees	911,973	-	911,973
Net appreciation	4,081,432	-	4,081,432
Additions	2,334,443	-	2,334,443
Amounts appropriated for expenditure	(2,393,038)	(2,329)	(2,395,367)
Change in agency endowment	895,044	-	895,044
Change in split-interest agreements	-	(6,449)	(6,449)
Balance as of December 31, 2020	53,668,454	48,154	53,716,608
Interest and dividends, net of investment fees	1,338,423	-	1,338,423
Net appreciation	5,095,169	-	5,095,169
Additions	781,297	-	781,297
Amounts appropriated for expenditure	(2,567,766)	(3,275)	(2,571,041)
Change in agency endowment	1,230,422	-	1,230,422
Change in split-interest agreements	-	(13,161)	(13,161)
Balance as of December 31, 2021	<u>\$ 59,545,999</u>	<u>\$ 31,718</u>	<u>\$ 59,577,717</u>

The interest and dividends, net of investment expenses, above, does not include interest on unendowed funds. Interest on unendowed funds were \$293 and \$3,085 for the years ended December 31, 2021 and 2020, respectively.

As of December 31, 2021 and 2020 there were 3 and 9 funds, respectively, with market values that were less than their historic gift amount. Historic gift amounts for the funds totaled \$424,939 and market value totaled \$414,727 as of December 31, 2021. Historic gift amounts for underwater funds as of December 31, 2020 totaled \$1,011,302 and market value totaled \$956,193.

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

The cost and accumulated depreciation of property, plant, and equipment are as follows as of December 31, 2021:

	Cost	Accumulated Depreciation	Net Book Value
Land and building	\$ 811,404	\$ 448,126	\$ 363,278
Furniture and equipment	106,979	90,571	16,408
Total	<u>\$ 918,383</u>	<u>\$ 538,697</u>	<u>\$ 379,686</u>

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The cost and accumulated depreciation of property, plant, and equipment are as follows as of December 31, 2020:

	Cost	Accumulated Depreciation	Net Book Value
Land and building	\$ 797,664	\$ 417,106	\$ 380,558
Furniture and equipment	96,696	83,901	12,795
Total	<u>\$ 894,360</u>	<u>\$ 501,007</u>	<u>\$ 393,353</u>

NOTE 8 – NET ASSETS

Net assets without donor restrictions represent contributions, gifts, management fees and income from investments that can be used for the general purpose of the Foundation. Designations of net assets without donor restrictions by the Board of Directors are recorded as net assets without donor restrictions because such designations can be changed by a vote of the Board.

Net assets without donor restrictions are comprised as follows at December 31,:

	2021	2020
Board designated discretionary funds	\$ 26,185,311	\$ 23,937,716
Field of interest funds	4,442,678	4,009,321
Donor advised funds	3,152,552	2,597,412
Scholarship funds	9,489,434	8,649,642
Donor designated funds	<u>8,847,212</u>	<u>7,956,937</u>
Total net assets without donor restrictions	<u>\$ 52,117,187</u>	<u>\$ 47,151,028</u>

Net assets with donor restrictions represent contributions, gifts and income from investments that can be used for the purposes specified by the donor.

NOTE 8 – NET ASSETS (CONTINUED)

Net assets with donor restrictions are comprised as follows at December 31,:

	2021			
	Beginning	Additions	Release	Ending
Related program activities	\$ 45,201	\$ 105,191	\$ (64,929)	\$ 85,463
Charitable gift annuities	42,269	(13,161)	-	29,108
Total	<u>\$ 87,470</u>	<u>\$ 92,030</u>	<u>\$ (64,929)</u>	<u>\$ 114,571</u>

	2020			
	Beginning	Additions	Release	Ending
Related program activities	\$ 63,157	\$ 41,542	\$ (59,498)	\$ 45,201
Charitable gift annuities	48,718	(6,449)	-	42,269
Total	<u>\$ 111,875</u>	<u>\$ 35,093</u>	<u>\$ (59,498)</u>	<u>\$ 87,470</u>

NOTE 9 – REFUNDABLE ADVANCE - PAYCHECK PROTECTION PROGRAM

During May 2020, the Foundation received approval for a Small Business Administration (“SBA”) Paycheck Protection Program (“PPP”) loan in the amount of \$102,298. Under the PPP, funds are forgivable if utilized for qualified expenditures according to the program criteria incurred over a period of eight to twenty four weeks following the date of funding. In order to qualify for forgiveness, at least 60% of the funding must be spent on eligible payroll expenses, and up to 40% may be spent on other eligible expenditures, such as rent and utilities. As outlined by the SBA, any unforgiven balance must be repaid over two years at an annual interest rate of 1% with an initial deferment period of ten months from the end of the covered period (interest will accrue). The Foundation received full forgiveness of the loan on March 26, 2021. In accordance with ASC 958-605 *Not-for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, the Foundation has recorded the transaction as a conditional contribution. All conditions were met during the year ended December 31, 2021, and the full amount is therefore included as support and revenues on the statement of activities and changes in net assets for the year ended December 31, 2021.

NOTE 10 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

Supporting services include management and general expenses. These functions are necessary to maintain and ensure an adequate working environment, to provide coordination and articulation of the Foundation's program mission, ensure proper administrative functioning of the Board of Directors and management of the financial and budgetary responsibilities of the Foundation. Also included in these expenses are development expenses, which provide the structure necessary to encourage and secure financial support from individuals, businesses and foundations.

NOTE 10 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES (CONTINUED)

The following program services are included in the accompanying financial statements:

Grants

The Foundation distributes grants from discretionary, donor advised, designated and field of interest funds to organizations and projects that benefit the communities of New Britain, Berlin, Plainville and Southington. The Foundation's grant-making strategy is intended to strengthen the capacity of the organizations and the community as a whole. Grants are awarded across a broad range of fields focusing on four areas of priority. The areas of priority are youth development, leadership development, education from early childhood to adulthood, and creating a greater awareness of the area's strengths and assets.

These priorities are achieved through a range of programs including arts and culture, community and economic development, civic affairs, education, health, the environment and social services.

Scholarships

The Foundation distributes scholarship awards from managed scholarship funds according to the criteria established by the donors. The Foundation distributes scholarship awards from its own discretionary funds by committee. Recipients are primarily students from Berlin, New Britain, Plainville and Southington graduating from high school and planning to further their education.

Program Expenses

These expenses reflect staff costs and other expenses directly associated with administering the grants, scholarships, community meetings and activities relating to the program area of the Foundation's mission.

Related Program Activities Administered by the Foundation

The Early Childhood Collaborative of Southington is a related program administered by the Foundation. As of December 31, 2021 and 2020, net assets of this fund totaled \$85,463 and \$45,201, respectively. Contributions recognized on behalf of this organization were \$105,191 and \$41,542 for the years ended December 31, 2021 and 2020, respectively, which includes contributions made from the Foundation of \$29,250 and \$2,000, for the years ended December 31, 2021 and 2020, respectively. Expenses recognized on behalf of the organization were \$64,929 and \$59,498.

NOTE 11 – SUPPORTING ORGANIZATIONS

The Foundation entered into a Supporting Organization Agreement with the Community Chest of New Britain and Berlin, Inc. ("CCNBB"), a related party. CCNBB is a separate nonprofit organization, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. IRS regulations require that the Foundation nominate a majority of all CCNBB Directors. However, CCNBB retains its ability to unilaterally act to make grants without oversight or approval by the Foundation; to adopt its own asset allocation strategy for CCNBB investments; and to adopt its own annual spending policy. The Supporting Organization Agreement outlines a broad set of services which CCNBB will receive from the Foundation and the fees to be charged for those services. CCNBB's total assets as of December 31, 2021 and 2020, respectively, were \$9,634,724 and \$8,703,967, of which \$8,677,777 and \$7,658,729 as of December 31, 2021 and 2020, respectively, is in the name of the Foundation. However, as of December 31, 2020 CCNBB had the right to request \$67,188 from these funds, in accordance with the fund agreement. As such, this portion of the assets under management is reflected in the statements of financial position. As of December 31, 2021 there were no amounts available to be requested by CCNBB as all funds were transferred to the Foundation to be held as designated funds.

NOTE 11 – SUPPORTING ORGANIZATIONS (CONTINUED)

During 2020, the Foundation became the fiduciary of the Harriett Russell Stanley Trust, Georgia K. Thomson Charitable Remainder Annuity Trust, and the Mary S. Whittlesey Trust, totaling \$1,666,025, all of which are for the benefit of CCNBB and are recorded in component funds. As of December 31, 2021, the trusts were valued at \$1,895,705.

The Foundation appoints "one-half plus one" members of the CCNBB Board of Directors. This group is referred to as the "CFGNB class" of the CCNBB's Board of Directors. Some members of the Foundation's Board of Directors are also part of this "CFGNB class." The Foundation received management fees from CCNBB of \$45,120 and \$53,900 for the years ended December 31, 2021 and 2020, respectively.

NOTE 12 – EMPLOYEE BENEFIT PLAN

The Foundation maintains a tax-deferred retirement plan qualified under Internal Revenue Code Section 403(b). The plan covers all eligible employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Foundation contributed 8% of gross wages for all eligible employees. Foundation contributions totaled \$47,240 and \$45,566 for the years ended December 31, 2021 and 2020, respectively.

NOTE 13 – COMMITMENTS**Operating Lease**

The Foundation entered into various leases that expire through 2023. Operating lease expense was \$3,448 for the years ended December 31, 2021 and 2020. The future minimum rental expense payments under the leases are as follows for the years ending December 31,:

2022	\$	2,793
2023		414
Total	\$	<u>3,207</u>

Rental Income

The Foundation has various real estate operating leases for different portions of the building that expire through 2024. The future minimum rental income payments under the leases are as follows for the years ending December 31,:

2022	\$	50,301
2023		38,442
2024		6,436
Total	\$	<u>95,179</u>

NOTE 14 – RISKS AND UNCERTAINTIES

The Foundation invests in a variety of investment vehicles, including mutual funds, debt and equity securities. These investment securities are exposed to interest rate, market, credit and other risks depending on the nature of the specific investment. Accordingly, it is possible that these factors will result in changes in the value of the Foundation's investments in the near term and such changes could materially affect amounts reported in the financial statements.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. COVID-19 has caused significant disruption in the national and global economy. The Foundation's operating activities, liquidity and cash flows may be adversely affected by this global pandemic. While the disruption is currently expected to be temporary, there is uncertainty related to the duration.

Beginning in March of 2020 and extending throughout 2021, the Foundation redirected thousands of available dollars in resources to special grant opportunities for nonprofits to assist them with COVID-19 safety expenses and operating expenses while special events and fundraising activities were adversely affected. This was a deviation from normal grant making opportunities but was essential to help many of the nonprofits in our primary service area survive a very difficult time.

COMMUNITY FOUNDATION OF GREATER NEW BRITAIN AND AFFILIATES

Schedule of Program and Supporting Services Expenses

For the year ended December 31, 2021
(with comparative totals for the year ended December 31, 2020)

	2021								2020
	Related Program Activities				Supporting Services				
	Grantmaking	Early Childhood Collaboratives	Special Programs	Total Related Program	Total Program	Management and General	Development	Total Supporting Services	Total
Grants awarded	\$1,136,198	\$ -	\$ 112,500	\$ 112,500	\$1,248,698	\$ -	\$ -	\$ -	\$1,248,698
Less: agency endowments	(246,220)	-	-	-	(246,220)	-	-	-	(228,160)
Net grants awarded	889,978	-	112,500	112,500	1,002,478	-	-	-	1,079,780
Scholarships awarded	288,439	-	12,000	12,000	300,439	-	-	-	253,415
Total grants and scholarships	1,178,417	-	124,500	124,500	1,302,917	-	-	-	1,333,195
Other expenses:									
Salaries and wages	277,354	-	-	-	277,354	306,824	15,827	322,651	600,005
Employee benefits	53,562	-	-	-	53,562	79,643	1,484	81,127	132,898
Consulting	-	47,390	-	47,390	47,390	-	-	-	50,940
Building-related costs	19,490	-	-	-	19,490	32,282	1,112	33,394	50,033
Payroll taxes	20,807	-	-	-	20,807	22,738	1,162	23,900	42,838
Program expense	3,191	5,191	13,296	18,487	21,678	-	-	-	38,256
Legal, accounting and professional fees	939	-	-	-	939	35,175	-	35,175	44,192
Miscellaneous	756	-	-	-	756	9,149	-	9,149	6,377
Printing and publications	4,181	3,210	-	3,210	7,391	52,350	5,107	57,457	28,832
Conferences, conventions and meetings	3,158	120	1,264	1,384	4,542	6,117	1,040	7,157	5,661
Depreciation	-	-	-	-	-	37,690	-	37,690	39,179
Computer software and support	7,310	1,061	-	1,061	8,371	17,210	5,227	22,437	28,278
Office expense	3,373	146	-	146	3,519	13,499	1,301	14,800	17,001
Travel	409	26	24	50	459	895	97	992	1,209
Insurance	-	478	-	478	478	6,170	-	6,170	6,958
Membership dues and subscriptions	1,000	713	2,495	3,208	4,208	2,301	-	2,301	5,937
Events	-	-	-	-	-	633	-	633	4,386
Website	45	1,215	-	1,215	1,260	1,203	-	1,203	927
Total other expenses	395,575	59,550	17,079	76,629	472,204	623,879	32,357	656,236	1,079,475
Total expenses	\$1,573,992	\$ 59,550	\$ 141,579	\$ 201,129	\$1,775,121	\$ 623,879	\$ 32,357	\$ 656,236	\$2,431,357

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