Consolidated Financial Statements
December 31, 2022

Community Foundation of Northern Nevada and Subsidiaries

(With Comparative Totals for 2021)

EideBailly®

Independent Auditor's Report

To the Board of Directors
Community Foundation of Northern Nevada and Subsidiaries
Reno, Nevada

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Community Foundation of Northern Nevada and Subsidiaries (the Foundation), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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.

Correction of Error

As discussed in Note 16 to the consolidated financial statements, certain errors resulting in an understatement of contributions receivable, discount on notes receivable, and imputed interest on notes payable were noted as of December 31, 2021 were discovered by management during the current fiscal year. Accordingly, amounts reported for contributions receivable, discount on notes receivable, and imputed interest on notes payable have been restated in the 2021 consolidated financial statements now presented. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information
We have previously audited the Foundation's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 29, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects with the exception of the correction of error identified in the preceding paragraph, with the audited consolidated financial statements from which it has been derived.

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

In preparing the consolidated 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 for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

Eide Bailly LLP

Reno, Nevada
September 7, 2023

Community Foundation of Northern Nevada and Subsidiaries

Consolidated Statement of Financial Position

December 31, 2022

(with comparative totals for December 31, 2021)

	2022	2021 (As Restated)
Assets		
Cash and cash equivalents	$ 12,806,452	$ 14,237,105
Investments		
Current	82,612,936	90,925,957
Long-term	17,085,993	23,432,896
Other assets	64,626	44,280
Contributions receivable, net	10,124,684	11,029,349
Property and equipment, net	4,738,006	4,711,366
Finance lease right-of-use assets	10,428	-
Operating lease right-of-use assets	193,837	-
Investments held for split-interest agreements	10,028,194	12,824,522
Total assets	$ 137,665,156	$ 157,205,475
Liabilities and Net Assets		
Accounts payable	$ 65,268	$ 37,623
Liabilities under split-interest agreements	5,392,362	7,151,730
Accrued liabilities	93,611	61,486
Finance lease liability	10,507	-
Operating lease liability	196,611	-
Grants payable	4,845,233	5,108,939
Funds held for others	31,302	36,965
Notes payable	1,543,775	1,513,231
Total liabilities	12,178,669	13,909,974
Net Assets		
Without donor restrictions		
Designated donor advised	39,482,926	51,113,610
Designated reserves	500,000	500,000
Designated endowment	1,242,659	1,464,794
Undesignated	49,466	32,377
With donor restrictions		
Specified program	54,861,549	58,705,173
Endowment	30,823,160	31,482,285
Underwater endowment	(1,473,273)	(2,738)
Total net assets	125,486,487	143,295,501
Total Liabilities and Net Assets	$ 137,665,156	$ 157,205,475

Community Foundation of Northern Nevada and Subsidiaries

Consolidated Statement of Activities
Year Ended December 31, 2022
(with comparative totals for the year ended December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total (As Restated)
Public Support, Revenue and Transfers				
Contributions	$ 1,540,033	$ 10,735,074	$ 12,275,107	$ 17,089,489
Rental income	112,163	-	112,163	340,276
Net investment return	(6,912,898)	(7,477,802)	(14,390,700)	12,411,630
Change in the value of split-interest agreements	(1,034,705)	-	(1,034,705)	724,047
Administrative fee income	134,839	-	134,839	145,314
Miscellaneous income	651,950	-	651,950	709,606
Total public support and revenue	(5,508,618)	3,257,272	(2,251,346)	31,420,362
Net assets released from restrictions and reclassifications	9,230,556	(9,230,556)	-	-
Total public support, revenue, and transfers	3,721,938	(5,973,284)	(2,251,346)	31,420,362
Expenses				
Program services and grants	14,662,409	-	14,662,409	15,245,388
General and administrative	631,722	-	631,722	604,795
Fundraising	263,537	-	263,537	241,124
Total expenses	15,557,668	-	15,557,668	16,091,307
Change in Net Assets	(11,835,730)	(5,973,284)	(17,809,014)	15,329,055
Net Assets, Beginning of Year	53,110,781	90,184,720	143,295,501	127,966,446
Net Assets, End of Year	$ 41,275,051	$ 84,211,436	$ 125,486,487	$ 143,295,501

Community Foundation of Northern Nevada and Subsidiaries
Consolidated Statement of Functional Expenses
Year Ended December 31, 2022
(with comparative totals for the year ended December 31, 2021)

	2022				2021
	Program Services and Grants	General and Administrative Expenses	Fundraising Expenses	Total	(As restated) Total
Grant Expenses					
Grants	$ 12,791,690	$ -	$ -	$ 12,791,690	$ 12,443,298
Grants to individuals	885,102	-	-	885,102	710,991
Grants international	53,500	-	-	53,500	32,000
Total grant expenses	13,730,292	-	-	13,730,292	13,186,289
Other Expenses					
Salaries	350,439	350,438	175,219	876,096	785,505
Employee benefits	50,298	50,298	25,149	125,745	118,843
Payroll taxes	28,487	28,487	14,244	71,218	65,013
Consulting services	-	54,585	-	54,585	39,039
Accounting services	-	50,063	-	50,063	83,509
Advertising	24,892	-	-	24,892	39,416
Office	9,415	9,414	4,707	23,536	25,432
Information technology	31,189	31,189	15,594	77,972	65,762
Occupancy	26,250	26,250	13,125	65,625	61,005
Interest	23,732	-	-	23,732	45,257
Depreciation and amortization	27,932	27,932	13,966	69,830	57,980
Insurance	3,066	3,066	1,533	7,665	10,759
Direct fund expenses for specific funds	317,816	-	-	317,816	1,447,739
All other expenses	38,601	-	-	38,601	59,759
Total other expenses	932,117	631,722	263,537	1,827,376	2,905,018
Total functional expenses	$ 14,662,409	$ 631,722	$ 263,537	$ 15,557,668	$ 16,091,307

	2022	2021 (As Restated)
Reconciliation of Change in Net Assets to Net Cash from Operating Activities		
Change in net assets	$ (17,809,014)	$ 15,329,055
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation and amortization	69,830	57,980
Imputed Interest	30,542	29,939
Discount on note receivable	(27,457)	(26,919)
Noncash contributions, net	-	(5,200,288)
Net realized and unrealized loss (gain) on investments	19,128,851	(5,865,919)
Contributions received under split-interest agreements	-	(577,431)
Change in value of split-interest agreements	1,034,705	(724,047)
Contributions received for endowment	(1,197,006)	(8,063,524)
Changes in operating assets and liabilities		
Other assets	(20,346)	(5,394)
Contributions receivable	932,122	(8,116,982)
Accounts payable	27,645	(15,056)
Accrued liabilities	32,125	20,370
Grants payable	(263,706)	1,544,312
Operating lease assets and liabilities	2,774	-
Net Cash from (used for) Operating Activities	1,941,065	(11,613,904)
Investing Activities		
Purchase of property and equipment	(92,559)	(106,739)
Purchase of investments	(41,583,514)	(31,831,538)
Proceeds from sale of investments	37,108,924	38,119,658
(Addition to) withdrawal from assets held under split-interest agreements	644,235	(1,511,008)
Net Cash Net Cash from (used for) Investing Activities	(3,922,914)	4,670,373
Financing Activities		
Payments to beneficiaries of split-interest agreements	(641,980)	(589,070)
Proceeds from establishment of split-interest agreements	-	2,097,000
Contributions received for endowment	1,197,006	8,063,524
Principal payments on finance leases	(3,830)	-
Net Cash from Financing Activities	551,196	9,571,454
Change in Cash and Cash Equivalents	(1,430,653)	2,627,923
Cash and Cash Equivalents, Beginning of Year	14,237,105	11,609,182
Cash and Cash Equivalents, End of Year	$ 12,806,452	$ 14,237,105
Supplemental Disclosure of Non-Cash Investing Activity		
Donation of real estate and stock held for investment	$ 355,000	$ 5,200,288
Cash paid for interest	-	15,318

Note 1 - Principle Activity and Significant Accounting Policies

A summary of the Community Foundation of Northern Nevada and Subsidiaries, (the Foundation) activities and significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

Organization

The Foundation is organized as a nonprofit corporation under the laws of the State of Nevada to complement and enhance the existing philanthropic efforts of nonprofit organizations.

During 2000, the Foundation received a contribution of a limited liability company, CFX, LLC. This wholly-owned subsidiary has partial ownership in a leasehold, which is a building leased out to grocery stores in Tennessee.

During 2003, the Foundation established CFCP, LLC. This wholly-owned subsidiary was created for the purpose of receiving donated property.

During 2011, the Foundation established CFRSO, LLC. This wholly-owned subsidiary received varying fractional memberships of five separate LLCs. The memberships were created from the voluntary conversion of fractional ownership positions in direct investment loans as notes receivables secured by real estate. Currently they have all been converted to fractional interest in LLC’s.

During 2018, the Foundation established the Community Housing Land Trust, LLC (CHLT). This wholly-owned subsidiary was created for the purpose of receiving donated land and related buildings to be constructed.

The Raymond C. Rude Supporting Foundation is a supporting organization for the Foundation.

Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation and its wholly-owned subsidiaries, CFX, LLC; CFCP, LLC; CFRSO, LLC; CHLT, LLC and the Raymond C. Rude Supporting Foundation (Rude Foundation). All material intercompany accounts and transactions have been eliminated.

Summarized Comparative Information

The accompanying consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization’s audited consolidated financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Cash Equivalents

For financial reporting purposes, the Foundation considers all money market and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Deposit concentration risk is managed by placing cash with financial institutions believed by the Foundation to be creditworthy. At times, amounts on deposit may exceed insured limits by the Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC). The cash maintained in the commercial banks are insured by the FDIC up to $250,000. The cash and cash equivalents maintained in the brokerage accounts are insured by the FDIC up to $250,000 or the SIPC up to $500,000 depending on the type of account. The balances exceeded applicable insurance by $11,326,607 at December 31, 2022.

Contributions receivable are due from parties supportive of the Foundation’s mission and credit risk from these assets are considered limited.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment return/(loss) is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. The Foundation has elected the fair value option on investments considered to be other investments.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their face value, which approximates the estimated realizable value in the year made. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The contribution receivables are considered fully collectible by management; therefore, no allowance for doubtful accounts is included in the consolidated financial statements.

Property and Equipment

The Foundation capitalizes all expenditures of property and equipment in excess of $1,000.

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets of three to thirty-nine years.

The Foundation evaluates the recoverability of its long-lived assets based on whether a particular asset is impaired. An asset is considered impaired if the net book value of such assets exceeds the future undiscounted cash flows attributable to such assets. Accordingly, the Foundation evaluates asset recoverability at each consolidated statement of financial position date or when an event occurs that may impair recoverability of the asset. There were no indicators of asset impairment during the year ended December 31, 2022.

Assets Held and Liabilities under Split-Interest Agreements

Charitable Trusts

The Foundation acts as trustee for various irrevocable trusts. These trusts are governed by the respective trust agreements, which generally provide for either an income stream or a future distribution of cash or other assets, in whole or in part, for a specified period or upon the occurrence of a specific event, respectively. The irrevocable trust assets are recorded at fair value, and a related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the trust liability is recorded as a contribution with donor restrictions until such amount is received via trust distribution or is expended in satisfaction of the donor-restricted purpose stipulated by the trust agreement, or both, if any. At that time, net assets with donor-imposed time or purpose restrictions are released to net assets without restrictions, and net assets with donor restrictions that are perpetual in nature are transferred to the endowment. In subsequent years, the liability for future trust payments to the donor is reduced by payments made to the donor and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year.

Charitable Gift Annuities

Under charitable gift annuity contracts, the Foundation receives immediate and unrestricted title to contributed assets and agrees to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restrictions. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year.

Contributions received for split-interest agreements were $0 for the years ended December 31, 2022.

Grants Payable

Grants and scholarships are made from available principal and income in accordance with the designations of donors. Grants are recorded at the date of approval by the Board or when a donor-advised grant award is communicated to the grantee.

Funds Held for Others

Funds held for others represent agency funds in which the donor is a qualified nonprofit organization and names themselves as the sole beneficiary of the fund, thus the contribution does not meet the criteria for recognition as a net asset transaction and is carried as a liability to the contributing organization. Investment income, net of investment expenses and a management fee, are allocated directly to the associated funds.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for donor advised funds and for operating reserve that serve to fund for potential cash flow shortages and an endowment. The Board may change the designation of these net assets in the future.

Net Assets With Donor Restrictions – Net assets subject to donor restrictions. Some donor 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. The Foundation reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period Donor 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.

Donor-advised funds are gifts to the Foundation which are held and administered by the Foundation pursuant to written agreements with the donors. These agreements include the consideration of grants advised or recommended by the donor. While ultimate responsibility for disposition of these funds rests with the Foundation, every effort is made to seek the ongoing advice of the donor in order to effectuate the donor's intentions most closely. Donor-advised funds are subject to a variance power which provides the Foundation a way to administer funds that are no longer able to continue being used as originally intended. The Foundation plans to follow the intentions of the donor requests, except when the purpose for which the funds were created has become obsolete, without donor restrictions or incapable of fulfillment. Most of the Foundation's donor-advised funds are classified as without donor restrictions because they do not have specific restrictions on purpose or time. Current year contributions of donor-advised funds are reflected in the consolidated statement of activities in the accompanying financial statements.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, employee benefits, payroll taxes, office, information technology, occupancy, depreciation, and insurance which are allocated on the basis of estimates of time and effort.

Income Taxes

The Foundation and the Rude Foundation are organized as a Nevada nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be private foundations. CFX, LLC; CFCP, LLC; CFRSO, LLC, and CHLT, LLC are all considered single member LLC's and are disregarded entities for tax purposes. They are included in the information return of the Foundation. The Foundation and the Rude Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation determined that each entity is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that each entity has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Contributions and Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as without donor restrictions.

Contributed securities are recorded at averaged fair value at the date of donation.

Revenue from rental income and administrative fee income is considered earned as services are provided in accordance with the terms of the agreement.

In-kind Contributions

In-kind contributions include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 12). The Organization does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended December 31, 2022.

Estimates

In preparing the consolidated financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs

Advertising costs are expensed as incurred and approximated $24,892 during the years ended December 31, 2022.

Change in Accounting Principles

Effective January 1, 2022, the Foundation adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842). The Foundation elected to apply the guidance as of January 1, 2022, the beginning of the adoption period. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the income statement as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Foundation has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Foundation accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Foundation recognized on January 1, 2022, the beginning of the adoption period, no cumulative effect adjustment to retained earnings, an operating lease liability of $257,138, and an operating right-of-use asset of $257,138. The finance lease right of use asset and liabilities were recorded as of January 1, 2022 at the carrying value under prior guidance. The adoption of the new standard did not materially impact the Foundation's Statements of Operations or Statements of Cash Flows. See Note 7 for further disclosure of the Foundation's lease contracts.

As of January 1, 2022, the Foundation adopted the provisions of Accounting Standards Update No. 2020-07, Not-for-Profit Entities (Topic 958) *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires enhanced presentation and disclosure of contributed nonfinancial assets. Management has adopted the amendments of this update on a retrospective basis, because it provides increased and more transparent disclosure around contributed nonfinancial assets. The Foundation has evaluated this guidance and determined that is has no impact on the Foundation's financial statements.

Subsequent Events

Subsequent events have been evaluated through September 7, 2023, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following as of December 31, 2022:

Cash and equivalents	$	141,040
Current investments		77,072
Contributions receivable		97,445
	$	315,557

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, except for the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, CDs, and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was $500,000 as of December 31, 2022.

Note 3 - Investments

Certain assets and liabilities are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of an input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of investment assets are classified within Level 1 because they comprise open-end mutual funds, equity securities, corporate bonds, and exchange traded funds with readily determinable fair values based on daily redemption values. The Foundation invests in certificates of deposit (CDs) traded in the financial markets. Those CDs, life insurance policies, and U.S. Government obligations are valued by the custodians of the investments using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2.

Non-publicly traded stock is based on the capitalized cash flow method performed by a licensed appraiser. Notes receivable, Violin and 49ers license (other investments) are recorded at fair value, based upon appraisals of the underlying assets. LLC Ownerships, which hold real estate investments, are recorded at fair value determined by periodic appraisals which are obtained as deemed necessary based upon economic conditions and management discretion. LLC ownership values are based upon the assessed value of the property held less a blended discount rate of 30% for lack of marketability and minority interest. If actual information based on subsequent sale or comparable sale information is available, that value is deemed to be the fair value of the investment.

In general, investment securities are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Investments are included in the consolidated statement of financial position as follows at December 31, 2022:

Investments	
Current	$ 82,612,936
Long-term	17,085,993
Investments held for split-interest agreements	10,028,194
	$ 109,727,123

Investments are categorized by level as follows at December 31, 2022:

	Level 1	Level 2	Level 3	Total
Mutual funds	$ 59,114,253	$ -	$ -	$ 59,114,253
Equity securities	30,419,077	-	-	30,419,077
Certificates of deposit	-	1,374,217	-	1,374,217
Life insurance policy	-	77,939	-	77,939
Real estate	-	2,043,032	-	2,043,032
Non-publicly traded stock	-	-	14,263,000	14,263,000
LLC ownerships	-	-	299,923	299,923
Other	-	-	402,100	402,100
	89,533,330	3,495,188	14,965,023	107,993,541
Investments held at net asset value	-	-	-	1,733,582
	$ 89,533,330	$ 3,495,188	$ 14,965,023	$ 109,727,123

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2022:

	Non-publicly Traded Stock	LLC Ownerships	Other	Total
Beginning Balance	$ 14,263,000	$ 288,928	$ 94,600	$ 14,646,528
Contributions	-	10,995	331,100	342,095
Sale of investments	-	-	(23,600)	(23,600)
Ending Balance	$ 14,263,000	$ 299,923	$ 402,100	$ 14,965,023

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at December 31, 2022:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Credit Hedge Fund	$ 295,841	$ -	Monthly/Semi-	20-120 days
Illiquid Private Funds	1,437,741	-	N/A	N/A
	$ 1,733,582	$ -		

Credit Hedge Funds – A fund that invests solely or primarily in debt instruments. Credit funds require a great deal of quantitative analysis as they look at the details of debt instruments and the likelihood of default for the underlying business. Their strategies can focus on distressed investing, credit long /short, and emerging market debt investing.

Illiquid Private Funds – Funds that can invest long and short, primarily in common stocks. Fund managers may invest in value, growth, or event-driven equity opportunities and typically are not restricted by market capitalization, industry sector, or geography. Leverage may be utilized, which can magnify changes in the values of the underlying securities.

Fair Value of Financial Instruments Not Required to Be Reported at Fair Value

The carrying amounts of cash and cash equivalents, contributions receivable, other assets, accounts payable, accrued liabilities, grants payable and funds held for others approximate fair value due to the short-term nature of the items and are considered to fall within Level 1 of the fair value hierarchy. The carrying amount of liabilities under split-interest agreements is based on the discounted net present value of the expected future cash payments and approximates fair value. The fair values of notes payable are based on a combination of the stated or implied interest rates and the unsecured borrowing rate available at the measurement dates and approximate their carrying amounts. These estimates are considered to fall within Level 2 of the fair value hierarchy.

Note 4 - Contributions Receivable

Unconditional promises to give are estimated to be collected as follows at December 31, 2022:

Within one year	$ 8,245,365
In one to five years	2,479,000
	10,724,365
Less discount to net present value at rate of 2%	(599,681)
	$ 10,124,684

At December 31, 2022, three donors accounted for 98 percent of total contributions receivable.

The long-term portion of the contribution receivable is related to the agreement with the Volunteers of America agreement and commitment (Note 15).

Note 5 - Property and Equipment

Property and equipment consist of the following at December 31, 2022:

Software	$ 77,761
Office equipment	44,060
Leasehold improvements	120,431
Rental property	1,829,296
Land	3,751,954
Accumulated depreciation	(1,235,361)
	4,588,141
Construction in progress	149,865
	$ 4,738,006

Note 6 - Grants Payable

Grants payable represent promises to give to qualifying organizations. The following amounts are scheduled to be paid at December 31, 2022:

Due in one year	$ 3,063,028
Due in two to five years	1,782,205
	$ 4,845,233

Note 7 - Leases

The Foundation leases certain office facilities and equipment for various terms under long-term, non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2025. The Foundation included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, the Foundation estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Company’s applicable borrowing rates and the contractual lease term.

The Foundation has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Total right-of-use assets and lease liabilities at December 31, 2022 were as follows:

Lease Assets - Classification in Statement of Financial Position	
Operating right-of-use assets - Other assets	$ 193,837
Finance right-of-use assets - Property and equipment, net	10,428
Total leased right-of-use assets	$ 204,265
Lease Liabilities - Classification in Statement of Financial Position	
Current	
Operating lease liabilities - Current operating lease liabilities	$ 63,936
Finance lease liabilities - Other current liabilities	3,911
Noncurrent	
Operating lease liabilities - Operating lease liabilities	132,675
Finance lease liabilities - Other noncurrent liabilities	6,596
Total lease liabilities	$ 207,118

The components of rent expense for the Foundation's leases recorded in the statements of operations were as follows for the year ended December 31, 2022:

Operating lease cost	$ 65,625
Finance lease cost:	
Interest expense	189
Amortization of right-of-use assets	3,911

The following table summarizes the supplemental cash flow information for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 62,852
Operating cash flows from financing leases	189
Financing cash flows from financing leases	3,831

The following summarizes the weighted-average remaining lease term and weight-average discount rate at December 31, 2022:

Weighted-average remaining lease term:	
Operating leases	3
Finance leases	2.58
Weighted-average discount rate:	
Operating leases	1.04%
Finance leases	1.55%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2022:

Years Ending December 31,	Finance	Operating
2023	$ 4,020	$ 64,701
2024	4,020	66,550
2025	2,680	68,398
2026	-	-
2027	-	-
Thereafter	-	-
Total lease payments	10,720	$ 199,649
Less interest	(213)	
Present value of lease liabilities	$ 10,507	

Note 8 - Notes Payable

Notes payable consist of the following at December 31, 2022:

	Principal	Unamortized Discount
Noninterest bearing note payable to Nevada Housing Division in connection with acquisition and improvement of property, due in monthly fixed payments of $16,500, beginning January 2031 and due in full August 2040 (discount is based upon imputed interest rate of 2%)	$ 2,000,000	$ 456,225

Future maturities of notes payable are as follows:

Years Ending December 31,	
2023	$ -
2024	-
2025	-
2026	-
2027	-
Thereafter	1,543,775
	$ 1,543,775

The notes payable is related to the agreement with the Volunteers of America agreement and commitment (Note 15).

Note 9 - Transactions in Funds Held for Others

Financial activities related to agency funds are recorded as adjustments to the funds held for agencies' liabilities and, therefore, are not included in the consolidated statement of activities. The agency fund transactions are summarized below for the year ended December 31, 2022:

Funds held for agencies, beginning of year	$ 36,965
Additions	
Contributions	308
Investment returns	(5,317)
	(5,009)
Deductions	
Investment expenses	(161)
Expenses to funds	(493)
	(654)
Change in balance	(5,663)
	$ 31,302

Note 10 - Endowment Funds

The Foundation's endowment (the Endowment) consists of approximately 75 individual funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

The Board of Directors has interpreted the Nevada Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2022, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The Foundation's endowment consists of funds established to finance grants and benefit various charities. Its endowment includes donor-restricted funds that are reflected as endowments and scholarships in the temporarily restricted net assets and permanent endowments that are reflected as permanently restricted net assets. As required by the generally accepted accounting principles, net assets associated with endowment funds, including fund's designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Funds have been designated by the Board of Directors and committees of the Foundation for long-term purposes and are included in unrestricted, designated amounts.

As of December 31, 2022, endowment net asset composition by type of fund is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 1,242,659	$ -	$ 1,242,659
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	26,899,728	26,899,728
Accumulated investment gains	-	2,450,159	2,450,159
	$ 1,242,659	$ 29,349,887	$ 30,592,546

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2022, funds with original gift values of $18,068,431, fair values of $16,595,158, and deficiencies of $1,473,273, were reported in net assets with donor restrictions.

Investment and Spending Policies

The Board of Trustees adopted an internal spending plan allowing up to 5% to be available of the value of each fund as of the close of the last day of December. When initially established, each individual fund adopts a spending policy. In the absence of a specific policy, the Foundation's internal spending policy would be utilized in any instance in which variance provision of the individual funds utilized. The spending policies adopted by the funds are established to ensure the availability of grant making dollars to the community in perpetuity. The funds available for grant making are determined each year based on the previous year's ending balance.

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowments assets. Endowment assets include those assets of donor restricted funds that the Fund must hold for a donor specified period and includes the earnings of those funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a maximum return while assuming a moderate to low level of investment risk that will be measured based upon an annualized rate of return over a five-year continuous time period. The Foundation expects its endowment funds, over time, to provide a positive rate of return annually. Actual returns in any given year may vary.

Strategies Employed to Achieve Objectives: To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividend). The Foundation targets a diversified asset allocation that places an emphasis on balanced accounts by various asset classes including equity, real estate, fixed income instruments and cash equivalents.

Investment Objectives as Related to the Spending Policy

The Foundation's endowments have spending policies adopted as part of the initial agreements which appropriates a set percentage of its endowment funds value as of the end of the day on December 31 of the preceding year for the planned distribution year. In establishing these agreements, the Foundation considered the expected long-term rate of return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 5% net of inflation and all other investment expenses annually. This is consistent with the Foundation objective to maintain the purchasing power of the endowment assets held for a specific term as well as provide additional real growth through new gifts and investment return.

Change in endowment net assets for the year ended December 31, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 1,464,794	$ 31,479,547	$ 32,944,341
Contributions	-	4,155,128	4,155,128
Investment return	(222,135)	(4,551,720)	(4,773,855)
Expenses			
Grants	-	(1,419,378)	(1,419,378)
Administrative expenses	-	(313,690)	(313,690)
Endowment net assets, end of year	$ 1,242,659	$ 29,349,887	$ 30,592,546

Note 11 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2022 are as follows:

Subject to Expenditure for Specified Purpose	
Area of interest	$ 22,798,889
Designated purposes	22,414,375
Donor advised	6,394,187
Scholarship	3,254,098
	54,861,549
Endowments	
Subject to appropriation and expenditures when a specified event occurs	2,450,159
Subject to endowment spending policy and appropriation	26,899,728
Total endowments	29,349,887
	$ 84,211,436

Note 12 - Related Parties

For the year ending December 31, 2022, the Board of Directors and employees contributed $2,202,300, 18% of total contributions received, to the Foundation. In addition, members of the Board of Directors and employees maintain funds in the amount of $7,186,349, which represents 6% of the total fund balance.

Note 13 - Rental Property

The respective ownership interest in each of the properties noted below has been consolidated into the books of the Foundation and has been included in property and equipment in the consolidated statement of financial position.

During 2000, the Foundation received a contribution of a limited liability company, CFX, LLC. This contributed limited liability company has interest in a single leasehold. The leasehold consists of buildings located on land leased from a third party. The buildings are then subleased to grocery stores. The rental buildings are located on land that are on ground leases expiring on January 1, 2022. The leases provide for renewal of five consecutively extended terms of five years each with 2 remaining through December 31, 2031. Renewal was completed for the period January 1, 2022 through December 31, 2026. During 2021, the Foundation reported an additional $97,726 in contributions to CFX, LLC. Minimum rental commitments under ground lease are $97,726 for the year ended December 31, 2022.

Miscellaneous rental income related to CFCP mineral rights of $7,837 was received for the year ended December 31, 2022. For the year ended December 31, 2023, the minimum commitment is $7,837.

In total, rental income for the year ended December 31, 2022 was $112,163 while minimum lease commitments on existing property is $105,563 for the year ended December 31, 2023.

Note 14 - Pension Plan

Employees may elect to participate in a 401k plan offered by the Foundation. The Foundation provides 100% match of the first 8% of employee's eligible wages. The Foundation contributed $48,742 to the pension plan for the years ended December 31, 2022.

Note 15 - Volunteers of America Agreement and Commitment

The Foundation, through the Community Housing Land Trust (a wholly owned LLC) constructed affordable low-income housing.

- The land was contributed to the Foundation by the City of Reno, and the Foundation retains the ownership of the land. The Foundation currently reports in the financial statements the land and improvements at $3,800,000.
- The buildings were funded through three different loans, (1) loan to the owner who certain buildings were purchased from, (2) a loan to the State of Nevada, and (3) an internal loan which is eliminated for financial statements in the consolidated financial statements.
- In December 2019, the buildings were transferred to Volunteers of America (VOA) along with the first loan. Both the buildings and the first loan were removed from the Foundations financial statements at that time.
- There is a ground lease agreement between the Foundation and VOA. The Foundation is entitled to a monthly $3,000 land lease payment from VOA beginning in December 2019 when the transfer was made. The ground lease is 75 years, through November 2093.
- The Foundation retains the other two debts. The second debt is held by the Nevada Housing Division, see Note 8 for additional information. The third debt was used to complete the project and is an interest-bearing loan from the Foundation's Short Term Fund, which is eliminated on the consolidated financial statements.
- During 2020 an amended lease agreement was negotiated with the VOA to repay the balances due on the 2nd and 3rd loans. The ground lease fee has been abated through the earlier of January 2040 or when the VOA loans are paid off, whichever occurs first. That balance that VOA is obligated to pay the Foundation for the second and third debt is $2,479,000, which is included in contributions receivable (See Note 4).

Note 16 - Correction of Error

There was a correction of error resulting from certain components of the VOA agreement and contract and imputed interest on a note payable. Following is a summary of the effects of the restatement in the Foundation's December 31, 2021 contributions receivable, discount on notes receivable, and imputed interest on notes payable.

The effect on the Foundation's statement of financial position as of December 31, 2021 is as follows:

	As Previously Reported	Correction of Error	Correction As Restated
Contributions receivable, net	$ 9,177,488	$ 1,851,861	$ 11,029,349
Total assets	155,353,614	1,851,861	157,205,475
Notes payable	2,000,000	(486,769)	1,513,231
Total liabilities	14,396,743	(486,769)	13,909,974
Net assets, with donor restrictions, specified program	56,366,543	2,338,630	58,705,173
Total net assets	140,956,871	2,338,630	143,295,501
Total Liabilities and Net Assets	155,353,614	1,851,861	157,205,475

The effects of the restatement in the Foundation's December 31, 2021 consolidated statement of activities:

	As Previously Reported	Correction of Error	Correction As Restated
Miscellaneous income	$ 682,687	$ 26,919	$ 709,606
Total public support and revenue	31,393,443	26,919	31,420,362
Total public support, revenue, and transfers	31,393,443	26,919	31,420,362
Program services and grants	15,215,449	29,939	15,245,388
Change in Net Assets	15,332,075	(3,020)	15,329,055
Net Assets, Beginning of Year	125,624,796	2,341,650	127,966,446
Net Assets, End of Year	140,956,871	2,338,630	143,295,501

The effects of the restatement in the Foundation's December 31, 2021 consolidated statement of functional expenses:

	As Previously Reported	Correction of Error	Correction As Restated
Interest	$ 15,318	$ 29,939	$ 45,257
Total other expenses	2,875,079	29,939	2,905,018
Total functional expenses	16,061,368	29,939	16,091,307

The effects of the restatement in the Foundation's December 31, 2021 consolidated statement of cash flows:

	As Previously Reported	Correction of Error	Correction As Restated
Change in net assets	$ 15,332,075	$ (3,020)	$ 15,329,055
Imputed Interest	-	29,939	29,939
Discount on contribution receivable	-	(26,919)	(26,919)