THE COMMUNITY FOUNDATION FOR THE CENTRAL SAVANNAH RIVER AREA AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2022 and 2021

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES
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Report of Independent Auditor

To the Board of Directors
The Community Foundation for the
Central Savannah River Area and Affiliates
Augusta, Georgia

Opinion

We have audited the accompanying consolidated financial statements of The Community Foundation for the Central Savannah River Area and Affiliates (the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Foundation as of December 31, 2022 and 2021, and the results of its operations 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Foundation's ability to continue as a going concern within one year after the date 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated 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 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 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 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 audits.

Cherry Bekaert LLP

Augusta, Georgia
May 17, 2023

THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 617,509	$ 1,361,981
Interest receivable	11,934	11,934
Prepaid expense	15,121	-
Total Current Assets	644,564	1,373,915
Noncurrent Assets:		
Investments	119,028,989	127,286,210
Other investments	14,600,000	14,600,000
Property held for investment	774,182	774,182
Right-of-use asset - operating	220,590	-
Right-of-use asset - financing	6,019,914	-
Note receivable	14,321,000	14,321,000
Total Noncurrent Assets	154,964,675	156,981,392
Total Assets	$ 155,609,239	$ 158,355,307
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 16,067	$ 15,395
Grants payable	14,832	17,272
Deferred revenue	178,063	185,404
Current portion of operating lease liability	34,019	-
Total Current Liabilities	242,981	218,071
Long-Term Liabilities:		
Other liabilities	10,793	10,793
Assets held for others	30,542,308	35,435,492
Operating lease liability, net of current portion	187,899	-
Finance lease obligation, net of current portion	6,294,374	-
Total Long-Term Liabilities	37,035,374	35,446,285
Total Liabilities	37,278,355	35,664,356
Net Assets:		
Without Donor Restrictions:		
Undesignated	33,793,641	38,233,387
Donor advised	60,396,195	58,151,800
Organization	7,412,191	7,203,402
Field of interest	5,512,947	7,501,260
Scholarship	3,228,272	3,738,436
Designated by the Board	-	225,000
Total Without Donor Restrictions	110,343,246	115,053,285
With Donor Restrictions:		
Perpetual in nature	3,727,018	3,377,046
Purpose restricted	4,260,620	4,260,620
Total With Donor Restrictions	7,987,638	7,637,666
Total Net Assets	118,330,884	122,690,951
Total Liabilities and Net Assets	$ 155,609,239	$ 158,355,307

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

THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Changes in Net Asset Without Donor Restrictions:		
Support:		
Contributions	$ 16,893,057	$ 21,303,009
Government grant	-	76,800
Investment return, net	(12,472,407)	12,194,958
Donor administrative fees	195,716	171,008
	4,616,366	33,745,775
Investment Activity Related to Property Held for Investment:		
Expenses related to property held for investment	(56,723)	(54,398)
Rental income from property held for investment	64,064	62,073
	7,341	7,675
Net Assets Released from Restrictions:		
Satisfaction of program restrictions	591,116	1,077,420
Total Revenues, Gains, and Other Support Without Donor Restrictions	5,214,823	34,830,870
Expenses:		
Program expenses	9,212,541	8,738,505
Management and general expenses	625,958	406,970
Fundraising expenses	86,362	217,721
Total Expenses	9,924,861	9,363,196
Change in Net Assets Without Donor Restrictions	(4,710,038)	25,467,674
Change in Net Assets with Donor Restrictions:		
Contributions	1,520,955	7,237,494
Investment return, net	(552,586)	305,455
Donor administrative fees	(27,282)	(16,962)
Net assets released from restrictions	(591,116)	(1,077,420)
Change in Net Assets With Donor Restrictions	349,971	6,448,567
Change in net assets	(4,360,067)	31,916,241
Net assets, beginning of year	122,690,951	90,774,710
Net assets, end of year	$ 118,330,884	$ 122,690,951

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

THE COMMUNITY FOUNDATION FOR THE
CENTRAL SAVANNAH RIVER AREA AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Cash received from contributions	$ 18,298,681	$ 28,540,503
Cash received from assets held for others	642,665	2,943,998
Transfer of administrative fees from investments to cash and cash equivalents	731,581	691,627
Cash received from loan interest income	225,692	18,697
Cash paid for supporting services	(441,381)	(796,835)
Cash paid from assets held for others	(842,141)	(1,100,789)
Unrestricted and donor-advised grants paid	(9,062,541)	(7,611,595)
Net cash flows from operating activities	9,552,556	22,685,606
Cash flows from investing activities:		
Purchases of investments	(32,227,805)	(94,470,217)
Proceeds from sales of investments	21,930,777	82,888,352
Issuance of note receivable	-	(14,321,000)
Net cash flows from investing activities	(10,297,028)	(25,902,865)
Net change in cash and cash equivalents	(744,472)	(3,217,259)
Cash and cash equivalents, beginning of year	1,361,981	4,579,240
Cash and cash equivalents, end of year	$ 617,509	$ 1,361,981

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

Note 1—Nature of activities

The Community Foundation for the Central Savannah River Area (the "Community Foundation") was incorporated in 1995 as the Greater Augusta Community Foundation, Inc. The name was changed to CSRA Foundation, Inc. in 1998, and in 2003 to The Community Foundation for the Central Savannah River Area. The Community Foundation is a nonprofit organization, and its stated purpose is to receive and accept property to be administered exclusively for charitable purposes, primarily in or for the benefit of the community of Augusta, Georgia and its surrounding communities, collectively known as the Central Savannah River Area ("CSRA").

Note 2—Summary of significant accounting policies

Consolidated Financial Statements – The consolidated financial statements include the accounts of the Community Foundation and its affiliates, CSRA Foundation Property Holdings, Inc. and CSRA Foundation Property Holdings 2, Inc. (collectively, the "Foundation"), which are nonprofit organizations formed to act as supporting organizations for the Community Foundation. The purpose of CSRA Foundation Property Holdings, Inc. and CSRA Foundation Property Holdings 2, Inc. is to receive and accept property on behalf of the Community Foundation and to distribute the proceeds from the sale of such property to the Foundation. There was no activity in CSRA Foundation Property Holdings 2, Inc. during the years ended December 31, 2022 or 2021.

Basis of Presentation and Use of Estimates – The Foundation prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The consolidated financial statements include estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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. The valuation of investments is particularly subject to change.

Support and Expenses – Contributions received are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. 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 statements of activities as net assets released from restrictions.

The Foundation reports gifts of goods and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting and reported on a functional basis within the consolidated statements of activities.

Net Asset Classifications – Georgia's enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") imposes a duty on the Foundation to use good faith and prudent care in adopting investment and spending policies to preserve endowment assets while providing income and appreciation to meet the donors' intention in perpetuity.

Note 2—Summary of significant accounting policies (continued)

Net assets without donor restrictions are net assets available for general use and not subject to donor restrictions. Funds designated for donor-advised grants are available for distribution upon recommendation by the donor.

Net assets with donor restrictions are net assets that are contributions and endowment investment earnings subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Foundation and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Foundation's governing documents and fund agreements give the Foundation's board variance power to modify donor instructions that are incapable of fulfillment or inconsistent with the charitable needs of the community. As a result of variance power, most contributions are classified as net assets without donor restrictions for consolidated financial statement purposes.

Consistent with the National Standards for U.S. Community Foundations, the Foundation classifies its net assets without donor restrictions (noting that all are subject to the aforementioned variance power) as follows:

Undesignated – Unrestricted, administrative, and other funds available for the Foundation's general use.

Donor Advised – Funds that have at least three characteristics: (1) a donor(s) or person(s) appointed or designated by the donor has, or reasonably expects to have, advisory privileges with respect to the fund's distributions; (2) the fund is separately identified by reference to contributions of the donor(s); and (3) the fund is owned and controlled by the Foundation or one of the Foundation's sponsoring organizations. A fund possessing these characteristics may be exempt from the donor advised fund classification if it grants to one single public charity or government unit or if the fund meets certain requirements applicable to scholarship funds.

Organization: Funds that are used for particular not-for-profit organizations.

Field-of-Interest – Funds that are used for a specific charitable purpose.

Scholarship – Donor advised funds that are to be used for various scholarships.

Board Designated – Funds designated by the board to provide seed funds in assisting in starting endowments for non-profit organizations.

Contributed Non-Financial Assets– Certain officers of the Foundation provide legal services free of charge. No amounts have been recorded for these services as management believes these amounts are immaterial to the Foundation's consolidated financial statements.

Cash and Cash Equivalents – The Foundation places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. The Foundation from time to time may have amounts on deposit in excess of the insured limits. As of December 31, 2022 and 2021, the Foundation had approximately $600,740 and $1,147,935, respectively, which exceeded these insured amounts.

Note 2—Summary of significant accounting policies (continued)

Investments – Investments in certificates of deposit, money market funds, and marketable securities with readily determinable fair values and all investments in debt securities are measured at fair value based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investment securities. At December 31, 2022 and 2021, investments include $30,542,308 and $35,435,492, respectively, held for the benefit of other not-for-profit entities.

Property and Equipment – The Foundation capitalizes all expenditures for fixed assets acquisitions in excess of $100. Furniture, fixtures, and equipment are recorded at cost and are being depreciated using the straight-line method of depreciation over the following estimated useful lives:

Equipment and software	3 – 10 years
Office furniture and fixtures	3 – 10 years

Assets Held for Others – The Foundation accounts for its assets held for others in accordance with U.S. GAAP, under which assets held for others are required to be recorded as a liability on the Foundation's consolidated statements of financial position. Also, amounts received from or disbursed on behalf of others are not reported as revenues or expenses of the Foundation.

Tax Status – The Foundation is a nonprofit public charity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). As a result, no provision for income taxes is reflected in the accompanying consolidated financial statements. The Foundation is not a private foundation as defined in Section 509 of the IRC.

The Foundation has evaluated the effect of U.S. GAAP guidance on Accounting for Uncertainty in Income Taxes. The Foundation is tax exempt under Section 501(c)(3) of the IRC. The Foundation is subject to federal income tax on unrelated business income. Management believes the Foundation continues to satisfy the requirements of a tax-exempt organization. Management has evaluated all other tax positions that could have a significant effect on the consolidated financial statements and determined the Foundation had no uncertain income tax positions at December 31, 2022 or 2021.

Recent Accounting Pronouncement – Effective January, 1, 2022, the Foundation adopted ASC 842, *Leases.* The Foundation determines if an arrangement contains a lease at inception based on whether the Foundation has the right to control the asset during the contract period and other facts and circumstances. The Foundation elected the package of practical expedients permitted under the transaction guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of ASC 842 resulted in the recognition of right-of-use assets, net of lease incentives, of $6,240,504 and lease liabilities of $6,516,292 as of January 1, 2022. Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with our historical accounting treatment. The adoption of ASC 842 did not have a material impact on the Foundation's consolidated statement of activities and changes in net assets or cash flows.

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this ASU are intended to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The Foundation adopted ASU 2020-07 for the year ended December 31, 2022, with no material impact to the financial statement.

Note 3—Functional expenses

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are allocated on the basis of estimates of time and effort.

The table below presents expenses by both their nature and function for the year ended December 31, 2022.

	Program Activities	Management and General	Fundraising	Total Expenses 2022
Charitable distributions	$ 8,322,596	$ -	$ -	$ 8,322,596
Salary and employee benefits	521,541	263,794	77,642	862,977
Professional fees and contract services	-	123,242	-	123,242
Dues and subscriptions	-	21,339	-	21,339
Payroll taxes	34,124	8,375	5,026	47,525
Repairs and maintenance	-	9,185	-	9,185
Training and conferences	11,175	-	1,934	13,109
Insurance	-	10,923	-	10,923
Marketing and web development	-	6,362	959	7,321
Rent	-	42,082	-	42,082
Office supplies	-	9,610	-	9,610
Printing	-	1,429	-	1,429
Janitorial	-	3,245	-	3,245
Interest expense	308,521	-	-	308,521
Amortization	-	102,032	-	102,032
Postage	-	1,675	-	1,675
Professional development	9,075	4,160	385	13,620
Miscellaneous	4,113	18,343	-	22,456
Fees and licenses	-	162	-	162
Mileage reimbursement	1,396	-	416	1,812
Total expenses	$ 9,212,541	$ 625,958	$ 86,362	$ 9,924,861

Note 3—Functional expenses (continued)

The table below presents expenses by both their nature and function for the year ended December 31, 2021.

	Program Activities	Management and General	Fundraising	Total Expenses 2021
Charitable distributions	$ 8,542,570	$ -	$ -	$ 8,542,570
Salary and employee benefits	171,430	204,380	198,479	574,289
Professional fees and contract services	-	88,882	-	88,882
Dues and subscriptions	-	12,928	-	12,928
Payroll taxes	10,752	13,621	12,286	36,659
Repairs and maintenance	-	7,960	-	7,960
Training and conferences	8,424	-	160	8,584
Insurance	-	8,645	-	8,645
Marketing and web development	-	10,530	4,372	14,902
Rent	-	41,082	-	41,082
Office supplies	-	2,200	-	2,200
Printing	-	2,490	130	2,620
Janitorial	-	2,710	-	2,710
Depreciation	-	2,570	-	2,570
Postage	-	1,457	-	1,457
Professional development	1,488	5,801	2,085	9,374
Miscellaneous	1,715	1,037	-	2,752
Fees and licenses	-	170	-	170
Mileage reimbursement	2,126	507	209	2,842
Total expenses	$ 8,738,505	$ 406,970	$ 217,721	$ 9,363,196

Note 4—Liquidity and availability of resources

The Foundation's financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date are as follows:

	2022	2021
Cash and cash equivalents	$ 287,099	$ 269,191
Investments	4,564,199	5,440,988
	$ 4,851,298	$ 5,710,179

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of management and general activities and fundraising to be general expenditures. As disclosed in Note 3, the Foundation's program activities expenses consist primarily of charitable distributions. The Foundation does not consider charitable distributions to be part of its general expenditures. To help manage unanticipated liquidity needs, the Foundation has a liquidity access line with an available amount of $10,000,000 at December 31, 2022 and 2021 which it could draw upon. See Note 13 for Foundation's liquidity access line.

Note 5—Investments

Investments carried at fair value consisted of the following at December 31:

	2022		2021	
Equity securities and equity funds	48%	$ 56,947,495	55%	$ 70,245,249
Fixed income investments	33%	39,468,314	26%	32,912,236
Alternative investments	16%	18,748,373	14%	17,704,759
Total securities		115,164,182		120,862,244
Certificates of deposit	0%	-	0%	101,062
Money market funds	3%	3,864,807	5%	6,322,904
Total certificates and money market funds		3,864,807		6,423,966
Total investments		$ 119,028,989		$ 127,286,210

The following table summarizes the fair value measurements of certain alternative investments that calculate net asset value per share as of December 31, 2022:

	Fair Value	Redemption Frequency (If currently eligible)	Redemption Notice Period
Multi-strategy hedge fund [(a)]	$ 5,639,703	Annually - last day of each year or quarterly - last day of each quarter	100 days
Real estate fund [(b)]	6,490,898	Monthly	Second to last business day of the applicable month
Multi-strategy hedge fund [(a)]	3,408,555	Monthly or Quarterly	Range of 45 to 90 days
	$ 15,539,156		

There were no unfunded commitments related to the investments above that calculate net asset value as of December 31, 2022.

Note 5—Investments (continued)

The following table summarizes the fair value measurements of certain alternative investments that calculate net asset value per share as of December 31, 2021:

	Fair Value	Redemption Frequency (If currently eligible)	Redemption Notice Period
Multi-strategy hedge fund [a]	$ 6,584,772	Annually - last day of each year or quarterly - last day of each quarter	100 days
Real estate fund [b]	3,937,526	Monthly	Second to last business day of the applicable month
Multi-strategy hedge fund [a]	3,885,807	Monthly or Quarterly	Range of 45 to 90 days
	$ 14,408,105		

There were no unfunded commitments related to the investments above that calculate net asset value as of December 31, 2021.

[a] *Multi-Strategy Hedge Funds* – This category employs a fund of hedge funds portfolio construction. The investment strategy attempts to achieve capital appreciation with limited volatility through an actively managed, opportunistic, multi-strategy portfolio of hedge fund investments. The fund uses a range of strategies including long/short equity, equity special situations, event-driven/distressed credit, asset backed securities, relative value, and global macro to diversify risk.

[b] *Real Estate Fund* – This category employs a fund of real estate funds portfolio construction. The investment strategy attempts to achieve capital appreciation through proactive investment and asset management and provide investments in commercial real estate with lower volatility than listed public real estate companies. The fund invests in primarily stabilized, income-generating commercial real estate in the United States. The fund invests in a range of asset types including multi-family, industrial, net leases, hotel, retail, and other assets, including storage properties. To a lesser extent, the fund also invests in real estate debt and other securities to provide current income and a source of liquidity for share repurchase plan, cash management, and other purposes.

The following schedule summarizes investment return in the consolidated statements of activities for the years ended December 31:

	2022	2021
Investment income	$ 2,063,743	$ 1,753,133
Investment income - note receivable	237,626	30,631
Realized gains	769,895	5,454,387
Unrealized gains (losses)	(15,734,039)	5,644,974
Less investment management expenses	(362,218)	(382,712)
Investment return, net	$ (13,024,993)	$ 12,500,413

Note 6—Leases

The Foundation leases certain office space. The Foundation determines whether a contract contains a lease at inception by determining if the contract conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. The Foundation has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on relative stand-alone prices.

Right-of-use ("ROU") assets and lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Renewal and termination clauses that are factored into the determination of the lease term if it is reasonably certain these options would be exercised by the Foundation. Lease assets are amortized over the lease term unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. Certain lease agreements include variable payments. Variable lease payments not dependent on an index or rate primarily consist of common area maintenance charges and are not included in the calculation of the ROU asset and lease liability and are expensed as incurred. In order to determine the present value of lease payments, the Foundation uses the implicit rate when it is readily determinable. As most of the Foundation's leases do not provide an implicit rate, the Foundation utilized the risk-free discount rate (1.55% as of December 31, 2022) to calculate the financing lease asset and liability.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Foundation does not have leases where it is involved with the construction or design of an underlying asset. The Foundation has no material obligation for leases signed but not yet commenced as of December 31, 2022. The Foundation does not have any material sublease activities.

Practical Expedients Elected

- The Foundation elected the three transition practical expedients that permit an entity to (a) not reassess whether expired or existing contracts contain leases, (b) not reassess lease classification for existing or expired leases, and (c) not consider whether previously capitalized initial direct costs would be appropriate under the new standard.

- The Foundation has elected the practical expedient not to recognize leases with terms of 12 months or less on the consolidated statement of financial position and instead recognize the lease payments on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred. Therefore, our short-term lease expense for the period does not reflect our ongoing short-term lease commitments. Lease expense for such short-term leases was not material for the year ended December 31, 2022.

- The Foundation has elected to account for lease and non-lease components as a single component.

- The Foundation has elected to utilize the risk-free discount rate to calculate lease assets and liabilities.

Note 6—Leases (continued)

Future minimum lease payments as of December 31, 2022 is as follows:

Years Ending December 31:	Finance Related Party	Operating
2023	$ 181,456	$ 37,170
2024	181,456	39,029
2025	181,456	39,029
2026	181,456	39,029
2027	181,456	39,029
Thereafter	25,686,965	39,029
Total lease payments	26,594,245	232,313
Less interest	(20,299,871)	(10,395)
Present value of lease liabilities	$ 6,294,374	$ 221,918

Required supplemental information related to leases for the year ended December 31, 2022 is as follows:

Operating:	
Operating leases, included in operating expenses	$ 38,498
Finance:	
Amortization of assets, included in amortization	102,032
Interest, included in interest expense	308,521
Net operating and finance lease cost	$ 449,051
Cash flow information:	
Cash paid for amounts included in measurement of lease liabilities:	
Operating cash flows from operating leases	$ 37,170
Operating cash flows from finance leases	113,410
Lease assets obtained in exchange for lease liabilities:	
Operating leases	255,414
Finance leases	6,099,263
Lease term and discount rate:	
(in years)	
Weighted average remaining lease term - operating leases	6.00
Weighted average remaining lease term - financing leases	29.50
Weighted average discount rate - operating leases (risk-free rate)	1.55%
Weighted average discount rate - financing leases (implicit stated rate)	10.00%

Note 7—Fair value measurements of assets and liabilities

The Foundation has adopted the provision of FASB ASC 820, *Fair Value Measurements and Disclosures*, which requires fair value measurement be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments which would generally be included in Level 1 include listed equity securities, mutual funds, and money market funds. As required by U.S. GAAP, the Foundation, to the extent it holds such investments, does not adjust the quoted price for these investments, even in situations where the Foundation holds a large position and a sale could reasonably impact the quoted price.

Level 2 – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1; inputs include comparable market transactions, pricing of similar instruments, values reported by the administrator, and pricing expectations based on internal modeling. Fair value is determined through the use of models or other valuation methodologies. The types of investments which would generally be included in this category include publicly traded securities with restrictions on disposition, corporate obligations, and U.S. government and agency treasury inflation indices.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investments. The types of investments which would generally be included in this category include debt and equity securities issued by private entities and partnerships. The inputs into the determination of fair value require significant judgment or estimation. Inputs include recent transactions, earnings forecasts, market multiples, and future cash flows.

Note 7—Fair value measurements of assets and liabilities (continued)

The table below summarizes the valuation of the Foundation's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 based on the level of input utilized to measure fair value. Securities with measurement at fair value on a recurring basis:

	Fair Value Measurement at December 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
Cash and equivalents:				
Money markets	$ 3,864,807	$ -	$ -	$ 3,864,807
Total cash and equivalents	3,864,807	-	-	3,864,807
Equities:				
Common stocks	47,168,750	-	-	47,168,750
ETF - Equity	9,778,745	-	-	9,778,745
Total equities	56,947,495	-	-	56,947,495
Fixed Income:				
Corporate bonds, other industries [a]	-	5,382,533	-	5,382,533
Government bonds	-	3,038,608	-	3,038,608
Mutual funds	28,594,204	-	-	28,594,204
Real estate trusts	2,452,969	-	-	2,452,969
Total fixed income	31,047,173	8,421,141	-	39,468,314
Alternative investments, master limited partnership funds	-	3,209,217	-	3,209,217
Alternative investments, hedge funds [b]	-	-	-	9,048,258
Alternative investments, real estate investment trust [b]	-	-	-	6,490,898
Total alternative investments	-	3,209,217	-	18,748,373
Total investments	$ 91,859,475	$ 11,630,358	$ -	$ 119,028,989

[a] The individual industries included in common stocks, other and corporate bonds, other represents less than 5% of total investments at December 31, 2022.

[b] In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using net asset value ("NAV") per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

Note 7—Fair value measurements of assets and liabilities (continued)

The table below summarizes the valuation of the Foundation's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2021 based on the level of input utilized to measure fair value. Securities with measurement at fair value on a recurring basis:

	Fair Value Measurement at December 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments:				
Cash and equivalents:				
Certificates of deposit	$ -	$ 101,062	$ -	$ 101,062
Money markets	6,322,904	-	-	6,322,904
Total cash and equivalents	6,322,904	101,062	-	6,423,966
Equities:				
Common stocks	62,946,895	-	-	62,946,895
ETF - Equity	7,298,354	-	-	7,298,354
Total equities	70,245,249	-	-	70,245,249
Fixed Income:				
Corporate bonds, other industries [a]	-	6,651,540	-	6,651,540
Government bonds	-	1,054,315	-	1,054,315
Mutual funds	21,621,381	-	-	21,621,381
Real estate trusts	3,585,000	-	-	3,585,000
Total fixed income	25,206,381	7,705,855	-	32,912,236
Alternative investments, master limited partnership funds	-	3,296,654	-	3,296,654
Alternative investments, hedge funds [b]	-	-	-	10,470,579
Alternative investments, real estate investment trust [b]	-	-	-	3,937,526
Total alternative investments	-	3,296,654	-	17,704,759
Total investments	$ 101,774,534	$ 11,103,571	$ -	$ 127,286,210

[a] The individual industries included in common stocks, other and corporate bonds, other represents less than 5% of total investments at December 31, 2021.

[b] In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

All equities and fixed income assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

Note 7—Fair value measurements of assets and liabilities (continued)

In 2009, the Foundation received approximately $3,200,000 in property contributions. The contributions consisted of 46.13 acres of land located at Jennings Road, Augusta, Georgia and a 2/3 interest in the Regency shopping center which is located on Jennings Road. The Foundation sold approximately 43 acres of the land located on Jennings Road with an allocated cost basis of $525,818 during the year ended December 31, 2016. In connection with this sale, the Foundation received $100,000 during the year ended December 31, 2016, and also received a piece of land located at 1762 Lumpkin Road from the County Board of Education of Richmond County when the Brownfields Limitation of Liability letter was issued from the Environmental Protection Division. The fair market value of the land was recognized when the Brownfields Limitation of Liability letter was received from the Environmental Protection Division. A loss of $425,818 was recognized during the year ended December 31, 2016 related to the sale of the Jennings Road property. During the year ended December 31, 2018, the Brownfields Limitation of Liability letter was received from the Environmental Protection Division and the fair market value of the Lumpkin Road property of $550,000 was recorded which also resulted in a gain. The gain of $550,000 was recorded as a gain of property held for investment in the consolidated statements of activities for 2018. During the year ended December 31, 2019, the Lumpkin Road property sold for approximately $511,835 which resulted in a loss. The loss of $38,165 was recorded as a loss of property held for investment in the consolidated statements of activities in 2019. There were no changes in property held for investment for the years ended December 31, 2022 or 2021.

Note 8—Other investments

During the year ended December 31, 2017, the Foundation became a member of Reading Mall, LLC (the “LLC”). The Foundation and a member of the Foundation’s board are the two members of the LLC. The Foundation’s board member is the managing member of the LLC. The Foundation does not have the ability to exhibit significant influence even though the Foundation is the sole recipient of the income distributed from the LLC, as it is not the managing member. Therefore, the Foundation’s interest in the LLC is accounted for using the cost method. The fair value at the date contributed was used for the basis of the cost of the investment. At December 31, 2022 and 2021, total contributions of capital have been $-0-, and distributions from the LLC have been $-0-. At December 31, 2022 and 2021, the total cost and carrying amount of the Foundation’s investment, was $14,600,000.

In connection with the contribution of this property, the Foundation entered into a management agreement with a management company owned by a board member.

Note 9—Endowment funds

The Foundation’s endowment consists of 99 individual funds established for a variety of purposes including endowment funds with donor restrictions (8), endowment funds without donor restrictions (25), funds held for the benefit of others (66), and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Note 9—Endowment funds (continued)

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Endowment net assets consisted of the following at December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ 20,202,819	$ 2,896,887	$ 23,099,706
Total endowed net assets	$ 20,202,819	$ 2,896,887	$ 23,099,706

Endowment net assets consisted of the following at December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ 22,705,393	$ 3,007,996	$ 25,713,389
Board-designated endowment funds	50,000	-	50,000
Total endowed net assets	$ 22,755,393	$ 3,007,996	$ 25,763,389

Changes in endowment net assets for the year ended December 31, 2022 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2022	$ 22,755,393	$ 3,007,996	$ 25,763,389
Transfer based on donor intent	130,911	-	130,911
Contributions	892,652	362,255	1,254,907
Investment return, net	(2,983,016)	(431,323)	(3,414,339)
Charitable distributions	(468,914)	(23,840)	(492,754)
Appropriation of endowment assets for expenditure	(124,207)	(18,201)	(142,408)
Endowment net assets, December 31, 2022	$ 20,202,819	$ 2,896,887	$ 23,099,706

Note 9—Endowment funds (continued)

Changes in endowment net assets for the year ended December 31, 2021 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2021	$ 19,590,085	$ 1,014,132	$ 20,604,217
Transfer based on donor intent	(50,817)	-	(50,817)
Contributions	665,231	1,719,874	2,385,105
Investment loss, net	2,713,598	296,509	3,010,107
Charitable distributions	(37,483)	(7,000)	(44,483)
Appropriation of endowment assets for expenditure	(125,221)	(15,519)	(140,740)
Endowment net assets, December 31, 2021	$ 22,755,393	$ 3,007,996	$ 25,763,389

Net assets with donor restrictions perpetual in nature that are held outside of the endowment were $830,131 and $369,050 at December 31, 2022 and 2021, respectively.

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no deficiencies at December 31, 2022 or 2021.

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 endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce investment returns of 8% or greater in the balanced pool and 1.5% or greater in the short-term bond pool. The following benchmark is used to evaluate the aggregate portfolio performance of the balanced pool: Stylized blend of 49% Russell 3000 Index, 10% HFRI Fund of Funds Index, 15.5% Barclays Capital Aggregate Bond Index, 10% Citi Non-US World Government Bond Index, 8% ACWI ex-US Index, 5% Barclay CTA Index, and 2.5% Barclay Corp High Yield Index. The Merrill Lynch 1-Year Treasury Index is used to evaluate the aggregate portfolio performance of the short-term bond pool.

Strategies Employed for Achieving 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 both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places emphasis on investments in domestic equity securities, international equity securities, fixed income securities, and alternative investments in order to achieve its long-term return objectives within prudent risk constraints. The target asset allocation parameters are 36% domestic equity securities, 21% international securities, 21% fixed income securities, and 22% alternative investments.

Spending Policy and How the Investment Objectives Relate to Spending Policy – The Foundation has a *Spending Rule Policy* of appropriating for distribution each year of unrestricted funds of not more than 4.5% of the annual December 31 market value of the unrestricted endowment funds averaged over the most recent three-year period. Accordingly, the Foundation expects the current spending policy to allow its endowment to maintain its purchasing power by growing at a rate equal to planned payouts. Additional real growth will be provided through new gifts and any excess investment return.

Note 10—Employee benefit plan

The Foundation contributes to a simplified employee pension plan on behalf of its employees. During the years ended December 31, 2022 and 2021, contributions to the plan totaled $44,867 and $40,386, respectively.

Note 11—Related party transactions

During the years ended December 31, 2022 and 2021, the Foundation received contributions from board members and their employers in the amount of approximately $2,339,476 and $1,805,910, respectively.

During the year ended December 31, 2009, the Foundation received a contribution of real property from board members in the amount of approximately $3,291,000. In connection with the contribution of this property, the Foundation entered into a management agreement with a management company owned by a board member. Management fees, including commissions for placing tenants, paid to the management company under this agreement were approximately $3,000 during the years ended December 31, 2022 and 2021.

The management agreement provides for reimbursement by the Foundation of any expenditure paid by the management company on behalf of the Foundation. Amounts due from the Foundation to the management company related to these expenses were approximately $11,000 at December 31, 2022 and 2021 and are included in other liabilities in the consolidated statements of financial position.

The management company receives rental income on behalf of the Foundation and pays expenses related to the real property on behalf of the Foundation. Rental income in excess of expenses is submitted to the Foundation periodically throughout the year. Cash received by the Foundation from the management company in excess of net income as of December 31, 2022 and 2021, totaled $178,063 and $185,404, respectively, and is classified as deferred rent revenue on the consolidated statements of financial position.

The Foundation leases office space from the HUB Augusta Collaborative, Inc., discussed in Note 12. Related interest expense for the Foundation the year ended December 31, 2022, was $308,521. The lease term is through December 2052. Annual future minimum lease payments related to this lease as of December 31, 2022, are as disclosed in Note 6.

Note 12—Joint venture

HUB Augusta Collaborative, Inc. (the “HUB”) is a nonprofit corporation formed under the laws of the state of Georgia on July 1, 2021 (date of inception) and classified by the Internal Revenue Service as tax exempt under Section 501(c)(3) of the Internal Revenue Code of 1986. The Organization commenced operations on July 1, 2021 and was organized exclusively for the benefit of, to perform the actions of, or to carry out the purposes of The Community Foundation for the Central Savannah River Area, Inc.; Boys & Girls Clubs of Greater Augusta, Inc.; and Medical College of Georgia Foundation, Incorporated (the “Supported Organizations”). The purpose of the Organization also includes making distributions to and for the benefit of the Supported Organizations and otherwise engaging in activities and transactions in furtherance of the purposes of the Supported Organizations.

The HUB constructed buildings with the purpose of catalyzing the revitalization in the historic Harrisburg and Laney Walker neighborhood. The project houses five non-for-profits in two adjacent buildings. The Community Foundation appoints three of nine board members of the HUB. The Foundation has determined under ASC 958-20, the transaction with the HUB do not qualify as a financially interrelated entity as the Foundation does not have ongoing economic interest in the net assets of the Organization.

Note 12—Joint venture (continued)

During the year ended December 31, 2021, the Foundation loaned the HUB Augusta Investment Fund, LLC $14,321,000; the HUB investment fund used these proceeds and loaned funds to three community development entities, who then loaned funds to the HUB for building construction. The loan from the Foundation bears interest at 1.0% per annum with interest only payments due annually until maturity in October 2047. At December 31, 2022, the outstanding balance of note receivable was $14,321,000. Prior to inception, the Foundation granted $1,082,294, to the HUB to provide for the transaction costs and the initial capitalization to support its mission.

Note 13—Liquidity access line

At December 31, 2022 and 2021, the Foundation had a liquidity access line with an available amount of $10,000,000 with an open maturity. The liquidity access line bears interest based on the weekly periodic rate plus 2.25%, which was 5.641% and 1.582% as of December 31, 2022 and 2021, respectively. The liquidity access line is collateralized by the Foundation’s investments held with the financial institution. The liquidity access line did not have an outstanding balance at December 31, 2022 or 2021.

Note 14—Subsequent events

The Foundation has evaluated subsequent events through May 17, 2023, which was the date the consolidated financial statements were available to be issued. As of this date, there were no material subsequent events that required recognition or additional disclosure in the consolidated financial statements.