The Greater Washington Community Foundation

Financial Statements
Year Ended March 31, 2022

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member
of BDO International Limited, a UK company limited by guarantee.

The Greater Washington Community Foundation

Financial Statements
Year Ended March 31, 2022

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Independent Auditor's Report

Board of Trustees
The Greater Washington Community Foundation
Washington, D.C.

Opinion

We have audited the financial statements of The Greater Washington Community Foundation (The Community Foundation), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Community Foundation as of March 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 Financial Statements section of our report. We are required to be independent of the Community Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Community Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Community Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Community 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.

BDO USA, LLP

McLean, Virginia
December 19, 2022

Financial Statements

The Greater Washington Community Foundation

Statement of Financial Position

Year Ended March 31, 2022		
Assets		
Cash and cash equivalents	$	52,727,717
Investments		466,748,062
Investments held for others		2,992,549
Notes receivable, net of present value discount net of $17,904		504,683
Charitable remainder trust receivable, net		489,319
Accrued interest income and other receivables		847,353
Prepaid expenses and other assets		1,029,311
Total assets	$	525,338,994
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$	1,922,537
Other liabilities		12,483,431
Grants and appropriations payable, net of present value discount of of $13,125		5,201,523
Funds held in trust for others		2,992,549
Total liabilities		22,600,040
Commitments and contingencies		
Net assets		
Without donor restrictions		
Operating funds		15,216,876
Donor-advised and other funds		482,976,139
Total without donor restrictions		498,193,015
With donor restrictions		4,545,939
Total net assets		502,738,954
Total liabilities and net assets	$	525,338,994

See accompanying notes to the financial statements.

The Greater Washington Community Foundation

Statement of Activities and Change in Net Assets

Year Ended March 31, 2022	
Change in net assets without donor restrictions	
Support and revenue	
Contributions	$ 203,339,396
Grants	176,611
Investment return, net	11,387,065
Rental and other income	1,794,282
Total support and revenue without donor restrictions	216,697,354
Expenses	
Program grants and appropriations	88,177,724
Supporting services	
Management and general	4,515,304
Fundraising	930,848
Total supporting services	5,446,152
Total expenses	93,623,876
Increase in net assets without donor restrictions	123,073,478
Change in net assets with donor restrictions	
Change in value of charitable remainder trusts receivable	3,198
Change in value of real estate investment	39,620
Increase in net assets without donor restrictions	42,818
Change in net assets before deconsolidation	123,116,296
Steinberg Foundation deconsolidation	(2,738,152)
Change in net assets	120,378,144
Net assets at the beginning of the year	382,360,810
Net assets at the end of the year	$ 502,738,954

See accompanying notes to the financial statements.

The Greater Washington Community Foundation

Statement of Functional Expenses

	2022			
Year Ended March 31,	Program grants and appropriations	Management and general	Fundraising	Total
Program grants and appropriations	$86,934,944	$ -	$ -	$86,934,944
Salaries and other benefits	834,992	2,867,552	350,891	4,053,435
Consulting and professional fees	137,642	717,420	57,842	912,904
Office supplies and operations	13,319	45,740	5,597	64,656
Telephone	3,539	12,155	1,487	17,181
Postage and delivery	2,373	8,148	997	11,518
Occupancy	90,533	310,912	38,045	439,490
Equipment and maintenance	14,156	48,614	5,949	68,719
Printing and publications	513	1,761	215	2,489
Insurance	25,608	87,944	10,761	124,313
Travel and meetings	7,695	26,428	3,234	37,357
Development	-	-	53,458	53,458
Technology	72,497	248,971	30,466	351,934
Events related	-	-	355,133	355,133
Other	39,913	139,659	16,773	196,345
Total expenses	$88,177,724	$ 4,515,304	$ 930,848	$93,623,876

See accompanying notes to the financial statements.

The Greater Washington Community Foundation

Statement of Cash Flows

Year Ended March 31, 2022

Cash flows from operating activities:	
Change in net assets	$ 120,378,144
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Realized and unrealized losses on investments	14,753,723
Change in value of charitable remainder trusts receivable	(3,198)
Change in discount of notes receivable	(8,711)
Change in discount of grants and appropriations payable	(5,343)
Donated investments received	(65,809,078)
Proceeds from sales of donated stock	65,809,078
Forgiveness of PPP loan	(1,312,928)
Deconsolidation of Steinberg Foundation	2,738,152
Changes in operating assets and liabilities:	
Accrued interest income and other receivables	(177,797)
Prepaid expenses and other assets	86,933
Accounts payable and accrued expenses	(1,376,464)
Other liabilities	12,483,431
Grants and appropriations payable	(179,867)
Funds held in trust for others	(94,849)
Total adjustments	26,903,082
Net cash provided by operating activities	147,281,226
Cash flows from investing activities:	
Purchases of investments	(366,749,939)
Proceeds from sales of investments	237,423,694
Payments received under notes receivable	37,975
Net cash used in investing activities	(129,288,270)
Increase in cash and cash equivalents	17,992,956
Cash and cash equivalents at the beginning of the year	34,734,761
Cash and cash equivalents at the end of the year	$ 52,727,717
Supplemental disclosure of noncash activities	
Forgiveness of PPP loan	$ 1,312,928
Deconsolidation of Steinberg Foundation	$ 2,738,152

See accompanying notes to the financial statements.

1. Summary of Significant Accounting Policies

The Greater Washington Community Foundation (formerly known as The Community Foundation for the National Capital Region) was organized in December 1973 as The Community Foundation of Greater Washington pursuant to the District of Columbia Nonprofit Corporation Act, and commenced operations in January 1974. On July 13, 2017, the Foundation changed its name from "The Community Foundation for the National Capital Region" to "The Greater Washington Community Foundation." A certificate of amendment was filed with the government of the District of Columbia on that date. The Greater Washington Community Foundation has a single program to strengthen the Washington metropolitan region by encouraging and promoting effective giving and by taking leadership on critical issues in its service area.

The Greater Washington Community Foundation is recognized as a not-for-profit, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the IRC). The Internal Revenue Service (the IRS) has classified The Greater Washington Community Foundation as a publicly supported organization.

The Greater Washington Community Foundation (The Community Foundation) is comprised of a collection of component funds established by donors to The Community Foundation or internally designated by The Community Foundation. The Community Foundation's service area is the greater Metropolitan Washington, D.C. geographical region. To provide specific services to sub-parts of its service area, The Community Foundation maintains offices to localize its exempt activities in Montgomery and Prince Georges counties, Maryland.

The David A. Steinberg Family Foundation (the Steinberg Foundation), District of Columbia nonprofit corporation, was a supporting organization of The Community Foundation for which The Community Foundation had a controlling financial interest over. The Steinberg Foundation benefited The Community Foundation through support of its mission. The Steinberg Foundation is recognized by the IRS as a not-for-profit, tax-exempt organization under Section 501(c)(3) of the IRC. Effective June 30, 2021, the Board of Directors of the Steinberg Foundation voted to cease serving as a supporting organization of The Community Foundation and the Steinberg Foundation was converted into a private foundation under Section 509(a). Effective June 30, 2021, The Community Foundation no longer has a controlling financial interest over the Steinberg Foundation and accordingly under generally accepted accounting principles in the United States of America (U.S. GAAP), The Community Foundation derecognized the assets, liabilities and net assets of the Steinberg Foundation. The amount derecognized totaled $2,378,152 and is included in the accompanying statement of activities.

The financial statements as of and for the year ended March 31, 2022 include the accounts of The Community Foundation. The accompanying financial statements include 3 months of operations of the Steinberg Foundation which was not considered material to the financial statements.

The significant accounting policies followed by The Community Foundation are described below.

Basis of accounting

The financial statements of The Community Foundation have been prepared on the accrual basis of accounting in accordance with U.S. GAAP.

Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting year. Actual results may differ from estimates under different assumptions or conditions.

Revenue recognition

Contributions

The Community Foundation records gifts of cash and marketable securities as contribution revenue when the gift is pledged or received (if not pledged). Certain gifts of real estate, non-marketable securities or other business ownership interests are subject to an approval process prior to the acceptance of the asset and recorded at fair market value.

Amounts received that are designated for a future period, or are restricted by the donor for specific purposes are reported as support with donor restrictions which increases that net asset class. Unconditional promises to give, which do not state a due date, are presumed to be time-restricted by the donor until received and are reported as net assets with donor restrictions. When the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities and change in net assets as net assets released from restrictions.

Contributions are recorded net of estimated uncollectible amounts. The Community Foundation uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on experience as well as management’s analysis of specific pledges made, including such factors as prior collection history, type of contribution, and nature of fundraising activity. Contributions, including multi-year pledges and split interest agreements, to be received after one year are recorded at the present value of the estimated future cash flows. Subsequent changes in this discount resulting from the passage of time are accounted for as contributions in subsequent years. Revenue under charitable gift annuity arrangements is reduced by the estimated annuities to be paid by The Community Foundation over the beneficiary’s lifetime.

Federal grants

Grants awarded by federal agencies or passed through to The Community Foundation from another donor that received funding from the U.S. federal government are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes. Revenue is recognized when qualifying expenditures are incurred and conditions under the grant agreement are met. A grant receivable is established for expenditures incurred for services or products for which government funds have not yet been drawn. At March 31, 2022, The Community Foundation had remaining available award balances on the federal grants of $1,667,300. These award balances are not recognized as assets and will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred.

Rental and other income

Rental and other income is recognized when earned.

Cash equivalents

The Community Foundation considers short-term investments with initial maturities of three months or less to be cash equivalents, excluding cash equivalents held temporarily for long-term investment purposes by investment custodians. Temporary cash positions in the investment portfolio are considered investments and are not included in cash and cash equivalents in the accompanying statement of financial position.

Investments

The Community Foundation records investments at fair value. Interest and dividend income is accounted for on the accrual basis. Gains and losses on investments, including changes in market value, are reported in the statement of activities and change in net assets as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation.

As of March 31, 2022, a portion of The Community Foundation's investments are comprised of shares held in investment funds without readily determinable fair values. These investment funds may invest in foreign and domestic equity and debt instruments, derivative instruments such as hedges and foreign currency contracts, and also certain leveraged arrangements. Any significant changes in the fair value of these investment funds could significantly affect the overall value of The Community Foundation's investment portfolio and its net assets.

Notes receivable

Notes receivable are stated at the amount of unpaid principal, adjusted for a present value discount and an allowance for loan losses, when deemed appropriate. The Community Foundation records an allowance when management determines that collectability is not probable. Management's estimate is based on review of the loans comprising the notes receivable balance and considers known and inherent risks, the estimated fair value of the underlying collateral, and current economic conditions.

Charitable remainder trust receivable

Receivables from split-interest agreements are recorded at fair value, which is the estimated net present value of The Community Foundation's remainder interests in various trusts held by third-party trustees. The net present value of these receivables is determined using investment returns consistent with the composition of the asset portfolios of the trusts, single or joint life expectancy from published tables, and discount rates commensurate with the risks involved. The estimation of the net present value of these receivables is subjective and requires significant judgment. Due to uncertainties inherent in the estimation process, it is possible that future events in either the near- or long-term could materially affect the amounts reported in the statement of financial position.

Grants and appropriations payable

Grants and appropriations payable are recognized when the Board of Trustees approves specific grants. When grants and appropriations to be paid over a period of more than one year, The Community Foundation records such liabilities at their estimated present values.

Other liabilities

The Community Foundation recognizes certain funds held and designated for specific beneficiaries as other liabilities. The Community Foundation acts as an agent or intermediary of the funds, as it does not have discretion to choose the beneficiaries of those transferred resources.

Net assets

The Community Foundation classifies net assets into two categories: without donor restrictions and with donor restrictions. All contributions and grants are considered to be available for general use unless specifically restricted by the donor.

Net assets without donor restrictions consist of the following types of internally designated funds:

> *Operating funds* – Funds used for the general operation of The Community Foundation.
>
> *Supporting organization funds* – General net assets of the Steinberg Foundation.
>
> *Donor-advised and other funds* – Funds established by donor contributions that enable donors to make recommendations from time to time about the distributions from the funds. The donors' advice in the grant-making process is considered by the Board of Trustees in making grants from these resources. Other funds include field of interest funds used to support particular interests to the donor, designated funds intended to benefit designated charitable organizations, and scholarship funds intended to assist students in obtaining an education.

Net assets with donor restrictions include contributions or grants with temporary, donor-imposed time and/or program restrictions. Net assets with donor restrictions are reported in the statement of activities and change in net assets as net assets released from restrictions when the time restrictions expire or the funds are used for their restricted purpose. Net assets without donor restrictions are subject to The Community Foundation component fund requirements, including a variance power provision, but are considered with donor restrictions until funds are available for use. Net assets with donor restrictions consist of funds that are unavailable for use in the current period due to donor-imposed time restrictions that would otherwise be classified as donor-advised funds or other funds without donor restrictions.

The Community Foundation's financial statements are prepared in accordance with the current authoritative guidance issued by the Financial Accounting Standards Board (the FASB). These standards provide that if the governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as without donor restrictions.

Functional allocation of expenses

The costs of providing The Community Foundation's programs and other activities have been summarized on a functional basis in the accompanying statement of activities and change in net assets. The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs should be allocated among the programs and supporting services benefited. Salaries and related benefits are allocated based upon executive level time keeping methods or job descriptions. The percentages derived from payroll costs are used to allocate overhead costs to the activities benefited. Overhead costs are those expenses that cannot be tied directly to an activity including some expenses in the natural expense categories of occupancy, equipment and maintenance, insurance, and technology and other.

Income taxes

The Community Foundation is exempt from federal income taxes under Section 501(c)(3) of the IRC and from District of Columbia franchise tax under applicable tax regulations, except for income from activities not related to its tax-exempt purpose, which primarily includes unrelated business income from certain investments that are subject to federal and state income taxes. No provision for income taxes was recorded during the year ended March 31, 2022 since The Community Foundation had no significant unrelated business income. The Community Foundation has no temporary timing differences that would give rise to deferred tax assets or liabilities; therefore, The Community Foundation has no deferred taxes at March 31, 2022. The Community Foundation is not a private foundation pursuant to section 509(a)(1) of the IRC. The Steinberg Foundation is recognized by the IRS as a not-for-profit, tax-exempt organization under Section 501(c)(3) of the IRC. Effective June 30, 2021, the Board of Directors of the Steinberg Foundation voted to cease serving as a supporting organization of The Community Foundation, and the Steinberg Foundation was converted into a private foundation under Section 509(a).

In accordance with authoritative guidance on accounting for uncertainty in income taxes issued by the FASB, The Community Foundation recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. With few exceptions, The Community Foundation is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years ended March 31, 2018 and prior. Management has evaluated the tax positions of The Community Foundation and has concluded that no material uncertain tax positions have been taken that require adjustment to the financial statements to comply with the provisions of this guidance.

Concentrations of credit risk

The Community Foundation's assets that are exposed to credit risk consist primarily of cash and cash equivalents, investments, contributions receivable, notes receivable, and charitable remainder trusts receivable. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Community Foundation has never experienced any losses related to these balances. Amounts on deposit in excess of federally insured limits at March 31, 2022 approximate $54 million. Investment securities are exposed to various risks such as interest rate, market, and credit risks. The Community Foundation's charitable remainder trusts receivable are due from donor trusts that hold investments that are subject to the same types of investment risks. Due to the level of risk associated with certain investments securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment and charitable remainder trusts receivable balances and the amounts reported in the statement of financial position. The Community Foundation's pledges, contributions, and notes receivable balances consist primarily of amounts due from individuals and corporations. Historically, The Community Foundation has not experienced significant losses related to the notes and pledges receivable balances and, therefore, believes that the credit risk related to them is minimal.

Recent accounting pronouncements not yet adopted

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842*). ASU 2016-02 requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. The guidance is effective for the Community Foundation for the fiscal year ending March 31, 2023. Early adoption is permitted. In transition, a lessee and a lessor will recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients. These practical expedients relate to identifying and classifying leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. Management is evaluating the effect that adoption of this new standard will have on The Community Foundation's financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU improves the transparency of contributed nonfinancial assets through enhancements to presentation and disclosures. The ASU requires that a nonprofit present contributed nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash or other financial assets. Information that shows the contributed nonfinancial assets disaggregated by category will be required to be disclosed. In addition, the ASU requires that for each type of contributed financial asset the following will be disclosed: (a) policy (if any) on liquidating rather than using the contributed nonfinancial assets, (b) qualitative considerations on whether the contributed nonfinancial assets were liquidated or used during the reporting period and, if used, a description of how the asset was employed should be included, (c) any donor imposed restrictions related to contributed nonfinancial assets, (d) valuation methods and inputs utilized to determine a fair value measure at initial recognition, and the principal and most advantageous market utilized to calculate fair value if it is a market in which the nonprofit is restricted by the donor from selling or utilizing the contributed nonfinancial assets. The amendments in the ASU should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption of the ASU is permitted. The Community Foundation is evaluating the effect that adoption of this new standard will have on its financial statements.

2. Notes Receivable

As of March 31, 2022, notes receivable consists of one note with an initial face value of $1,500,000, which is non-interest bearing and matures in August 2022 and one note with an initial face value of $500,000, which is non-interest bearing and matures in August 2024.

These notes are recorded at the present value of the estimated future cash flows, with imputed interest rates ranging from 1.84% to 6.03%.

3. Charitable Remainder Trust Receivable

During fiscal year 2015, The Community Foundation received a $777,874 pledge to be received from the assets of a charitable remainder unitrust, payable on the termination date of the unitrust, or twenty years from the date that the underlying assets were transferred to the trust. The underlying agreement requires payments of 6% of the net fair market value of the trust assets to be paid quarterly to the income and/or successor beneficiary of the trust during the period of the trust. The Community Foundation does not have control over the underlying assets and is not a trustee. The amount receivable from this trust is revalued at its estimated fair value annually using investment returns consistent with the composition of the asset portfolios of the trusts, single or joint life expectancy from published tables, and discount rates. The present value discount rate used was 2.32% for the year ended March 31, 2022. The recorded estimated fair value of the pledge totaled $489,319 at March 31, 2022.

The estimated fair value of the charitable remainder trust receivable is considered to be with donor restrictions until the funds are received.

4. Grants and Appropriations Payable

The Community Foundation makes grants to fund organizations that promote charitable, educational, civic and cultural needs primarily of the greater Washington metropolitan area. Scheduled future minimum payments for these grants as of March 31, 2022 are as follows:

Years Ending March 31,	
2023	$ 4,370,148
2024	683,000
2025	112,000
2026	44,000
2027	5,500
	5,214,648
Less: net present value of interest on grants payable	(13,125)
	$ 5,201,523

The discount rates used to calculate the present value of grants and appropriations payable range from 0.35% to 2.74% as of March 31, 2022.

5. Funds Held in Trust for Others

The Community Foundation has been appointed to serve as trustee for several charitable trusts. Funds held in this capacity are included as both assets and liabilities in the statement of financial position.

6. Donor-Advised and Other Funds

Donor-advised and other funds consist of the following as of March 31, 2022:

Donor-advised funds	$ 421,297,108
Field of interest funds and other funds	40,119,143
Designated funds	15,847,548
Scholarship funds	5,699,215
Plus: unallocated net present value of interest on grants payable (see Note 4)	13,125
	$ 482,976,139

7. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at March 31, 2022:

Time restrictions:		
Real estate investment	$	4,056,620
Charitable remainder trust receivable		489,319
	$	4,545,939

8. Retirement Plan

The Community Foundation maintains a defined contribution retirement plan (the Plan) for eligible employees. The Community Foundation contributes up to a fixed percentage of each eligible employee's compensation to the Plan. Employees are eligible to participate immediately, while employer contributions vest ratably over three years of employment. The Community Foundation recorded contributions to the Plan of $128,550 for the year ended March 31, 2022.

9. Investments

Investments consist of the following as of March 31:

		2022
Investments measured at fair value	$	458,949,613
Investments held for others		2,992,549
Total investments measured at fair value (Note 10)		461,942,162
Mission-related investments		7,798,449
	$	469,740,611

Mission-related investments are The Community Foundation's direct investments in various entities whose purpose aligns with The Community Foundation's mission. This category is comprised of impact notes receivable made to a Community Development Financial Institution or "CDFI", for the purpose of building and preserving affordable housing units for low income individuals across the region. The balance consists of 17 notes receivable, stated at the amount of unpaid principal (i.e. cost basis). The notes range from two-year to five-year notes, with initial investments ranging from $25,000 to $5,000,000 and interest rates ranging from 1% to 3%. The Community Foundation reviews the notes receivable annually for impairment. No indicators of impairment were identified as of March 31, 2022. Interest accrues on a 365-day year basis, and accrued interest is payable annually on September 30th of each year. The initial investments in the notes and any unpaid interest may be redeemed at the time of maturity. The notes receivables are due as follows: $1,850,000 in 2023, $200,000 in 2024, $5,573,335 in 2025, $125,095 in 2026 and $50,000 in 2027.

10. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset or transfer the liability with the greatest volume and level of activity for the asset or liability is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset or transfer the liability with the price that maximizes the amount that would be received or minimizes the amount that would be paid. Fair value is based on assumptions market participants would make in pricing the asset or liability. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

The Community Foundation reports certain investments using the net asset value per share as determined by investment managers under the so called “practical expedient”. The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met.

Accounting Standard Codification (ASC) 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value and maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the use of observable inputs when available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable input (Level 3). The three levels of the fair value hierarchy under ASC 820 are described as follows:

- **Level 1** - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that The Community Foundation has the ability to access.
- **Level 2** - Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
  - If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- **Level 3** - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The valuation methodologies The Community Foundation uses to measure its assets at fair value are described below:

Investments

In general, and where applicable, The Community Foundation uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments. If quoted prices in active markets for identical assets are not available to determine fair value, then The Community Foundation uses quoted prices for similar assets or inputs other than the quoted prices that are observable either directly or indirectly. These investments are included in Level 2. The Community Foundation's Level 3 assets primarily include certain investments in real estate interests and private equity. Real estate investments and investments in privately held entities are reported at the fair value of the investment as determined by the most recent appraisal or prices used in current transactions. The Community Foundation values its interest in other business entities and hedge funds using significant unobservable inputs including information from fund managers or general partners based on quoted market prices, if available, or other valuation methods. Management reviews and evaluates the values provided by the fund managers and general partners and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Unobservable inputs used in these models are significant to the fair value of the investments.

Fair value on a recurring basis

The following tables set forth by level, within the fair value hierarchy, The Community Foundation's assets recorded at fair value:

	As of March 31, 2022			
	Assets Measured	Fair Value Hierarchy Level		
Description	At Fair Value	Level 1	Level 2	Level 3
Mutual funds				
Large cap funds	$ 86,241,322	$ 86,241,322	$ -	$ -
International funds	65,800,730	65,800,730	-	-
Other	40,496,744	40,496,744	-	-
Intermediate bonds	39,827,367	39,827,367	-	-
Mid cap funds	14,923,240	14,923,240	-	-
Corporate bonds	4,129,708	4,129,708	-	-
Small cap funds	3,228,478	3,228,478	-	-
Government bonds	2,652,536	2,652,536	-	-
REIT/real estate funds	494,982	494,982	-	-
Mortgage-backed securities	34,933	-	34,933	-
Total mutual funds	257,830,040	257,795,107	34,933	-
Common stocks				
Consumer	4,497,939	4,497,939	-	-
Health	8,274,119	8,274,119	-	-
Services and other stocks	3,753,644	3,753,644	-	-
Technology	5,871,749	5,871,749	-	-

Description	Assets Measured At Fair Value	Level 1	Level 2	Level 3
	As of March 31, 2022			
		Fair Value Hierarchy Level		
International stocks	3,381,875	3,381,875	-	-
Finance	2,431,706	2,431,706	-	-
Information technology	1,510,162	1,510,162	-	-
Industrial	1,455,859	1,455,859	-	-
Energy	850,007	850,007	-	-
Material	468,410	468,410	-	-
Utilities	583,417	583,417	-	-
Total common stocks	33,078,887	33,078,887	-	-
Cash and money market accounts	55,278,469	55,278,469	-	-
Corporate bonds	55,382,825	-	55,382,825	-
U.S. government securities	31,020,145	31,020,145	-	-
Real estate	9,499,201	-	-	9,499,201
Private equity	4,138,556	-	-	4,138,556
Commodities	317,159	317,159	-	-
Total investments at fair value	446,545,282	377,489,767	55,417,758	13,637,757
Investments measured at net asset value*:				
Multi-strategy and other funds	12,542,575	-	-	-
Guaranteed insurance contract	2,067,297	-	-	-
Hedge fund of funds	600,000	-	-	-
Buyout and growth equity funds	187,008	-	-	-
Total investments measured at net asset value*	15,396,880	-	-	-
Total fair value investments	$ 461,942,162	$ 377,489,767	$ 55,417,758	$ 13,637,757

* Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized 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 accompanying statement of financial position.

Changes in fair value levels

To assess the appropriate classification of investments within the fair value hierarchy, the availability of market data is monitored. Changes in economic conditions or valuation techniques may require the transfer of investments from one fair value level to another. The Community Foundation's management evaluates the significance of transfers between levels based upon the nature of the investment. For the year ended March 31, 2022, there were no significant transfers in or out of Level 3.

The following table presents The Community Foundation's activity for assets measured at fair value on a recurring basis using significant unobservable inputs as defined in ASC 820 for the year ended March 31, 2022:

Purchases	$	2,687,125
Settlements	$	(3,549,584)

The major categories of The Community Foundation's investments that are valued at net asset value or its equivalent or are measured at Level 3 that have unfunded commitments and/or redemption gates are listed as follows at March 31, 2022:

Description		Fair Value		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Buyout and growth equity funds (a)	$	187,008	$	39,894	Annually, Capital Distributions	60
Multi-strategy and other funds (b)		12,542,575		100,000	Quarterly, Not Permitted	45-95
Private equity (c)		4,138,556		-	Quarterly, Periodically, Not Permitted	60
Real estate (d)		9,499,201		-	Periodically	N/A
Guaranteed insurance contract (e)		2,067,297		-	Death of beneficiary	N/A
Hedge fund of funds (f)		600,000		-	Quarterly	95
Total	$	29,034,637	$	139,894		

(a) This category is comprised of investments in private equity funds and private equity funds of funds in the U.S. and outside of the U.S. whose mandates include leveraged buyouts and growth equity investments in companies. Certain funds in this category do not permit redemptions. Another fund only allows redemptions at calendar year end. Approximately 84 percent of the value of these investments is available for redemption at March 31, 2022. Two funds in this category are redeemable as capital distributions as determined by the fund manager.

(b) This category is comprised of investments in hedge funds that are not exclusively global macro or hedged equity and other funds. Strategies include relative value, event driven, and arbitrage. Underlying investments are typically the same markets as the types invested in both the public equity and fixed income commingled categories as well as derivatives. The funds include short positions as well as long positions and use leverage. Some funds may invest in private investments which are typically segregated into side pockets (a separate share class) and are not available for redemption until the investment is liquidated by the fund manager. Approximately 55 percent of the value of the investments is available for redemption at March 31, 2022. One fund in this category has a 25 percent redemption rate. Additionally, two funds do not permit withdrawals.

(c) This category is comprised of investments in shares of privately held corporations. Redemption of these investments is subject to the Corporation's notification to its stockholders and approval by the board of the Corporation.

(d) This category is comprised of investments in limited liability companies that invest in real estate properties. Redemption of these investments is subject to the terms of the partnership agreements.

(e) The Community Foundation is the owner and beneficiary of a single life insurance contract with a contract value of $1,000,000.

(f) This category is invested in a fund of hedge funds. Underlying hedge fund strategies primarily include hedge equity, multi-strategy, relative value, event driven and arbitrage strategies.

Valuation process for Level 3 instruments

In estimating fair value of the investments in Level 3, management may use third-party pricing sources or appraisers. In substantiating the reasonableness of the pricing data provided by third parties, Management evaluates a variety of factors including review of methods and assumptions used by external sources, recently executed transactions, existing contracts, economic conditions, industry and market developments, and overall credit ratings.

11. Commitments

Operating leases

The Community Foundation leases office space in Washington, D.C. under the terms of a noncancelable operating lease that commenced in July 2017 and expires in 2028. These lease agreements contain escalation clauses and provisions for the payment of taxes and operating expenses.

The following is a schedule by year of the future minimum lease payments required under the operating leases as of March 31, 2022:

Years Ending March 31,	
2023	$ 506,000
2024	518,000
2025	531,000
2026	545,000
2027	558,000
Thereafter	814,000
	$ 3,472,000

In accordance with authoritative guidance issued by the FASB, The Community Foundation recognizes the total cost of its office lease ratably over the lease period. The difference between rent paid and that expensed is reflected as deferred rent, which is included in accounts payable and accrued expenses in the accompanying statement of financial position, and is being amortized over the term of the lease.

Rent expense totaled $439,490 for the year ended March 31, 2022.

Lease of donated property

In November 1997, The Community Foundation received donated property located in the District of Columbia (the District) that it leased to the D.C. Metropolitan Police Department to establish a police substation, in accordance with the donor's instruction. The original lease term was ten years and The Community Foundation received rental payments thereon of $1 per year. Under the terms of the donor agreement, upon termination of the lease, The Community Foundation had the option to sell or lease the property at its fair market value. The Community Foundation exercised this option upon the expiration of the original lease. The property is still being leased to the D.C. Metropolitan Police Department as a police sub-station in Ward 8 of the District. The Community

Foundation has renewed the lease for a fourth extended term which expires on January 31, 2023. Rental income totaled $263,707 for the year ended March 31, 2022.

Contingencies

The Community Foundation was a defendant in a lawsuit wherein substantial amounts were claimed. In the opinion of The Community Foundation's legal counsel, The Community Foundation's argument for dismissal and factual defenses are strong and the plaintiff's damages claim is grossly overstated and speculative. Management of The Community Foundation has concluded that the lawsuit is without substantial merit and is not expected to result in a judgment, which, in the aggregate, would have a material adverse effect on The Community Foundation's financial statements. In January 2022, the lawsuit concluded in favor of the Community Foundation.

12. Notes Payable – Payroll Protection Program (PPP) Loan

The Community Foundation applied for and received on May 5, 2020, funds under the Paycheck Protection Program in the amount of $612,900. The Community Foundation received additional loan proceeds in the amount of $700,028 on March 2021 under the PPP. The application for these funds required The Community Foundation to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of The Community Foundation. This certification further required The Community Foundation to take into account its current business activity and the ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on The Community Foundation having initially qualified for the loan and qualifying for the forgiveness of such loan based on its future adherence to the forgiveness criteria. The PPP loans accrue interest at a rate of 1.00% per annum for a term of five years and any principal amounts that do not qualify for forgiveness, along with accrued interest, will be repaid in equal monthly payments of principal and interest after the forgiveness decision has been made.

In accordance with FASB Accounting Standards Codification (ASC) 470, *Debt*, no amounts for loan forgiveness were recognized until a legal release was received. In September 2021 and January 2022, The Community Foundation received approval that the PPP loans were fully forgiven and paid by the Small Business Administration (SBA). As a result, in accordance with U.S. GAAP, The Community Foundation recognized a gain on forgiveness of the PPP loans of $1,312,928 for the year ended March 31, 2022. A gain is included in rental and other income in the statement of activities and change in net assets.

13. Liquidity and Availability of Resources

The following represents The Community Foundation's financial assets available within one year of the statement of financial position date for general expenditures:

	2022
Financial assets at year-end:	
Cash and cash equivalents	$ 52,727,717
Investments	466,748,602
Accounts receivable (contributions receivable within one year)	847,353
Total financial assets	520,323,672
Less amounts not available for general expenditures within one year:	
Net assets with donor restrictions	(4,545,939)
Investments redeemable in more than one year	(16,971,745)
Financial assets not available for general expenditures within one year	21,517,684
Financial assets available to meet cash needs for general expenditures within one year	$ 498,805,988

The Community Foundation analyzes its cash position regularly and believes its available resources and future earnings will provide more than adequate resources to meet their financial obligations for the year following the statement of financial position date of March 31, 2022. Financial assets available within one year include $421 million of donor-advised funds that are subject to component fund requirements, including a variance power provision. These assets are subject to donor intent which the Community foundation intends to uphold. Other funds totaling $62 million include designated funds, field of interest funds and scholarship funds. For these types of funds, the original purpose of these funds will be continued, unless or until the original purpose is no longer capable of being fulfilled.

14. Risk and Uncertainties – COVID-19

On January 30, 2020, the Director-General of the World Health Organization (WHO) declared the novel coronavirus outbreak a public health emergency of international concern, WHO's highest level of alarm. On March 11, 2020, the WHO declared the novel coronavirus a global pandemic.

Despite the impact of COVID-19 on the global supply chain and economies, The Community Foundation will continue to monitor the financial and business implications of the pandemic on its operations and will implement new strategies as appropriate. See Note 13 for information regarding the Community Foundation's liquidity and availability of resources.

15. Subsequent Events

The Community Foundation has evaluated its March 31, 2022 financial statements for subsequent events through December 19, 2022, the date the financial statements were available to be issued. The Community Foundation is not aware of any subsequent events which would require recognition or disclosure in the financial statements.