

JUNEAU COMMUNITY FOUNDATION

Financial Statements
(with Independent Auditor's Report Thereon)

Years Ended December 31, 2023 and 2022

JUNEAU COMMUNITY FOUNDATION

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JUNEAU COMMUNITY FOUNDATION

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Independent Auditor's Report

Members of the Board of Directors
Juneau Community Foundation
Juneau, Alaska

Opinion

We have audited the accompanying financial statements of Juneau Community Foundation which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Juneau Community Foundation as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Juneau 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 Juneau Community Foundation's ability to continue as a going concern within one year after the date that the financial statements are 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 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Juneau 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 Juneau 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.

Altman, Rogers & Co.

Juneau, Alaska
July 2, 2024

JUNEAU COMMUNITY FOUNDATION
STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,978,536	4,669,856
Grant receivable	76,252	19,958
Prepaid expenses	15,237	14,795
Total current assets	4,070,025	4,704,609
Investments	79,794,306	65,913,393
Beneficial interest in Alaska Community Foundation	56,500	56,500
Total assets	\$ 83,920,831	70,674,502
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Unconditional promise to give	\$ 2,000,000	2,003,500
Accounts payable	80,236	31,672
Total current liabilities	2,080,236	2,035,172
Funds held as agency endowments	6,625,930	4,420,674
Total liabilities	8,706,166	6,455,846
NET ASSETS		
Without donor restrictions	44,653,094	36,698,833
With donor restrictions	30,561,571	27,519,823
Total net assets	75,214,665	64,218,656
Total liabilities and net assets	\$ 83,920,831	70,674,502

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

JUNEAU COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues:			
Contributions	\$ 4,616,602	23,137	4,639,739
Net investment income	6,322,025	4,407,574	10,729,599
Government grants	286,414	-	286,414
Fund administration fees	40,870	-	40,870
Contributed nonfinancial assets	11,495	-	11,495
Total support and revenues	<u>11,277,406</u>	<u>4,430,711</u>	<u>15,708,117</u>
Net assets released from restrictions	<u>1,388,963</u>	<u>(1,388,963)</u>	<u>-</u>
Total support, revenues and net assets released from restrictions	<u>12,666,369</u>	<u>3,041,748</u>	<u>15,708,117</u>
Expenses:			
Program services	4,416,900	-	4,416,900
Management and general	240,560	-	240,560
Fundraising	54,648	-	54,648
Total expenses	<u>4,712,108</u>	<u>-</u>	<u>4,712,108</u>
Change in net assets	7,954,261	3,041,748	10,996,009
Net assets, beginning of year	<u>36,698,833</u>	<u>27,519,823</u>	<u>64,218,656</u>
Net assets, end of year	<u>\$ 44,653,094</u>	<u>30,561,571</u>	<u>75,214,665</u>

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

JUNEAU COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues:			
Contributions	\$ 4,979,422	1,989	4,981,411
Net investment income (loss)	(6,876,931)	(5,722,057)	(12,598,988)
Government grants	85,337	-	85,337
Fund administration fees	34,268	-	34,268
Contributed nonfinancial assets	23,805	-	23,805
Total support and revenues	<u>(1,754,099)</u>	<u>(5,720,068)</u>	<u>(7,474,167)</u>
Net assets released from restrictions	<u>1,363,322</u>	<u>(1,363,322)</u>	<u>-</u>
Total support, revenues, and net assets released from restrictions	<u>(390,777)</u>	<u>(7,083,390)</u>	<u>(7,474,167)</u>
Expenses:			
Program services	5,542,972	-	5,542,972
Management and general	423,687	-	423,687
Fundraising	13,207	-	13,207
Total expenses	<u>5,979,866</u>	<u>-</u>	<u>5,979,866</u>
Change in net assets	(6,370,643)	(7,083,390)	(13,454,033)
Net assets, beginning of year	<u>43,069,476</u>	<u>34,603,213</u>	<u>77,672,689</u>
Net assets, end of year	<u>\$ 36,698,833</u>	<u>27,519,823</u>	<u>64,218,656</u>

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

JUNEAU COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grant distributions	\$ 3,852,364	-	-	3,852,364
Salaries and related expenses	164,344	112,071	18,467	294,882
Special project cost	369,942	-	-	369,942
Professional fees	-	69,632	-	69,632
Scholarships	30,250	-	-	30,250
Marketing	-	-	11,949	11,949
Occupancy	-	14,630	-	14,630
Information technology	-	21,169	-	21,169
Office and equipment	-	13,055	-	13,055
Insurance	-	6,009	-	6,009
Professional development	-	3,994	-	3,994
Special events	-	-	24,232	24,232
Total expenses	<u>\$ 4,416,900</u>	<u>240,560</u>	<u>54,648</u>	<u>4,712,108</u>

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

JUNEAU COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grant distributions	\$ 5,379,355	-	-	5,379,355
Salaries and related expenses	-	266,353	-	266,353
Special project cost	122,867	-	-	122,867
Professional fees	-	83,655	-	83,655
Scholarships	40,750	-	-	40,750
Marketing	-	-	11,686	11,686
Occupancy	-	14,007	-	14,007
Information technology	-	31,730	-	31,730
Office and equipment	-	14,960	-	14,960
Insurance	-	4,600	-	4,600
Professional development	-	8,382	-	8,382
Special events	-	-	1,521	1,521
Total expenses	<u>\$ 5,542,972</u>	<u>423,687</u>	<u>13,207</u>	<u>5,979,866</u>

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

JUNEAU COMMUNITY FOUNDATION

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 10,996,009	(13,454,033)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Unrealized loss (gain) on investments	(8,527,542)	15,257,155
Realized loss (gain) on investments	(311,349)	(1,186,678)
(Increase) decrease in assets:		
Grant receivable	(56,294)	(18,753)
Other receivables	-	47,472
Prepaid expenses	(442)	(2,939)
Increase (decrease) in liabilities:		
Unconditional promise to give	(3,500)	2,003,500
Accounts payable	48,564	(31,254)
Funds held as agency endowments	2,205,256	(654,325)
Net cash provided by operating activities	<u>4,350,702</u>	<u>1,960,145</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(6,730,985)	(2,130,997)
Proceeds from sale of investments	<u>1,688,963</u>	<u>2,333,826</u>
Net cash provided by (used for) investing activities	<u>(5,042,022)</u>	<u>202,829</u>
Net change in cash and cash equivalents	(691,320)	2,162,974
Cash and cash equivalents, beginning of year	<u>4,669,856</u>	<u>2,506,882</u>
Cash and cash equivalents, end of year	<u>\$ <u>3,978,536</u></u>	<u>4,669,856</u>

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

JUNEAU COMMUNITY FOUNDATION

Notes to the Financial Statements

Years Ended December 31, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Juneau Community Foundation (the Foundation) was incorporated as a nonprofit organization in the State of Alaska in 2000. Its mission is to promote philanthropy and effectively respond to the needs of the Juneau community to create a healthy, safe and culturally rich environment. The Foundation administers various funds contributed by individuals, organizations, and businesses. The funds are managed as a pool of assets.

Basis of Accounting

The Foundation's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are resources available for general use. Funds designated for donor advised grants are available for distribution upon recommendation by the donor. The Foundation's policy is to designate unrestricted donor gifts at the discretion of the Board of Directors.

Net Assets With Donor Restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Foundation must continue to use the resources in accordance with the donor's instructions.

The Foundation may report contributions restricted by donors as increase in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. As of December 31, 2023 and 2022, the Foundation's net assets with donor restrictions are restricted for funding various educational and philanthropic programs specified by the donors.

Revenue and Revenue Recognition

Contributions: The Foundation recognizes gifts of cash and marketable securities as contribution revenue when the gift is pledged or received.

JUNEAU COMMUNITY FOUNDATION

Notes to the Financial Statements, Continued

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.

When the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities and change in net assets as net assets released from restrictions.

Government grants: A portion of the Foundation's revenue is derived from a cost-reimbursable state grant, which is conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific grant provisions.

Fund Administration Fees: Fees for services include charges to the individual funds for administration and managing the investments. Fees are recognized at the time the services are provided by the Foundation.

Contributed Nonfinancial Assets: Contributed nonfinancial assets include donated professional services and other contributions which are recorded as the respective fair values of the goods or services received, see Note 11. The Foundation does not monetize contributed nonfinancial assets.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Foundation considers all checking, money market accounts, and short-term investments with original maturities of three months or less to be cash and cash equivalents.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements). Unrealized gains and losses interest, dividends and management fees are included in the change in net assets in the accompanying Statements of Activities as investment income.

Receivables

Accounts and grant receivables consist of amounts due from grantor on a cost reimbursement grant and amounts due for federal taxes withheld from a donation. In accordance with Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, JCF estimates current expected credit losses over the lifetime of the asset by considering all reasonable and supportable information, including historical experience, current conditions, and reasonable and supportable forecasts affecting collectability. Management considers the receivables to be fully collectible at year-end. Accordingly, no current expected credit losses have been recorded.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the year end are recorded as prepaid expenses.

JUNEAU COMMUNITY FOUNDATION

Notes to the Financial Statements, Continued

Promises to Give

Contributions are recorded in the period they are made. Unconditional promises to give cash or other assets are recognized as payables. Payables expected to be paid within 1 year are measured at face value. In 2023 and 2022, no promise to give payables were expected to be paid more than one year from when the promise to give was made. Conditional promises to give cash or other assets are recognized when the conditions on which they depend are substantially met, when the conditional promise becomes unconditional. At December 31, 2023 and 2022, the Foundation had promise to give balances of \$2,000,000 and \$2,003,500, respectively, that were expected to be paid out within one year.

Funds Held as Agency Endowments

The Foundation may accept contributions from another nonprofit organization and agree to transfer those assets, the return on investment of those assets, or both, back to the nonprofit organization at some point. Because the Foundation maintains variance power and fiduciary responsibility for all funds held under agency endowment agreements, these funds continue to be reported as assets. However, a liability, "funds held as agency endowments" has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the nonprofit organization that established the fund for its own benefit.

Fair Value of Financial Instruments

The Foundation's financial assets carried at fair value have been classified based on a hierarchy defined by FASB ASC 820-10-50-2. FASB ASC 820 *Fair Value Measurement and Disclosure* defines fair value as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. FASB ASC 820 also establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets or liabilities. The three levels include Level 1 (quoted prices in active markets for identical assets), Level 2 (significant other observable inputs), and Level 3 (significant unobservable inputs). The Foundation uses Level 1 inputs to measure the fair value of assets.

Income Tax Status

The Foundation is organized under Section 501(c)(3) of the Internal Revenue Code as a nonprofit, tax exempt organization. The Foundation follows the provisions of FASB ASC 740 *Income Taxes*. Management believes that it has appropriate support for any tax positions taken. The Foundation's federal income tax returns (Form 990) are subject to possible examination by the Internal Revenue Service until the expiration of the related statute of limitations on those informational returns, which, in general, have a three-year statute of limitations. Management has evaluated its tax positions for the years ended December 31, 2021 through 2023 in conformity with accounting principles generally accepted in the United States and has determined it has no uncertain tax positions required to be disclosed.

Estimates and Assumptions

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

JUNEAU COMMUNITY FOUNDATION

Notes to the Financial Statements, Continued

Functional Allocation of Expenses

The costs of providing the Foundation's various program services and other activities have been summarized on a functional basis. Expenses for program services are segregated from management and general expenses. Costs common to multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied, as follows:

- Salaries and related expenses allocated based on employee time spent on program or service.

Description of Program and Supporting Services

Program services includes all functions necessary to administer funds received from various entities.

Management and general services include the functions necessary to maintain equitable employment; ensure an adequate working environment, provide coordination of the Foundation's programs; secure proper administrative functioning of the Board of Directors and manage the financial and budgetary responsibilities of the Foundation.

Fundraising services include funds expended to solicit donations or contributions to the Foundation.

Statement Reclassifications

Certain reclassifications may have been made in the prior year's amounts to conform with current year statement presentation. The reclassifications had no effect on net assets presented.

Subsequent Events

The Foundation has evaluated subsequent events through the date of the Independent Auditor's Report, which is commensurate with the date the financial statements were available to be issued.

NOTE 2 – INVESTMENTS

Investments consist of the following at December 31:

	2023	Amortized Cost
Investment securities, at market value:		
Equities – Domestic	\$ 31,290,605	\$ 14,671,618
Equities - International	29,294,424	24,823,974
Fixed income - Domestic	19,209,277	20,970,706
Total investment securities	\$ 79,794,306	\$ 60,466,298
	2022	Amortized Cost
Investment securities, at market value:		
Equities – Domestic	\$ 24,605,632	\$ 13,788,533
Equities - International	25,303,507	23,710,433
Fixed income - Domestic	16,004,254	18,270,826
Total investment securities	\$ 65,913,393	\$ 55,769,792

JUNEAU COMMUNITY FOUNDATION

Notes to the Financial Statements, Continued

Investment income (loss) includes the following at December 31:

	<u>2023</u>	<u>2022</u>
Dividends	\$ 1,953,655	\$ 1,528,886
Investment fees	(62,947)	(57,397)
Realized gain	311,349	1,186,678
Unrealized gain	<u>8,527,542</u>	<u>(15,257,155)</u>
Total investment income, net	<u>\$ 10,729,599</u>	<u>\$ (12,598,988)</u>

The Foundation's investment funds are maintained in a pooled investment portfolio. Interest, dividends, and realized and unrealized gains and losses in the investment pool are allocated monthly to the individual funds and agency endowments in proportion to each fund's share in the investment pool.

The value of securities held by the Foundation may decline in response to certain economic events, including those events impacting entities whose securities are owned and included in the investment portfolio. Those events impacting valuation may include (but are not limited to) economic changes, market fluctuations, regulatory changes, global and political instability, and currency, interest rate, and commodity price fluctuations. The Foundation attempts to manage this risk through diversification, ongoing due diligence of fund managers, and monitoring of economic conditions.

NOTE 3 – FAIR VALUE MEASUREMENT

The Foundation's investments are classified using Level 1 inputs to measure the fair value of assets on a recurring basis as follows:

	<u>Fair Value</u>	<u>Level 1</u>
Investments as of December 31, 2023:		
Investment securities:		
Equities – Domestic	\$ 31,290,605	\$ 31,290,605
Equities - International	29,294,424	29,294,424
Fixed income - Domestic	<u>19,209,277</u>	<u>19,209,277</u>
Total investment securities	<u>\$ 79,794,306</u>	<u>\$ 79,794,306</u>
Investments as of December 31, 2022:		
Investment securities:		
Equities – Domestic	\$ 24,605,632	\$ 24,605,632
Equities - International	25,303,507	25,303,507
Fixed income - Domestic	<u>16,004,254</u>	<u>16,004,254</u>
Total investment securities	<u>\$ 65,913,393</u>	<u>\$ 65,913,393</u>

JUNEAU COMMUNITY FOUNDATION

Notes to the Financial Statements, Continued

NOTE 4 – BENEFICIAL INTEREST IN ALASKA COMMUNITY FOUNDATION

During fiscal year 2012, the Foundation entered into an Organization Fund Agreement (Agreement) with the Alaska Community Foundation (ACF), an unrelated community foundation. Under the Agreement, the Foundation transferred \$56,500 to ACF, which established the Juneau Community Endowment Fund (Fund). Under the agreement, ACF will hold, manage and invest the Fund for charitable purposes of the Foundation. The Foundation's Board of Directors may request that earnings and principal of the Fund be distributed subject to terms of the Agreement and approval of the Foundation Board of Directors. The Foundation has granted variance power to ACF only if the Foundation ceases to exist or is no longer a qualified charitable organization. The variance power is further limited in that ACF may transfer the interest in the Fund after consultation with members of the final Board of Directors of the Foundation. Accordingly, the Foundation has recognized a beneficial interest in the ACF Fund.

The Foundation will recognize earnings in the Fund upon distribution by ACF. During fiscal year 2023 and 2022 the Foundation received \$3,289 and \$2,957, respectively from ACF.

The Foundation's beneficial interest is comingled with other entities that have placed accounts with ACF. At December 31, 2023 and 2022 ACF reported that the Foundation's reported share of the account had a market value of \$70,347 and \$65,326, respectively.

In addition to the beneficial interest discussed above, ACF maintains other funds that have been contributed by various donors to ACF for the benefit of the Foundation. These funds are not included as assets of the Foundation because the Foundation does not have unconditional rights to distributions from these funds. The earnings from these funds typically are paid to the Foundation each year in accordance with ACF's spending policy, although ACF has the right to withhold distributions or pay them to another organization. For the years ended December 31, 2023 and 2022, the Foundation received distributions of \$8,454 and \$7,600, respectively which are recorded as contributions in the accompanying statements of activities. At December 31, 2023 and 2022, the fair value of the funds originally donated by third parties was approximately \$180,898 and \$167,982, respectively. The Foundation has no remaining interest in these funds.

NOTE 5 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promise to give balances at December 31, 2023 and 2022 were \$2,000,000 and \$2,003,500, respectively. Unconditional promise to gives comprise solely in the form of contributions or grants to be paid in the subsequent fiscal year. The amounts recorded as payables are recorded at fair value as they are expected to be paid in less than 1 year.

JUNEAU COMMUNITY FOUNDATION

Notes to the Financial Statements, Continued

NOTE 6 – FUNDS HELD AS AGENCY ENDOWMENTS

Activity for the year ended December 31 is as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 4,420,674	\$ 5,074,999
Additions:		
Contributions and transfers	1,449,394	291,585
Investment income (loss), net	<u>822,571</u>	<u>(850,981)</u>
Total income (loss)	2,271,965	(559,396)
Deductions:		
Grants and transfers	(20,500)	(56,378)
Service fees assessed	<u>(46,209)</u>	<u>(38,551)</u>
Total deductions	<u>(66,709)</u>	<u>(94,929)</u>
Ending balance	\$ <u>6,625,930</u>	\$ <u>4,420,674</u>

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Funds with donor restrictions include endowment funds created by donor stipulation requiring investment of the gift in perpetuity, for a specific term or for a specific purpose, and other funds with donor restrictions of purpose or time. Changes to endowment funds classified as net assets with donor restrictions are as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Endowment net assets, beginning of year	\$ 27,519,823	\$ 34,603,213
Endowment investment return:		
Interest and dividends	862,463	1,189,099
Total net gains and losses, net of fees	<u>3,545,111</u>	<u>(6,911,156)</u>
Total investment returns	4,407,574	(5,722,057)
Contributions to endowments	23,137	1,989
Transfers from endowments	<u>(1,388,963)</u>	<u>(1,363,322)</u>
Endowments net assets, end of year	\$ <u>30,561,571</u>	\$ <u>27,519,823</u>

Interpretation of Relevant Law

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was enacted in the State of Alaska. UPMIFA eliminates the historic dollar value threshold, an amount below which an organization could not spend from an endowment fund, and establishes a set of prudent management and investment standards for boards to follow when managing endowment funds. Under UPMIFA, the Foundation may spend so much of an endowment fund as it considers prudent, regardless of whether the fund is below its historic dollar value. A donor's intent to maintain an endowment in perpetuity must still be considered and the fund managed accordingly. However, the Foundation retains variance power over its endowment assets. The Foundation's organizing documents and fund agreements set forth the power to modify any restrictions or conditions on distributions from funds if, in the Foundation's judgement, such restrictions or conditions become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area being served.

JUNEAU COMMUNITY FOUNDATION

Notes to the Financial Statements, Continued

The Foundation has established prudent investment and spending policies with the objective of maintaining the purchasing power of its endowed assets in perpetuity and to provide a stable level of support to the beneficiaries. To achieve this objective, the Foundation's asset allocation strategy is reviewed periodically and adjusted to target a total return that covers inflation, administrative expenses, and spending allocations, while minimizing volatility.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which the investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term objectives within prudent risk constraints. Investment decisions are made in context of the Foundation's portfolio of investments as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the Foundation.

The Foundation has a policy of appropriating for distribution each year a percentage of the trailing five-year rolling-average of a fund's fair-market-value. In establishing this spending rate, the Foundation considers numerous factors listed in UPMIFA, including long-term expected return on investments, inflation, and other economic indicators. Accordingly, over the long term, the Foundation expects its spending policy to allow its endowment funds to grow at a rate equal to inflation. This is consistent with the Foundation's objective to maintain the purchasing power of its endowed assets.

NOTE 8 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Administrative	\$ 1,998,121	\$ 1,585,833
Discretionary	1,293,298	893,712
Designated	2,732,373	2,450,248
Donor advised	35,296,401	29,612,291
Field of interest	1,585,299	1,051,383
Scholarship	<u>1,747,602</u>	<u>1,105,366</u>
Total net assets without donor restrictions	<u>\$ 44,653,094</u>	<u>\$ 36,698,833</u>

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JUNEAU COMMUNITY FOUNDATION

Notes to the Financial Statements, Continued

NOTE 9 – LIQUIDITY AND AVAILABILITY

The following represents the Foundation’s financial assets available to meet cash needs for general expenditures within one year of December 31, 2023 and 2022. Amounts not available for expenditure within one year include long-term investment of endowment and other funds, and investments held as agency endowments.

	<u>2023</u>
Financial assets at year-end*	
Cash and cash equivalents	\$ 3,978,536
Investments	79,794,306
Beneficial interest in Alaska Community Foundation	<u>56,500</u>
Total financial assets	<u>83,829,342</u>
Less those unavailable for general expenditure within one year due to contractual or donor-imposed restrictions:	
Long-term investment of endowments and other funds	(73,224,876)
Funds held as agency endowments	<u>(6,625,930)</u>
Total	\$ <u>(79,850,806)</u>
Financial assets available to meet general expenditures within one year	\$ <u>3,978,536</u>

*Total assets, less grant receivable, and prepaid expenses

	<u>2022</u>
Financial assets at year-end*	
Cash and cash equivalents	\$ 4,669,856
Investments	65,913,393
Beneficial interest in Alaska Community Foundation	<u>56,500</u>
Total financial assets	<u>70,639,749</u>
Less those unavailable for general expenditure within one year due to contractual or donor-imposed restrictions:	
Long-term investment of endowments and other funds	(61,549,219)
Funds held as agency endowments	<u>(4,420,674)</u>
Total	\$ <u>(65,969,893)</u>
Financial assets available to meet general expenditures within one year	\$ <u>4,669,856</u>

*Total assets, less grant receivable, and prepaid expenses

As part of the Foundation’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short term investments.

JUNEAU COMMUNITY FOUNDATION

Notes to the Financial Statements, Continued

At December 31, 2023 and 2022, the Foundation holds various endowment funds and donor advised funds with net assets of \$73.2 million and \$61.5 million, respectively. The Foundation had a 5% spending rate in January 2023, and a 4.75% spending rate in January 2024, less administrative fees, of each fund's five-year rolling average fair market value for grant making.

NOTE 10 – RELATED PARTY TRANSACTIONS

In the normal course of operations, the Foundation enters into transactions with Board members or their companies who provide facility and insurance services. These transactions are negotiated in accordance with the Foundation's conflict of interest policy. Amounts paid are recorded as general and administrative costs in the accompanying statement of activities.

NOTE 11 – CONTRIBUTED NONFINANCIAL ASSETS

For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the financial statement of activities included:

	<u>2023</u>	<u>2022</u>
Donated goods and non-cash donations	\$ 11,495	-
Professional fees	-	23,805
	<u>\$ 11,495</u>	<u>23,805</u>

Contributed professional services are provided by specially trained accountants who assist with various accounting needs of the Foundation. Contributed professional services are used in management and general and are recognized at fair value based on current rates for similar accounting services.

All contributed nonfinancial assets received during the years ended December 31, 2023 and 2022 were unrestricted.

NOTE 12 – CONCENTRATIONS AND CONTINGENCIES

Depository Concentration

The Foundation has concentrated its credit risk for cash by maintaining deposits in financial institutions, which may at times exceed amounts covered by insurance provided by the United States Federal Deposit Insurance Corporation (FDIC). At December 31, 2023 and 2022, \$7,758 and \$431,969, respectively, on deposit at a financial institution exceeded FDIC coverage. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

The Foundation has concentrated its credit risk for securities by holding securities with brokerage firms, which exceeds the amount covered by insurance provided by the Securities Investor Protection Corporation (SIPC). SIPC protection differs from FDIC as it does not protect the value of any security. In the event of liquidation, SIPC replaces the missing stock and other securities when it is possible to do so.