



Kalamazoo Community Foundation

Combined Financial Statements
and Supplementary Information
Years Ended December 31, 2021 and 2020

Kalamazoo Community Foundation

Combined Financial Statements and Supplementary Information
Years Ended December 31, 2021 and 2020

Kalamazoo Community Foundation

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Independent Auditor's Report

Board of Directors
Kalamazoo Community Foundation
Kalamazoo, Michigan

We have audited the combined financial statements of the Kalamazoo Community Foundation and Kalamazoo Community Foundation Real Estate Holdings, Inc. (the Foundation), which comprise the combined statements of financial position as of December 31, 2021 and 2020, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Combined Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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



Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, LLP

June 14, 2022

Combined Financial Statements

Kalamazoo Community Foundation
Combined Statements of Financial Position

<i>December 31,</i>	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,480,667	\$ 2,515,601
Investments	658,084,175	572,594,283
Program-related investments, net	3,287,331	1,876,179
Loan receivable	979,155	1,375,000
Contributions and pledges receivable, net of unamortized discount	5,118,260	2,680,517
Prepaid scholarships	522,186	578,797
Accrued investment income	774,091	752,475
Beneficial interest in charitable perpetual trusts	13,866,912	12,580,507
Other assets	1,100,385	1,185,107
Total Current Assets	689,213,162	596,138,466
Property and Equipment		
Building and improvements	3,238,372	3,238,372
Software	626,818	626,818
Equipment	680,328	680,328
	4,545,518	4,545,518
Less: accumulated depreciation	1,941,555	1,779,387
Property and Equipment, Net	2,603,963	2,766,131
Total Assets	\$ 691,817,125	\$ 598,904,597
Liabilities and Net Assets		
Liabilities		
Funds held as agency endowments	\$ 36,827,196	\$ 30,460,938
Annuities payable	2,662,960	2,849,085
Grants payable	1,624,747	476,536
Loan payable	95,000	155,000
Other	1,428,077	997,308
Total Liabilities	42,637,980	34,938,867
Net Assets		
Without donor restrictions:		
Undesignated	15,378,599	15,399,025
Designated by the Board for operations	23,354,775	20,791,908
Designated by the Board for endowment or a determined purpose	9,963,396	8,956,612
Total Net Assets Without Donor Restrictions	48,696,770	45,147,545
With donor restrictions:		
Perpetual in nature	586,615,463	506,237,678
Charitable perpetual trusts	13,866,912	12,580,507
Total Net Assets with Donor Restrictions	600,482,375	518,818,185
Total Net Assets	649,179,145	563,965,730
Total Liabilities and Net Assets	\$ 691,817,125	\$ 598,904,597

See accompanying notes to combined financial statements.

Kalamazoo Community Foundation

Combined Statements of Activities and Changes in Net Assets

Year ended December 31,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Gains						
Public support:						
Gifts and bequests	\$ 4,427,778	\$ 9,325,027	\$ 13,752,805	\$ 9,193,140	\$ 4,674,693	\$ 13,867,833
Less: gifts and bequests received for agency endowments	-	1,773,713	1,773,713	-	210,462	210,462
Total Gifts and Bequests	4,427,778	7,551,314	11,979,092	9,193,140	4,464,231	13,657,371
Investment Income, Net						
Dividends and interest	805,671	11,420,511	12,226,182	821,938	11,254,490	12,076,428
Less: dividends and interest received for agency endowments	-	676,054	676,054	-	715,985	715,985
Total Dividends and Interest	805,671	10,744,457	11,550,128	821,938	10,538,505	11,360,443
Net gain from investment transactions	5,701,555	85,969,122	91,670,677	3,368,437	37,712,421	41,080,858
Less: net gain from investment transactions for agency endowments	-	4,841,450	4,841,450	-	2,207,306	2,207,306
Total Net Realized and Unrealized Gains on Investments	5,701,555	81,127,672	86,829,227	3,368,437	35,505,115	38,873,552
Total Investment Income, Net	6,507,226	91,872,129	98,379,355	4,190,375	46,043,620	50,233,995
Other income (loss):						
Change in value of perpetual trusts	-	1,286,405	1,286,405	-	733,589	733,589
Other income (loss)	19,600	(310,633)	(291,033)	(768,575)	494,321	(274,254)
Gain on sale of property	-	-	-	-	844,198	844,198
Plus: income from agency endowments	-	147,092	147,092	-	149,988	149,988
Total Other Income (Loss)	19,600	1,122,864	1,142,464	(768,575)	2,222,096	1,453,521
Net Assets Released from Restrictions	18,882,117	(18,882,117)	-	19,426,839	(19,426,839)	-
Total Support, Revenue, and Gains	29,836,721	81,664,190	111,500,911	32,041,779	33,303,108	65,344,887

Kalamazoo Community Foundation

Combined Statements of Activities and Changes in Net Assets

Year ended December 31,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses						
Program services:						
Grants	\$ 19,679,677	\$ -	\$ 19,679,677	\$ 23,612,948	\$ -	\$ 23,612,948
Programs and grants administration	2,103,049	-	2,103,049	1,600,977	-	1,600,977
Support services:						
Fundraising	1,329,062	-	1,329,062	1,185,434	-	1,185,434
Management and general	3,175,708	-	3,175,708	2,763,518	-	2,763,518
Total Expenses	26,287,496	-	26,287,496	29,162,877	-	29,162,877
Increase in Net Assets	3,549,225	81,664,190	85,213,415	2,878,902	33,303,108	36,182,010
Net Assets, beginning of year	45,147,545	518,818,185	563,965,730	42,268,643	485,515,077	527,783,720
Net Assets, end of year	\$ 48,696,770	\$ 600,482,375	\$ 649,179,145	\$ 45,147,545	\$ 518,818,185	\$ 563,965,730

See accompanying notes to combined financial statements.

Kalamazoo Community Foundation

Combined Statement of Functional Expenses

Year ended December 31, 2021

	Program Services		Support Services		Total
	Grants	Programs and Grants Administration	Fundraising	Management and General	
Grants and other assistance to governments, organizations, and individuals	\$ 19,679,677	\$ -	\$ -	\$ -	\$ 19,679,677
Salaries	-	550,594	571,787	854,739	1,977,120
Compensation of officers, directors, trustees, and key employees	-	412,006	159,619	691,947	1,263,572
Benefits	-	82,362	119,010	181,906	383,278
Information technology	-	65,860	76,333	134,443	276,636
Consultants	-	540,481	34,472	321,867	896,820
Conferences, conventions, and meetings	-	70,680	10,784	69,676	151,140
Occupancy	-	13,959	14,133	122,041	150,133
Depreciation	-	1,074	39,393	121,701	162,168
Payroll taxes	-	64,612	52,393	107,650	224,655
Travel	-	25,020	20,483	11,091	56,594
Stipend	-	98,825	19,291	102,714	220,830
Office expenses	-	45,009	40,390	55,546	140,945
Advertising and promotion	-	11,072	44,502	25,350	80,924
401k plan contributions	-	30,989	32,560	47,917	111,466
Miscellaneous expense	-	-	400	88,577	88,977
Human resource	-	63,161	63,677	75,181	202,019
Repairs and maintenance	-	-	-	38,863	38,863
Property taxes	-	-	-	17,139	17,139
Accounting	-	14,015	14,266	20,490	48,771
Insurance	-	-	-	33,135	33,135
Memberships	-	3,431	5,293	12,731	21,455
Lobbying	-	-	-	7,500	7,500
Legal	-	9,899	10,276	33,504	53,679
Total Expenses	\$ 19,679,677	\$ 2,103,049	\$ 1,329,062	\$ 3,175,708	\$ 26,287,496

See accompanying notes to combined financial statements.

Kalamazoo Community Foundation

Combined Statement of Functional Expenses

Year ended December 31, 2020

	Program Services		Support Services		Total
	Grants	Programs and Grants Administration	Fundraising	Management and General	
Grants and other assistance to governments, organizations, and individuals	\$ 23,612,948	\$ -	\$ -	\$ -	\$ 23,612,948
Salaries	-	577,552	480,628	878,414	1,936,594
Compensation of officers, directors, trustees, and key employees	-	158,996	158,541	442,789	760,326
Benefits	-	140,106	126,854	220,906	487,866
Information technology	-	67,832	108,902	107,119	283,853
Consultants	-	284,598	6,773	254,787	546,158
Conferences, conventions, and meetings	-	66,742	17,580	24,337	108,659
Occupancy	-	14,839	12,207	128,697	155,743
Depreciation	-	1,027	39,047	121,272	161,346
Payroll taxes	-	50,192	44,240	90,440	184,872
Travel	-	25,918	15,278	12,354	53,550
Stipend	-	48,750	167	45,202	94,119
Office expenses	-	35,445	39,199	66,562	141,206
Advertising and promotion	-	14,079	53,696	28,694	96,469
401k plan contributions	-	31,992	26,495	47,927	106,414
Miscellaneous expense	-	7	356	86,400	86,763
Human resource	-	44,539	29,976	43,894	118,409
Repairs and maintenance	-	-	-	37,635	37,635
Property taxes	-	-	-	47,109	47,109
Accounting	-	16,751	13,828	21,045	51,624
Insurance	-	-	-	21,478	21,478
Memberships	-	4,374	5,524	11,339	21,237
Lobbying	-	-	-	10,625	10,625
Interest expense	-	12	10	10	32
Legal	-	17,226	6,133	14,483	37,842
Total Expenses	\$ 23,612,948	\$ 1,600,977	\$ 1,185,434	\$ 2,763,518	\$ 29,162,877

See accompanying notes to combined financial statements.

Kalamazoo Community Foundation

Combined Statements of Cash Flows

<i>Year ended December 31,</i>	2021	2020
Cash Flows from Operating Activities		
Increase in net assets	\$ 85,213,415	\$ 36,182,010
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	162,168	161,346
Net gain on investment transactions	(92,683,438)	(41,971,154)
Gain from sale of property	-	(844,198)
Change in value of collective fund	(2,336,061)	12,214,891
Change in value of perpetual trusts	(1,286,405)	(733,589)
Noncash contributions of investments	(2,846,992)	(5,012,932)
Changes in operating assets and liabilities:		
Contributions and pledges receivable	(2,437,743)	2,427,431
Prepaid scholarships	56,611	(31,167)
Accrued investment income	(21,616)	170,799
Other current assets	84,722	(201,114)
Funds held as agency endowments	6,366,258	1,865,941
Annuities payable	(186,125)	(136,008)
Grants payable	1,148,211	(536,516)
Other liabilities	430,769	512,958
Net Cash Provided by (Used in) Operating Activities	(8,336,226)	4,068,698
Cash Flows from Investing Activities		
Purchase of investments	(617,486,821)	(513,117,102)
Proceeds from sale and maturity of investments	629,863,420	510,162,598
Collections on (issuance of) notes receivable	395,845	(1,375,000)
Proceeds from (payments of) program-related investments	(1,411,152)	313,214
Purchase of property and equipment	-	(59,635)
Proceeds from sale of property	-	1,797,340
Distributions from limited partnerships	-	951
Net Cash Provided by (Used in) Investing Activities	11,361,292	(2,277,634)
Cash Flows from Financing Activity		
Payments on loan payable	(60,000)	(45,000)
Increase in Cash and Cash Equivalents	2,965,066	1,746,064
Cash and Cash Equivalents, beginning of year	2,515,601	769,537
Cash and Cash Equivalents, end of year	\$ 5,480,667	\$ 2,515,601

See accompanying notes to combined financial statements.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

1. Nature of Business and Summary of Accounting Policies

Kalamazoo Community Foundation (the Foundation) is a public charity founded in 1925, created to make Kalamazoo County the most equitable place to live by mobilizing people, resources, and expertise to advance racial, social, and economic justice. The Foundation administers charitable gifts, including endowments, from which grants are made to non-profit organizations for community betterment. The Foundation's activities are conducted by the Board of Trustees, the Chief Executive Officer, and supporting staff.

A nonprofit corporation, Kalamazoo Community Foundation Real Estate Holdings, Inc. has been established as a supporting organization to the Foundation. Its purpose is primarily to accept gifts of real estate and other personal property.

The accompanying combined financial statements include the accounts of the Foundation and Kalamazoo Community Foundation Real Estate Holdings, Inc., which are under common control. Intercompany transactions and balances have been eliminated in combination.

The Foundation has 1,095 and 1,091 component funds for 2021 and 2020, respectively, that have been combined for presentation purposes. The component funds are of various types reflecting the distribution restrictions of the donors who have established or contributed to them:

Discretionary Funds - These funds have no suggested distribution restrictions. The Board allocates these funds in making distributions for charitable purposes to meet community needs.

Field-of-Interest Funds - These funds establish support in a particular area of interest.

Advised Funds - These funds provide the donor or others with the ability to make suggestions as to recipients of grants. Such suggestions are not binding on the Foundation.

Agency Endowments and Designated Funds - These funds provide support to specific nonprofit organizations or programs based on the donors' wishes and subject to the Foundation's board's discretion and approval.

Gift Annuity Funds - The Foundation operates a charitable gift annuity program whereby donors receive a life income in exchange for assets conveyed to the Foundation under an annuity contract.

Operating Funds - These funds are used to support the operational expenses of the Foundation.

Supporting Organization Funds - These funds will be transferred to the Foundation upon sale of the gifted asset. A supporting organization is organized and operated exclusively for the benefit of a public charity, such as the Foundation. It provides all of the benefits of a public charity and most of the benefits of a private foundation.

Basis of Presentation

The accompanying combined financial statements have been prepared on the accrual basis of accounting, which recognizes revenue and support when earned and expenses when incurred in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). For combined financial statement purposes, the Foundation distinguishes between contributions without donor restrictions and contributions with donor restrictions.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

Net Asset Classification

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

Net Assets Without Donor Restrictions - These are net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets with Donor Restrictions - These are net assets subject to donor (or certain grantor)-imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires—that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Board of Trustees, on the advice of legal counsel, has determined that the majority of the Foundation's net assets meet the definition of endowment funds under the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation is governed subject to the Articles of Incorporation and by-laws and most contributions are received subject to the terms of the governing documents. Certain contributions are received subject to other gift instruments or are subject to specific agreements with the Foundation.

Under the terms of the governing documents, the Board of Trustees has the ability to distribute the amount of income from any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. It also has the ability to modify any restriction or condition on the distribution of funds for any specified charitable purpose or purposes or to a specified charitable organization or organizations if, in the sole judgment of the Board (without the necessity of the approval of any participating trustee, custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served.

The Foundation classifies net assets with donor restrictions (a) the original gift value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated 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.

Endowment Investment and Spending Policies

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. The Foundation's investment and spending policies work together to achieve this objective. The investment policy establishes an achievable return strategy to receive the maximum long-term, risk-adjusted cumulative return through diversification of asset classes. The current long-term return objective is to return 7% net of investment fees. Actual returns in any given year may vary from this amount.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

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 an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds, for grant making and administration. The overall spending policy goal is to spend 4.5% over rolling 20-year time frames. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets, as well as to provide additional real growth through new gifts and investment return.

Spending for each calendar year is calculated based upon the prior year's spending factored up or down by the one-year Bureau of Labor Statistics CPI-U Spending as of the previous March 31st. The spending will never be less than 4% or greater than 5% of the 20-quarter rolling average (QRA) market value. Spending for Discretionary Funds and Field of interest funds was increased in 2021 to 5.5% of the 20-quarter rolling average (QRA) market value. Going forward, the spending will never be less than 5% or greater than 6% of the 20-quarter rolling average (QRA) market value for these funds. In situations when the ensuing year's spending is calculated to be less than prior year's spending, the Board of Trustees could consider modifications to the spending rate calculations.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to invest or appropriate donor-restricted endowment funds:

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash on deposit with banks, and other highly liquid investments with an original maturity of three months or less. At December 31, 2021, approximately \$755,000 of the Foundation's cash on hand or cash on deposit was insured by the Federal Deposit Insurance Corporation (FDIC), approximately \$4,735,000 was uninsured. At December 31, 2020, approximately \$508,000 of the Foundation's cash on hand or cash on deposit was FDIC insured, approximately \$3,098,000 was uninsured.

Investments

Investments in securities are stated at quoted market values if available, and if not available, other fair value inputs (see Note 4). Realized gains and losses on sales of investments are determined using the specific identification cost method.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

Program-Related Investments

Program-related investments are loans to other nonprofit organizations at below-market interest rates or that are interest free. The loans are used to fund specific projects. The loans are to be repaid at various dates through 2030. The loans are recorded equal to the amount borrowed, less a reserve.

Contributions and Pledges Receivable

Contributions and pledges receivable consist of unconditional promises to give and are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional—that is, when the conditions on which they depend are substantially met.

Prepaid Scholarships

Prepaid scholarships consist of payments of students' enrollment in a future year.

Beneficial Interest in Charitable Perpetual Trusts

The Foundation is the income beneficiary under several charitable perpetual trusts, the corpus of which is not controlled by the Foundation. The Foundation has an irrevocable right to the net income of the trusts. The Foundation's interest in these trusts is recorded at fair value and is classified as net assets with donor restrictions. Distributions received from these trusts are recorded as income without donor restrictions and the change in fair value is recorded as net income with donor restrictions in the combined statements of activities and changes in net assets.

Property and Equipment

Property and equipment consist of buildings and improvements, furniture, fixtures, equipment, leasehold improvements, capitalized software, and real estate and are recorded at cost at the date of acquisition or fair value at the date of donation and depreciated over their estimated useful lives on the straight-line method. Useful lives range from three to 40 years. Leasehold improvements are depreciated over the life of the improvement or the term of the lease, whichever is shorter.

Funds Held as Agency Endowments

In accordance with U.S. GAAP, if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as an agency transaction. The Foundation refers to such funds as agency funds.

The Foundation maintains legal ownership of agency funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with U.S. GAAP, a liability has been established for the fair value of the funds.

Annuities Payable

Charitable gift annuities represent gifts that are given to the Foundation with the condition that a specified payment be made to an income beneficiary over his or her life. A liability is established based on the present value of the payments to be made. This liability is recalculated annually,

Kalamazoo Community Foundation

Notes to Combined Financial Statements

based on changes in the life expectancy assumptions and payments made. Changes in the liability are recorded as an increase or decrease to the current year's revenue.

Contributions

Contributions of cash and other assets are reported as revenue as they occur and are measured at fair value. Subsequent gains or losses on the sale and reinvestment of assets received are recognized as they occur.

Contributed Services

During the years ended December 31, 2021 and 2020, the value of contributed services meeting the requirements for recognition in the combined financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation in various capacities.

Functional Expenses

Expenses pertaining to more than one functional purpose are allocated among program services, administration and general, and donor relations and development. Expenses that can be identified with a specific funding source, program, or support service are allocated directly. Although methods used are considered reasonable, methods could be used that would produce different results.

Use of Estimates

The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Federal Income Taxes

The Foundation is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC) of 1986. It has been classified as an organization that is not a private foundation as defined in Sections 509(a)(1) and 170(b)(A)(vi) of the IRC. Kalamazoo Community Foundation Real Estate Holdings, Inc. is exempt from federal income tax under the same provisions.

The Foundation applies a more-likely-than-not recognition threshold for all tax uncertainties. Tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities are recognized.

Based on its evaluation, the Foundation has concluded there are no significant uncertain tax positions requiring recognition in its combined financial statements.

Fair Value Measurements

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the

Kalamazoo Community Foundation

Notes to Combined Financial Statements

asset or liability, or in the absence of a principal market, the most advantageous market for the asset or liability.

The price of the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are: (i) independent, (ii) knowledgeable, (iii) able to transact, and (iv) willing to transact.

In determining fair value, the Foundation uses various valuation approaches. U.S. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset based on market data obtained from sources independent of the organization. Unobservable inputs are inputs that would reflect an organization's assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the observability of inputs, as follows:

Level 1 - This level consists of valuations based on quoted prices in active markets for identical assets that the organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - This level consists of valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - This level consists of valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors, including, for example, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment.

The Foundation uses prices and inputs that are current as of the measurement date, obtained through multiple third-party custodians from independent pricing services.

A description of the valuation techniques applied to the major categories of investments measured at fair value is outlined below:

- The fair value of corporate fixed-income securities is estimated using recently executed transactions, market price quotations (where observable), or bond spreads. If the spread data does not reference the issuer, then data that references a comparable issuer is used.
- U.S. government agency securities are valued daily based on available market data.
- U.S. government securities are valued using quoted market prices.

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Notes to Combined Financial Statements

- Money market funds are mutual funds that invest in highly liquid, near-term instruments and are valued daily at their amortized cost.
- Asset-backed securities, including residential mortgage-backed securities, commercial mortgage-backed securities, and other securitized assets, are valued through a variety of methods, including actively traded markets, market data, and observations. Evaluations utilize evaluated pricing applications that vary by asset class and incorporate available market information and, because many fixed-income securities do not trade on a daily basis, apply available information through processes, such as benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. In addition, they use model processes, such as the Option Adjusted, Spread model, to develop prepayment and interest rate scenarios for securities that have prepayment features.
- Mutual funds are open-ended, registered by the U.S. Securities and Exchange Commission (SEC), investment funds with daily net asset values (NAV) and collective funds. The mutual funds allow investors to sell their interests to the fund at the published daily NAV, with no restrictions on redemptions. These mutual funds are categorized in Level 1 of the fair value hierarchy. The collective funds are not actively traded. The valuation is provided by the fund manager and is based on the value of the underlying assets, which are all publicly traded stocks.
- Foreign government securities are valued daily based on available market data.
- Domestic publicly traded and international developed market securities are valued using quoted prices in active markets when available.
- Exchange-traded funds are open-ended SEC-registered investment funds. The funds allow investors to sell their interests to the fund using quoted prices in active markets.
- Limited partnerships are partnerships created and administered by a general partner. The partnership documents outline the terms and conditions by which the general partner administers the partnership and its investments. Each limited partner owns a specified share of the partnership. These partnerships cannot be marketed to the public and are restricted, by regulation, to qualified investors. The valuation of the partnership interest is performed quarterly by the general partner through unaudited statements and validated annually through audited statements.
- The Foundation has two real estate related investments. Both invest in real estate properties located throughout the United States. One investment is a trust in which investments are based on quarterly external valuations by independent real estate appraisers. The other investment is a publicly traded fund in which investments are based on the net asset value per share (or its equivalent).
- Beneficial interest in perpetual trusts is the value of trusts for which Foundation is the perpetual beneficiary. The trusts are invested in open-ended SEC-registered investment funds with daily NAVs. The mutual funds allow investors to sell their interest to the fund at the daily NAV, with no restrictions on redemptions. The trusts are also invested in U.S. government and agency, U.S. corporate, and asset-backed securities.

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheets for all leases with

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terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Foundation is currently evaluating the impact of the adoption of ASU 2016-02 on its consolidated financial statements.

Subsequent Events

The Foundation's management has evaluated the period from January 1, 2022, through June 14, 2022, the date the combined financial statements were available for issuance, for subsequent events requiring recognition or disclosure in the combined financial statements. During the period, no recognizable subsequent events were identified.

2. Liquidity and Availability

Financial assets available for general expenditure—that is, without donor or other restrictions limiting their use—within one year of the combined statements of financial position date, comprise the following:

<i>December 31,</i>	2021	2020
Cash and cash equivalents	\$ 5,480,667	\$ 2,515,601
Less: restricted or long-term cash and cash equivalents	(1,157,115)	(1,053,055)
Total Cash and Cash Equivalents	4,323,552	1,462,546
Other assets	1,100,385	1,185,107
Less: restricted or long-term other assets	(912,451)	(1,058,620)
Total Other Assets	187,934	126,487
Investments	658,084,175	572,594,283
Less: investments not available for general expenditure	(629,062,910)	(543,895,904)
Total Investments	29,021,265	28,698,379
Total Financial Assets Available to Meet General Expenditures	\$ 33,352,751	\$ 30,287,412

Endowment funds consist of donor-restricted endowments that are perpetual in nature and board-designated endowments. Income from donor-restricted endowments that is restricted for specific purposes is not available for general expenditure. As described in "Endowment Investment and Spending Policies," the Foundation's board-designated endowments are perpetual in nature and subject to an annual spending rate. For the year ended December 31, 2021, approximately \$706,000 of the Board-designated endowments will be available within the next 12 months. For the year ended December 31, 2020, approximately \$689,000 of the Board-designated endowments will be available within the next 12 months.

As part of the Foundation's liquidity management, cash in excess of daily requirements is invested in short-term investments and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which held a balance of approximately \$1,591,000 as of December 31, 2021 and 2020.

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3. Investments

Investments are at fair value and consist of the following:

<i>December 31,</i>	2021	2020
Mutual funds	\$ 470,328,712	\$ 392,604,860
U.S. government securities	51,148,741	42,391,704
Exchange-traded funds	34,602,585	30,493,102
Corporate securities	31,041,879	39,027,176
Corporate stock	29,113,221	24,750,104
Money market funds	15,333,040	13,825,948
Other	13,900,288	11,409,011
Asset-backed securities	12,454,565	17,401,915
Foreign government securities	161,144	690,463
	\$ 658,084,175	\$ 572,594,283

Net investment income includes unrealized appreciation of approximately \$43,962,000 in 2021 and unrealized depreciation of approximately \$49,482,000 in 2020. Net investment income also includes net realized gains of approximately \$43,845,000 and \$90,127,000 in 2021 and 2020, respectively. Net investment income is net of investment fees which totaled approximately \$978,000 and \$927,000 in 2021 and 2020, respectively.

4. Fair Value Measurements

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation values all other assets and liabilities, refer to Note 1.

The aggregate carrying value of investments, exclusive of cash equivalents is summarized as follows:

December 31, 2021

	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Money market	\$15,333,040	\$ -	\$ -	\$ -	\$15,333,040
Fixed income:					
Corporate securities	-	30,998,761	43,118	-	31,041,879
U.S. government and agency securities	31,402,259	19,746,482	-	-	51,148,741
Asset-backed securities	693,560	11,661,009	99,996	-	12,454,565
Mutual funds	36,136,633	-	-	-	36,136,633
Exchange-traded funds	3,121,229	-	-	-	3,121,229
Foreign government securities	-	161,144	-	-	161,144
Domestic equities:					
Publicly traded	29,113,221	-	-	-	29,113,221
Mutual funds	254,478,803	179,713,276	-	-	434,192,079
Exchange-traded funds	31,481,356	-	-	-	31,481,356
Other:					
Limited partnerships	-	-	1,173,616	-	1,173,616
Real estate investment trust	-	-	-	12,726,672	12,726,672
	401,760,101	242,280,672	1,316,730	12,726,672	658,084,175
Beneficial interest in charitable perpetual trusts	13,866,912	-	-	-	13,866,912

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December 31, 2020

	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Money market	\$13,825,948	\$ -	\$ -	\$ -	\$13,825,948
Fixed income:					
Corporate securities	-	39,027,176	-	-	39,027,176
U.S. government and agency securities	24,142,980	18,248,724	-	-	42,391,704
Asset-backed securities	4,634,128	12,767,787	-	-	17,401,915
Mutual funds	33,625,508	-	-	-	33,625,508
Exchange-traded funds	3,332,307	-	-	-	3,332,307
Foreign government securities	-	690,463	-	-	690,463
Domestic equities:					
Publicly traded	24,750,104	-	-	-	24,750,104
Mutual funds	209,110,430	149,868,922	-	-	358,979,352
Exchange-traded funds	27,160,795	-	-	-	27,160,795
Other:					
Limited partnerships	-	-	1,142,575	-	1,142,575
Real estate investment trust	-	-	-	10,266,436	10,266,436
	340,582,200	220,603,072	1,142,575	10,266,436	572,594,283
Beneficial interest in charitable perpetual trusts	12,580,057	450	-	-	12,580,507

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets:

Balance, January 1, 2020	\$ 1,063,403
Total gains and losses - unrealized	80,125
Purchases	-
Sales or withdrawals	(953)
Balance, December 31, 2020	1,142,575
Total gains and losses - unrealized	34,040
Purchases	143,115
Sales or withdrawals	(3,000)
Balance, December 31, 2021	\$ 1,316,730

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation's valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

5. Program-Related Investments

Program-related investments total approximately \$3,744,000 and \$2,333,000 at December 31, 2021 and 2020, respectively. The Foundation has established a fair market reserve in the amount of approximately \$457,000 at December 31, 2021 and 2020. The reserve on loans is established on a case-by-case basis. The Foundation's management evaluates all loans individually and estimates the collectability of each loan annually.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

6. Guarantees

The Foundation provided a loan guarantee to Kalamazoo Neighborhood Housing Services (KNHS) (a local nonprofit 501(c)(3)) in the amount of \$200,000 in 2000 and an additional \$35,000 in 2006. Since the early 1990s, KNHS has been administering a Home Ownership Program (HOP) whereby the local banks are part of mortgage financing pools for low-income homeowners (HOP I through HOP X). There have been ten pools. The loan guarantees are to provide a loan loss reserve in the case of foreclosures on homes. Uncollected loans are first charged against the pool, then Local Initiative Support Corporation (LISC), and finally against the Foundation's guarantee. The \$200,000 guarantee has been extended to HOP I, II, III, IV, V, and VIII. The \$35,000 guarantee is for HOP IX.

7. Contributions and Pledges Receivable

Contributions and pledges receivable, with donor restrictions, consisted of the following:

<i>December 31,</i>	2021	2020
Contributions and Pledges Due		
Within one year	\$ 1,100,032	\$ 803,574
One to five years	3,070,000	14,000
Over five years	2,918,764	3,892,124
Total	7,088,796	4,709,698
Less: present value (at various discount rates)	(1,970,536)	(2,029,181)
Total Contributions and Pledges Receivable	\$ 5,118,260	\$ 2,680,517

8. Beneficial Interest in Charitable Perpetual Trusts

The Foundation is the income beneficiary under several charitable perpetual trusts, the corpus of which is not controlled by the Foundation. In the absence of donor-imposed conditions, the Foundation recognizes its beneficial interest in a trust as with donor restriction contributions in the period in which it receives notice that the trust conveys an unconditional right to receive benefits. The assets in the trusts are recorded at fair market value as with donor restriction net assets on the combined statements of financial position.

Distributions received from these trusts are recorded as without donor restriction income and the change in market value is recorded as with donor restriction other income in the combined statements of activities and changes in net assets.

9. Promissory Note Receivable

The Foundation entered into a promissory note receivable with Abbey Farm Development Co., LLC. Principal payments are due monthly according to the agreement, as defined, along with 3% annual interest. The note is due October 2035. The balance outstanding at December 31, 2021 and 2020 was approximately \$979,000 and \$1,375,000, respectively.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

10. Loan Payable

The Foundation has a revolving note agreement with a bank for an amount up to \$600,000. The Foundation used the note proceeds to finance the acquisition and development of an integrated software system. The outstanding balance at December 31, 2021 and 2020 was \$95,000 and \$155,000, respectively. Interest on the revolving note is accrued at 30-day LIBOR plus 1.5%, effectively 1.6% at December 31, 2021. Principal payments of \$15,000 plus interest are due quarterly through August 2023.

11. Lease Commitments

The Foundation leases building space, transportation equipment, and copiers under operating leases that expire at various dates through 2027. Management expects in the normal course of business, leases will be renewed or replaced with other leases. Minimum future payments under these leases with terms in excess of one year are as follows:

Year ending December 31,

2022	\$	236,000
2023		236,000
2024		24,000
2025		20,000
2026		19,000
Thereafter		5,000
Total	\$	540,000

Monthly rent expense for building space is \$17,500. Rent expense was \$210,000 for 2021 and 2020.

12. Employee Benefit Plan

The Foundation maintains a 401(k) plan that covers all full-time employees. The Foundation matches 100% of employee contributions up to 3% of the employee's salary and matches 50% of employee contributions on the next 2% of the employee's salary. The Foundation may also make discretionary non-elective contributions to the plan. For the years ended December 31, 2021 and 2020, non-elective contributions were equal to 2% of eligible employee compensation. For 2021 and 2020, the total amount of contributions was approximately \$177,000 and \$147,000, respectively.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

13. Net Assets

Endowment net assets consisted of the following:

Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, beginning of year	\$ 15,647,020	\$ 514,603,755	\$ 530,250,775
Interest and dividends, net of investment expenses	297,083	9,740,674	10,037,757
Net appreciation	2,341,396	81,354,171	83,695,567
Contributions	-	7,121,872	7,121,872
Amounts appropriated for expenditure	(77,232)	(11,264,906)	(11,342,138)
Other changes	(637,057)	(4,998,807)	(5,635,864)
Change in Endowment Net Assets	1,924,191	81,953,004	83,877,194
Endowment Net Assets, end of year	\$ 17,571,210	\$ 596,556,759	\$ 614,127,969

December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Advised Endowment Funds			
Kalamazoo Community Foundation	\$ 7,607,814	\$ 582,689,847	\$ 590,297,661
Charitable perpetual trusts	-	13,866,912	13,866,912
Total Donor-Advised Endowment Funds	7,607,814	596,556,759	604,164,573
Board-Designated Endowment Funds	9,963,396	-	9,963,396
Total Endowment Funds	\$ 17,571,210	\$ 596,556,759	\$ 614,127,969

Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, beginning of year	\$ 14,803,142	\$ 481,768,871	\$ 496,572,013
Interest and dividends, net of investment expenses	287,220	9,592,799	9,880,019
Net appreciation	1,080,640	36,712,388	37,793,028
Contributions	-	2,426,440	2,426,440
Amounts appropriated for expenditure	(55,622)	(10,659,934)	(10,715,556)
Other changes	(468,360)	(5,236,809)	(5,705,169)
Change in Endowment Net Assets	843,878	32,834,884	33,678,762
Endowment Net Assets, end of year	\$ 15,647,020	\$ 514,603,755	\$ 530,250,775

Kalamazoo Community Foundation

Notes to Combined Financial Statements

December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Advised Endowment Funds			
Kalamazoo Community Foundation	\$ 6,690,408	\$ 502,023,248	\$ 508,713,656
Charitable perpetual trusts	-	12,580,507	12,580,507
Total Donor-Advised Endowment Funds	6,690,408	514,603,755	521,294,163
Board-Designated Endowment Funds	8,956,612	-	8,956,612
Total Endowment Funds	\$ 15,647,020	\$ 514,603,755	\$ 530,250,775

From time-to-time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

In addition to endowment funds, the Foundation also manages other non-endowed funds. The following tables summarize all of the Foundation's net assets:

December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds	\$ 17,571,210	\$ 596,556,759	\$ 614,127,969
Non-Endowment Funds			
Donor-advised	15,378,599	-	15,378,599
Agency and designated	-	711,257	711,257
Field of interest	-	87,800	87,800
Scholarship	-	171,695	171,695
Other	15,746,961	2,954,864	18,701,825
Total Non-Endowment Funds	31,125,560	3,925,616	35,051,176
Total Net Assets	\$ 48,696,770	\$ 600,482,375	\$ 649,179,145

December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds	\$ 15,647,020	\$ 514,603,755	\$ 530,250,775
Non-Endowment Funds			
Donor-advised	15,399,025	-	15,399,025
Agency and designated	-	853,836	853,836
Field of interest	-	357,311	357,311
Scholarship	-	167,727	167,727
Other	14,101,500	2,835,556	16,937,056
Total Non-Endowment Funds	29,500,525	4,214,430	33,714,955
Total Net Assets	\$ 45,147,545	\$ 518,818,185	\$ 563,965,730

Kalamazoo Community Foundation

Notes to Combined Financial Statements

Net assets with donor restrictions are restricted for the following purposes or periods:

<i>December 31,</i>	2021	2020
Non-Endowed Funds		
Subject to expenditure for specified purpose:		
For scholarships and financial aid	\$ 171,695	\$ 167,727
For specific agencies	711,257	853,836
For a specific field of interest	87,800	357,311
Subject to the passage of time:		
Assets held under split-interest agreements	2,393,491	2,261,787
Life insurance contracts	561,373	573,769
Total Non-Endowed Funds - with Donor Restriction	3,925,616	4,214,430
Endowed Funds		
Subject to endowment spending policy, appropriation, and donor purpose restrictions:		
For recommendations from donor advisors	56,039,211	48,441,043
For specific agencies	205,229,344	175,522,136
For scholarships and financial aid	54,875,491	47,012,848
For specific field of interest	59,825,737	51,773,643
No donor specified purpose restrictions	206,720,064	179,273,578
	582,689,847	502,023,248
Not subject to spending policy or appropriation:		
Beneficial interests in perpetual trusts	13,866,912	12,580,507
Total Endowed Funds - with Donor Restriction	596,556,759	514,603,755
Total Net Assets - with Donor Restriction	\$ 600,482,375	\$ 518,818,185

14. Net Assets Released from Donor Restrictions

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions are as follows:

<i>Year ended December 31,</i>	2021	2020
Purpose or period restrictions accomplished:		
Grants paid	\$ 12,478,251	\$ 16,885,835
Appropriation from donor-designated endowments and subsequent satisfaction of any related donor restrictions	6,403,866	2,541,004
	\$ 18,882,117	\$ 19,426,839

Supplementary Information



Independent Auditor's Report on Supplementary Information

Board of Directors
Kalamazoo Community Foundation
Kalamazoo, Michigan

Our audits of the combined financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements, and to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and to other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

BDO USA, LLP

June 14, 2022

Kalamazoo Community Foundation
Combining Statement of Financial Position
(with comparative totals for 2020)

December 31,

	Kalamazoo Community Foundation	Kalamazoo Community Foundation Real Estate Holdings, Inc.	Eliminating Entries	2021 Combined Total	2020 Combined Total
Assets					
Cash and cash equivalents	\$ 3,662,803	\$ 1,817,864	\$ -	\$ 5,480,667	\$ 2,515,601
Investments	656,910,559	1,173,616	-	658,084,175	572,594,283
Program-related investments, net	3,287,331	-	-	3,287,331	1,876,179
Loan receivable	-	979,155	-	979,155	1,375,000
Contributions and pledges receivable, net	5,118,260	-	-	5,118,260	2,680,517
Prepaid scholarships	522,186	-	-	522,186	578,797
Accrued investment income	770,653	3,438	-	774,091	752,475
Beneficial interest in charitable perpetual trusts	13,866,912	-	-	13,866,912	12,580,507
Other assets	6,661,183	19,635	(5,580,433)	1,100,385	1,185,107
Net property and equipment	159,684	2,444,279	-	2,603,963	2,766,131
Total Assets	\$ 690,959,571	\$ 6,437,987	\$ (5,580,433)	\$ 691,817,125	\$ 598,904,597
Liabilities and Net Assets					
Liabilities					
Funds held as agency endowments	\$ 36,827,196	\$ -	\$ -	\$ 36,827,196	\$ 30,460,938
Annuities payable	2,662,960	-	-	2,662,960	2,849,085
Grants payable	1,624,747	-	-	1,624,747	476,536
Loan payable	95,000	-	-	95,000	155,000
Other	1,400,315	27,762	-	1,428,077	997,308
Total Liabilities	42,610,218	27,762	-	42,637,980	34,938,867
Net Assets					
Without donor restrictions	48,696,770	-	-	48,696,770	45,147,545
With donor restrictions	599,652,583	6,410,225	(5,580,433)	600,482,375	518,818,185
Total Net Assets	648,349,353	6,410,225	(5,580,433)	649,179,145	563,965,730
Total Liabilities and Net Assets	\$ 690,959,571	\$ 6,437,987	\$ (5,580,433)	\$ 691,817,125	\$ 598,904,597

See accompanying independent auditor's report on supplementary information.

Kalamazoo Community Foundation

Combining Statement of Activities and Changes in Net Assets (with comparative totals for 2020)

Year ended December 31,

	Kalamazoo Community Foundation	Kalamazoo Community Foundation Real Estate Holdings, Inc.	Eliminating Entries	2021 Combined Total	2020 Combined Total
Support, Revenue, and Gains					
Public support:					
Gifts and bequests	\$ 13,752,805	\$ -	\$ -	\$ 13,752,805	\$ 13,867,833
Less: gifts and bequests received for agency endowments	1,773,713	-	-	1,773,713	210,462
Total Gifts and Bequests	11,979,092	-	-	11,979,092	13,657,371
Investment Income, Net					
Dividends and interest	12,185,675	40,507	-	12,226,182	12,076,428
Less: dividends and interest received for agency endowments	676,054	-	-	676,054	715,985
Total Dividends and Interest	11,509,621	40,507	-	11,550,128	11,360,443
Net gain from investment transactions	91,636,637	34,040	-	91,670,677	41,080,858
Less: net gain from investment transactions for agency endowments	4,841,450	-	-	4,841,450	2,207,306
Total Net Realized and Unrealized Gain on Investments	86,795,187	34,040	-	86,829,227	38,873,552
Total Investment Income, Net	98,304,808	74,547	-	98,379,355	50,233,995
Other income (loss):					
Change in value of perpetual trusts	1,286,405	-	-	1,286,405	733,589
Other income (loss)	(291,033)	250,000	(250,000)	(291,033)	(274,254)
Gain on sale of property	-	-	-	-	844,198
Plus: other income from agency endowments	147,092	-	-	147,092	149,988
Total Other Income	1,142,464	250,000	(250,000)	1,142,464	1,453,521
Total Support, Revenue, and Gains	111,426,364	324,547	(250,000)	111,500,911	65,344,887

Kalamazoo Community Foundation
Combining Statement of Activities and Changes in Net Assets
(with comparative totals for 2020)

Year ended December 31,

	Kalamazoo Community Foundation	Kalamazoo Community Foundation Real Estate Holdings, Inc.	Eliminating Entries	2021 Combined Total	2020 Combined Total
Expenses					
Program services:					
Grants	\$ 19,679,677	\$ -	\$ -	\$ 19,679,677	\$ 23,612,948
Programs and grants administration	2,103,049	-	-	2,103,049	1,600,977
Support services:					
Fundraising	1,329,062	-	-	1,329,062	1,185,434
Management and general	3,094,232	291,476	(210,000)	3,175,708	2,763,518
Total Expenses	26,206,020	291,476	(210,000)	26,287,496	29,162,877
Increase (Decrease) in Net Assets	85,220,344	33,071	(40,000)	85,213,415	36,182,010
Net Assets, beginning of year	563,129,009	6,377,154	(5,540,433)	563,965,730	527,783,720
Net Assets, end of year	\$ 648,349,353	\$ 6,410,225	\$ (5,580,433)	\$ 649,179,145	\$ 563,965,730

See accompanying independent auditor's report on supplementary information.