



Kalamazoo Community Foundation

Combined Financial Statements
and Supplementary Information
Years Ended December 31, 2022 and 2021

Kalamazoo Community Foundation

Combined Financial Statements and Supplementary Information
Years Ended December 31, 2022 and 2021

Kalamazoo Community Foundation

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Independent Auditor's Report

The Board of Trustees
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, 2022 and 2021, 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, 2022 and 2021, 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.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the Foundation has elected to change its method of accounting for leases in fiscal year 2022 due to the adoption of Accounting Standards Codification 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

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, P.A.

July 18, 2023

Combined Financial Statements

Kalamazoo Community Foundation

Combined Statements of Financial Position

December 31,	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,187,277	\$ 5,480,667
Investments	552,550,907	658,084,175
Program-related investments, net	1,701,141	3,287,331
Loan receivable	872,437	979,155
Contributions and pledges receivable, net of unamortized discount	3,702,705	5,118,260
Prepaid scholarships	479,507	522,186
Accrued investment income	1,051,444	774,091
Beneficial interest in charitable perpetual trusts	11,043,886	13,866,912
Other assets	1,010,359	1,100,385
Total Current Assets	576,599,663	689,213,162
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	2,096,862	1,941,555
Property and Equipment, Net	2,448,656	2,603,963
Total Assets	\$ 579,048,319	\$ 691,817,125
Liabilities and Net Assets		
Current Liabilities		
Funds held as agency endowments	\$ 30,717,771	\$ 36,827,196
Annuities payable	2,441,402	2,662,960
Grants payable	67,750	1,624,747
Loan payable	35,000	95,000
Other	2,222,388	1,428,077
Total Current Liabilities	35,484,311	42,637,980
Total Liabilities	35,484,311	42,637,980
Net Assets		
Without donor restrictions:		
Undesignated	11,545,843	15,378,599
Designated by the Board for operations	18,552,981	23,354,775
Designated by the Board for endowment or a determined purpose	8,191,224	9,963,396
Total Net Assets Without Donor Restrictions	38,290,048	48,696,770
With donor restrictions:		
Perpetual in nature	494,230,074	586,615,463
Charitable perpetual trusts	11,043,886	13,866,912
Total Net Assets with Donor Restrictions	505,273,960	600,482,375
Total Net Assets	543,564,008	649,179,145
Total Liabilities and Net Assets	\$ 579,048,319	\$ 691,817,125

See accompanying notes to combined financial statements.

Kalamazoo Community Foundation

Combined Statements of Activities and Changes in Net Assets

Year ended December 31,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, Revenue, and Gains (Losses)						
Public support:						
Gifts and bequests	\$ 4,104,050	\$ 6,285,820	\$ 10,389,870	\$ 4,427,778	\$ 9,325,027	\$ 13,752,805
Less: gifts and bequests received for agency endowments	-	252,703	252,703	-	1,773,713	1,773,713
Total Gifts and Bequests	4,104,050	6,033,117	10,137,167	4,427,778	7,551,314	11,979,092
Investment Income (Loss), Net						
Dividends and interest	1,002,235	15,737,660	16,739,895	805,671	11,420,511	12,226,182
Less: dividends and interest received for agency endowments	-	938,569	938,569	-	676,054	676,054
Total Dividends and Interest	1,002,235	14,799,091	15,801,326	805,671	10,744,457	11,550,128
Net gain (loss) from investment transactions	(6,377,295)	(100,219,089)	(106,596,384)	5,701,555	85,969,122	91,670,677
Less: net gain (loss) from investment transactions for agency endowments	-	(5,788,596)	(5,788,596)	-	4,841,450	4,841,450
Total Net Realized and Unrealized Gains (Losses) on Investments	(6,377,295)	(94,430,493)	(100,807,788)	5,701,555	81,127,672	86,829,227
Total Investment Income (Loss), Net	(5,375,060)	(79,631,402)	(85,006,462)	6,507,226	91,872,129	98,379,355
Other income (loss):						
Change in value of perpetual trusts	-	(2,823,026)	(2,823,026)	-	1,286,405	1,286,405
Other income (loss)	25,084	(233,448)	(208,364)	19,600	(310,633)	(291,033)
Plus: income from agency endowments	-	182,202	182,202	-	147,092	147,092
Total Other Income (Loss)	25,084	(2,874,272)	(2,849,188)	19,600	1,122,864	1,142,464
Net assets released from restrictions	18,735,858	(18,735,858)	-	18,882,117	(18,882,117)	-
Total Support, Revenue, and Gains (Losses)	17,489,932	(95,208,415)	(77,718,483)	29,836,721	81,664,190	111,500,911

Kalamazoo Community Foundation

Combined Statements of Activities and Changes in Net Assets

Year ended December 31,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses						
Program services:						
Grants	\$ 19,927,797	\$ -	\$ 19,927,797	\$ 19,679,677	\$ -	\$ 19,679,677
Programs and grants administration	2,007,631	-	2,007,631	2,103,049	-	2,103,049
Support services:						
Fundraising	1,638,533	-	1,638,533	1,329,062	-	1,329,062
Management and general	4,322,693	-	4,322,693	3,175,708	-	3,175,708
Total Expenses	27,896,654	-	27,896,654	26,287,496	-	26,287,496
Increase (Decrease) in Net Assets	(10,406,722)	(95,208,415)	(105,615,137)	3,549,225	81,664,190	85,213,415
Net Assets, beginning of year	48,696,770	600,482,375	649,179,145	45,147,545	518,818,185	563,965,730
Net Assets, end of year	\$ 38,290,048	\$ 505,273,960	\$ 543,564,008	\$ 48,696,770	\$ 600,482,375	\$ 649,179,145

See accompanying notes to combined financial statements.

Kalamazoo Community Foundation

Combined Statements of Functional Expenses

Year ended December 31, 2022

	Program Services		Support Services		Total
	Grants	Programs and Grants Administration	Fundraising	Management and General	
Grants and other assistance to governments, organizations, and individuals	\$ 19,927,797	\$ -	\$ -	\$ -	\$ 19,927,797
Salaries	-	876,516	699,206	1,041,818	2,617,540
Compensation of officers, directors, trustees, and key employees	-	171,272	166,682	527,513	865,467
Benefits	-	127,060	135,659	195,748	458,467
Information technology	-	79,330	119,083	150,895	349,308
Consultants	-	224,764	35,516	1,138,923	1,399,203
Conferences, conventions, and meetings	-	60,097	49,564	88,606	198,267
Occupancy	-	19,682	20,367	171,242	211,291
Depreciation	-	1,198	39,553	114,556	155,307
Payroll taxes	-	76,751	64,186	114,634	255,571
Travel	-	39,383	35,216	39,391	113,990
Stipend	-	151,870	19,896	162,243	334,009
Office expenses	-	40,950	52,922	64,985	158,857
Advertising and promotion	-	731	63,666	44,814	109,211
401(k) plan contributions	-	48,787	38,515	54,802	142,104
Miscellaneous expense	-	440	471	109,988	110,899
Human resource	-	55,634	57,020	79,908	192,562
Property taxes	-	-	-	17,775	17,775
Accounting	-	17,696	18,510	19,033	55,239
Insurance	-	-	-	11,777	11,777
Memberships	-	4,268	10,172	14,435	28,875
Repairs and maintenance	-	-	-	144,928	144,928
Lobbying	-	-	-	1,875	1,875
Legal	-	11,202	12,329	12,804	36,335
Total Expenses	\$ 19,927,797	\$ 2,007,631	\$ 1,638,533	\$ 4,322,693	\$ 27,896,654

See accompanying notes to combined financial statements.

Kalamazoo Community Foundation
Combined Statements 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
401(k) 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 Statements of Cash Flows

<i>Year ended December 31,</i>	2022	2021
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ (105,615,137)	\$ 85,213,415
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	155,307	162,168
Net loss (gain) on investment transactions	103,543,096	(95,019,499)
Change in value of perpetual trusts	2,823,026	(1,286,405)
Noncash contributions of investments	(551,927)	(2,846,992)
Changes in operating assets and liabilities:		
Contributions and pledges receivable	1,415,555	(2,437,743)
Prepaid scholarships	42,679	56,611
Accrued investment income	(277,353)	(21,616)
Other current assets	90,026	84,722
Funds held as agency endowments	(6,109,425)	6,366,258
Annuities payable	(221,558)	(186,125)
Grants payable	(1,556,997)	1,148,211
Other liabilities	794,311	430,769
Net Cash Used in Operating Activities	(5,468,397)	(8,336,226)
Cash Flows from Investing Activities		
Purchase of investments	(464,046,112)	(617,486,821)
Proceeds from sale and maturity of investments	466,588,211	629,863,420
Collections on notes receivable	106,718	395,845
Proceeds from (payments of) program-related investments	1,586,190	(1,411,152)
Net Cash Provided by Investing Activities	4,235,007	11,361,292
Net Cash Used in Financing Activities		
Payments on loan payable	(60,000)	(60,000)
Increase (Decrease) in Cash and Cash Equivalents	(1,293,390)	2,965,066
Cash and Cash Equivalents, beginning of year	5,480,667	2,515,601
Cash and Cash Equivalents, end of year	\$ 4,187,277	\$ 5,480,667

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 1,098 and 1,095 component funds for 2022 and 2021, 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, 2022, approximately \$729,000 of the Foundation's cash on hand or cash on deposit was insured by the Federal Deposit Insurance Corporation (FDIC); approximately \$2,987,000 was uninsured. At December 31, 2021, approximately \$755,000 of the Foundation's cash on hand or cash on deposit was insured by the FDIC; approximately \$4,735,000 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, 2022 and 2021, 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.

Kalamazoo Community Foundation

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 and U.S. government securities are valued daily based on available market data.
- Corporate stock and corporate 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 the Foundation is the perpetual beneficiary. The trusts are invested in open-ended, SEC-registered investment funds with daily NAV. 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

The Foundation adopted Accounting Standards Codification (ASC) Topic 842, *Leases*, on January 1, 2022, using the modified retrospective method for all leases that had commenced as of the effective date. The Foundation has one lease within the scope of ASC 842 with Kalamazoo Community Foundation

Kalamazoo Community Foundation

Notes to Combined Financial Statements

Real Estate Holdings, Inc., which is eliminated upon combination. All comparative periods prior to January 1, 2022 retain the financial reporting and disclosure requirements of ASC 840, *Leases*. The Foundation elected the package of practical expedients permitted under the transition guidance within the new standard. The package of three expedients includes: 1) the ability to carry forward the historical lease classification, 2) the elimination of the requirement to reassess whether existing or expired agreements contain leases, and 3) the elimination of the requirement to reassess initial direct costs. The Foundation also elected the practical expedient related to short-term leases without purchase options reasonably certain to exercise, allowing it to exclude leases with terms of less than 12 months from capitalization for all asset classes. Base rent expense includes non-lease components such as taxes, insurance, and maintenance when required under the lease agreements. In calculating the right-of-use (ROU) asset and lease liability, the Foundation elects to combine lease and non-lease components. The Foundation's lease terms may include options to extend or terminate the lease. These options are only included in the present value of future minimum lease payments if they are reasonably certain to be exercised.

Subsequent Events

The Foundation's management has evaluated the period from January 1, 2023, through July 18, 2023, 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 material 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 statement of financial position date comprise the following:

<i>December 31,</i>	2022	2021
Cash and cash equivalents	\$ 4,187,277	\$ 5,480,667
Less: restricted or long-term cash and cash equivalents	(1,803,780)	(1,157,115)
Total Cash and Cash Equivalents	2,383,497	4,323,552
Other assets	1,010,359	1,100,385
Less: restricted or long-term other assets	(883,336)	(912,451)
Total Other Assets	127,023	187,934
Investments	552,550,907	658,084,175
Less: investments not available for general expenditure	(535,499,006)	(629,062,910)
Total Investments	17,051,901	29,021,265
Total Financial Assets Available to Meet General Expenditures	\$ 19,562,421	\$ 33,352,751

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 years ended December 31, 2022 and 2021, approximately

Kalamazoo Community Foundation

Notes to Combined Financial Statements

\$767,000 and \$706,000, respectively, 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 1,702,000 and \$1,591,000 as of December 31, 2022 and 2021, respectively.

3. Investments

Investments are at fair value and consist of the following:

<i>December 31,</i>	2022	2021
Mutual funds	\$ 382,068,734	\$ 470,328,712
U.S. government securities	42,368,074	51,148,741
Exchange-traded funds	31,081,242	34,602,585
Corporate securities	27,283,713	31,041,879
Corporate stock	22,671,675	29,113,221
Money market funds	15,304,584	15,333,040
Other	14,861,631	13,900,288
Asset-backed securities	16,469,246	12,454,565
Foreign government securities	442,008	161,144
	\$ 552,550,907	\$ 658,084,175

Net investment income includes unrealized depreciation of approximately \$111,530,000 in 2022 and unrealized appreciation of \$43,962,000 in 2021. Net investment income also includes net realized gains of approximately \$11,655,000 and \$43,845,000 in 2022 and 2021, respectively. Net investment income is net of investment fees that totaled approximately \$932,000 and \$978,000 in 2022 and 2021, 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.

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Kalamazoo Community Foundation

Notes to Combined Financial Statements

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

December 31, 2022

	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Money market	\$ 15,304,584	\$ -	\$ -	-	\$ 15,304,584
Fixed income:					
Corporate securities	-	27,283,713	-	-	27,283,713
U.S. government and agency securities	22,828,702	19,539,372	-	-	42,368,074
Asset-backed securities	285,612	16,183,634	-	-	16,469,246
Mutual funds	30,527,072	-	-	-	30,527,072
Exchange-traded funds	4,869,180	-	-	-	4,869,180
Foreign government securities	-	442,008	-	-	442,008
Domestic equities:					
Publicly traded	22,671,675	-	-	-	22,671,675
Mutual funds	212,754,111	138,787,551	-	-	351,541,662
Exchange-traded funds	26,212,062	-	-	-	26,212,062
Other:					
Limited partnerships	-	-	1,148,615	-	1,148,615
Real estate investment trust	-	-	-	13,713,016	13,713,016
	\$335,452,998	\$202,236,278	\$ 1,148,615	\$ 13,713,016	\$552,550,907
Beneficial interest in charitable perpetual trusts	\$ 11,043,886	\$ -	\$ -	-	\$ 11,043,886

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

Kalamazoo Community Foundation

Notes to Combined Financial Statements

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

Balance, January 1, 2021	\$ 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
Total gains and losses - unrealized	(168,115)
Purchases	-
Sales or withdrawals	-
Balance, December 31, 2022	\$ 1,148,615

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 \$2,157,000 and \$3,743,000 at December 31, 2022 and 2021, respectively. The Foundation has established a fair market reserve in the amount of approximately \$456,000 at December 31, 2022 and 2021. 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.

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.

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Kalamazoo Community Foundation

Notes to Combined Financial Statements

7. Contributions and Pledges Receivable

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

<i>December 31,</i>	2022	2021
Contributions and Pledges Due		
Within one year	\$ 133	\$ 1,100,032
One to five years	2,645,000	3,070,000
Over five years	2,891,904	2,918,764
Total	5,537,037	7,088,796
Less: present value (at various discount rates)	(1,834,332)	(1,970,536)
Total Contributions and Pledges Receivable	\$ 3,702,705	\$ 5,118,260

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-restricted other income (loss) 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, 2022 and 2021 was approximately \$872,000 and \$979,000, respectively.

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, 2022 and 2021 was \$35,000 and \$95,000, respectively. Interest on the revolving note is accrued at term SOFR plus 1.0%, effectively 5.375% at December 31, 2022. Principal payments of \$15,000 plus interest are due quarterly through August 2023.

Kalamazoo Community Foundation

Notes to Combined Financial Statements

11. 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, 2022 and 2021, non-elective contributions were equal to 2% of eligible employee compensation. For 2022 and 2021, the total amount of contributions was approximately \$195,000 and \$177,000, respectively.

12. Net Assets

Endowment net assets consisted of the following:

Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, beginning of year	\$ 17,571,210	\$ 596,556,759	\$ 614,127,969
Interest and dividends, net of investment expenses	(31,388)	13,793,268	13,761,880
Net depreciation	(2,319,701)	(92,434,679)	(94,754,380)
Contributions	-	5,621,332	5,621,332
Amounts appropriated for expenditure	(75,000)	(11,050,683)	(11,125,683)
Other changes	(660,335)	(9,909,383)	(10,569,718)
Change in Endowment Net Assets	(3,086,424)	(93,980,145)	(97,066,569)
Endowment Net Assets, end of year	\$ 14,484,786	\$ 502,576,614	\$ 517,061,400

December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Advised Endowment Funds			
Kalamazoo Community Foundation	\$ 6,293,562	\$ 491,532,728	\$ 498,328,763
Charitable perpetual trusts	-	11,043,886	11,043,886
Total Donor-Advised Endowment Funds	6,293,562	502,576,614	508,870,176
Board-Designated Endowment Funds	8,191,224	-	8,191,224
Total Endowment Funds	\$ 14,484,786	\$ 502,576,614	\$ 517,061,400

Kalamazoo Community Foundation

Notes to Combined Financial Statements

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	1,924,190	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

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds	\$ 14,484,786	\$ 502,576,614	\$ 517,061,400
Non-Endowment Funds			
Donor-advised	11,545,844	-	11,545,843
Agency and designated	-	568,334	568,334
Field of interest	-	137,257	137,257
Scholarship	-	127,852	127,852
Other	12,259,418	1,863,903	14,123,322
Total Non-Endowment Funds	23,805,262	2,697,346	26,502,608
Total Net Assets	\$ 38,290,048	\$ 505,273,960	\$ 543,564,008

Kalamazoo Community Foundation

Notes to Combined Financial Statements

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

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

<i>December 31,</i>	2022	2021
Non-Endowed Funds		
Subject to expenditure for specified purpose:		
For scholarships and financial aid	\$ 127,852	\$ 171,695
For specific agencies	568,334	711,257
For a specific field of interest	137,256	87,800
Subject to the passage of time:		
Assets held under split-interest agreements	1,300,618	2,393,491
Life insurance contracts	563,286	561,373
Total Non-Endowed Funds with Donor Restrictions	2,697,346	3,925,616
Endowed Funds		
Subject to endowment spending policy, appropriation, and donor purpose restrictions:		
For recommendations from donor advisors	223,134,835	56,039,211
For specific agencies	177,194,697	205,229,344
For scholarships and financial aid	48,289,992	54,875,491
For specific field of interest	27,940	59,825,737
No-donor-specified purpose restrictions	42,885,264	206,720,064
	491,532,728	582,689,847
Not subject to spending policy or appropriation:		
Beneficial interests in perpetual trusts	11,043,886	13,866,912
Total Endowed Funds with Donor Restrictions	502,576,614	596,556,759
Total Net Assets with Donor Restrictions	\$ 505,273,960	\$ 600,482,375

Kalamazoo Community Foundation

Notes to Combined Financial Statements

13. 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>	2022	2021
Purpose or period restrictions accomplished:		
Grants paid	\$ 11,417,330	\$ 12,478,251
Appropriation from donor-designated endowments and subsequent satisfaction of any related donor restrictions	7,318,528	6,403,866
	\$ 18,735,858	\$ 18,882,117

Supplementary Information



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Independent Auditor's Report on Supplementary Information

The Board of Trustees
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, P.A.

July 18, 2023

Kalamazoo Community Foundation
Combining Statement of Financial Position
(with comparative totals for 2021)

December 31,

	Kalamazoo Community Foundation	Kalamazoo Community Foundation Real Estate Holdings, Inc.	Eliminating Entries	2022 Combined Total	2021 Combined Total
Assets					
Cash and cash equivalents	\$ 3,605,056	\$ 582,221	\$ -	\$ 4,187,277	\$ 5,480,667
Investments	551,402,291	1,148,616	-	552,550,907	658,084,175
Program-related investments, net	1,701,141	-	-	1,701,141	3,287,331
Loan receivable	-	872,437	-	872,437	979,155
Contributions and pledges receivable, net	3,702,705	-	-	3,702,705	5,118,260
Prepaid scholarships	479,507	-	-	479,507	522,186
Accrued investment income	1,048,007	3,437	-	1,051,444	774,091
Beneficial interest in charitable perpetual trusts	11,043,886	-	-	11,043,886	13,866,912
Other assets	5,309,855	20,937	(4,320,433)	1,010,359	1,100,385
Right-of-use lease assets	617,954	-	(617,954)	-	-
Net property and equipment	105,450	2,343,206	-	2,448,656	2,603,963
Total Assets	\$ 579,015,852	\$ 4,970,854	\$ (4,938,387)	\$ 579,048,319	\$ 691,817,125
Liabilities and Net Assets					
Liabilities					
Funds held as agency endowments	\$ 30,717,771	\$ -	\$ -	\$ 30,717,771	\$ 36,827,196
Annuities payable	2,441,402	-	-	2,441,402	2,662,960
Grants payable	67,750	-	-	67,750	1,624,747
Loan payable	35,000	-	-	35,000	95,000
Other	2,213,106	9,282	-	2,222,388	1,428,077
Operating lease liabilities	617,954	-	(617,954)	-	-
Total Liabilities	36,092,983	9,282	(617,954)	35,484,311	42,637,980
Net Assets					
Without donor restrictions	38,290,048	-	-	38,290,048	48,696,770
With donor restrictions	504,632,821	4,961,572	(4,320,433)	505,273,960	600,482,375
Total Net Assets	542,922,869	4,961,572	(4,320,433)	543,564,008	649,179,145
Total Liabilities and Net Assets	\$ 579,015,852	\$ 4,970,854	\$ (4,938,387)	\$ 579,048,319	\$ 691,817,125

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 2021)

Year ended December 31,

	Kalamazoo Community Foundation	Kalamazoo Community Foundation Real Estate Holdings, Inc.	Eliminating Entries	2022 Combined Total	2021 Combined Total
Support, Revenue, and Gains (Losses)					
Public support:					
Gifts and bequests	\$ 10,389,870	\$ -	\$ -	\$ 10,389,870	\$ 13,752,805
Less: gifts and bequests received for agency endowments	252,703	-	-	252,703	1,773,713
Total Gifts and Bequests	10,137,167	-	-	10,137,167	11,979,092
Investment Income (Loss), Net					
Dividends and interest	16,711,586	28,309	-	16,739,895	12,226,182
Less: dividends and interest received for agency endowments	938,569	-	-	938,569	676,054
Total Dividends and Interest	15,773,017	28,309	-	15,801,326	11,550,128
Net gain (loss) from investment transactions	(106,596,384)	-	-	(106,596,384)	91,670,677
Less: net gain (loss) from investment transactions for agency endowments	(5,788,596)	-	-	(5,788,596)	4,841,450
Total Net Realized and Unrealized Gains (Losses) on Investments	(100,807,788)	-	-	(100,807,788)	86,829,227
Total Investment Income (Loss), Net	(85,034,771)	28,309	-	(85,006,462)	98,379,355
Other loss:					
Change in value of perpetual trusts	(2,823,026)	-	-	(2,823,026)	1,286,405
Other loss	(208,364)	-	-	(208,364)	(291,033)
Plus: other income (loss) from agency endowments	182,202	(1,050,000)	1,050,000	182,202	147,092
Total Other Income (Loss)	(2,849,188)	(1,050,000)	1,050,000	(2,849,188)	1,142,464
Total Support, Revenue, and Gains (Losses)	(77,746,792)	(1,021,691)	1,050,000	(77,718,483)	111,500,911

Kalamazoo Community Foundation

Combining Statement of Activities and Changes in Net Assets (with comparative totals for 2021)

Year ended December 31,

		Kalamazoo Community Foundation	Kalamazoo Community Foundation Real Estate Holdings, Inc.	Eliminating Entries	2022 Combined Total	2021 Combined Total
Expenses						
Program services:						
Grants	\$	19,927,797	\$ -	\$ -	\$ 19,927,797	\$ 19,679,677
Programs and grants administration		2,007,631	-	-	2,007,631	2,103,049
Support services:						
Fundraising		1,638,533	-	-	1,638,533	1,329,062
Management and general		4,105,731	426,962	(210,000)	4,322,693	3,175,708
Total Expenses		27,679,692	426,962	(210,000)	27,896,654	26,287,496
Increase (Decrease) in Net Assets		(105,426,484)	(1,448,653)	1,260,000	(105,615,137)	85,213,415
Net Assets, beginning of year		648,349,353	6,410,225	(5,580,433)	649,179,145	563,965,730
Net Assets, end of year	\$	542,922,869	\$ 4,961,572	\$ (4,320,433)	\$ 543,564,008	\$ 649,179,145

See accompanying independent auditor's report on supplementary information.