

Consolidated Financial Statements



June 30, 2022



Contents

	<u>Page</u>
Independent Auditor’s Report on the Consolidated Financial Statements	1
Financial Statements	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7
Supplementary Information	
Supplemental Consolidating Statement of Financial Position	17
Supplemental Consolidating Statement of Activities	18



INDEPENDENT AUDITOR'S REPORT

Board of Governors
International Community Foundation
National City, California

Opinion

We have audited the accompanying consolidated financial statements of the International Community Foundation (ICF), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ICF as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 ICF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ICF's ability to continue as a going concern for a reasonable period of time.

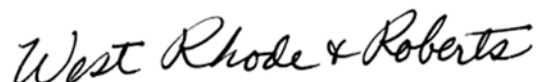
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited International Community Foundation's June 30, 2021, consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 7, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating statements of financial position and activities on pages 17 and 18 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and 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 financial statements as a whole.



WEST RHODE & ROBERTS

INTERNATIONAL COMMUNITY FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2022

(With Summarized Financial Information for June 30, 2021)

	<u>2022</u>	<u>2021</u> (Note 12)
ASSETS		
Cash and cash equivalents	\$ 10,452,883	\$ 6,102,177
Accounts receivable:		
Contributions	255,179	350,000
Other	4,538	69,597
Deposits and prepaid expenses	235,677	66,698
Program related investment	104,631	291,626
Property and equipment	2,777,771	2,813,722
Investments	23,334,477	23,924,628
Total assets	<u>\$ 37,165,156</u>	<u>\$ 33,618,448</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 304,645	\$ 344,493
Grants payable	2,092,458	1,447,940
Refundable advances	192,492	362,742
Economic Injury Disaster Loan	2,150,000	300,000
Total liabilities	<u>4,739,595</u>	<u>2,455,175</u>
Net assets:		
Without donor restriction	13,245,330	13,742,553
With donor restriction	19,180,231	17,420,720
Total net assets	<u>32,425,561</u>	<u>31,163,273</u>
Total liabilities and net assets	<u>\$ 37,165,156</u>	<u>\$ 33,618,448</u>

INTERNATIONAL COMMUNITY FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

(With Summarized Financial Information for the Year Ended June 30, 2021)

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>2022 Total</u>	<u>2021 (Note 12)</u>
Operating Activities:				
SUPPORT AND REVENUES				
Gifts and support	\$ 9,853,326	\$ 9,902,948	\$ 19,756,274	\$ 13,777,598
Other income	202,388	-	202,388	162,993
Net assets released from restrictions, satisfaction of program restrictions	<u>6,756,868</u>	<u>(6,756,868)</u>	-	-
Total support and revenues	<u>16,812,582</u>	<u>3,146,080</u>	<u>19,958,662</u>	<u>13,940,591</u>
EXPENSES				
Program services				
Program grants:				
Environment	6,333,263	-	6,333,263	6,063,822
Education	2,244,949	-	2,244,949	1,813,912
Health and human services	2,070,658	-	2,070,658	1,800,302
Arts and culture	218,715	-	218,715	391,487
Human rights	731,336	-	731,336	359,434
Community and economic development	603,232	-	603,232	241,606
Disaster relief	<u>34,742</u>	-	<u>34,742</u>	<u>162,880</u>
Total program grants	12,236,895	-	12,236,895	10,833,443
Program expenses	<u>2,996,274</u>	-	<u>2,996,274</u>	<u>2,789,813</u>
Total program services	15,233,169	-	15,233,169	13,623,256
Support services:				
Operating and administrative	975,503	-	975,503	827,317
Development and fundraising	<u>459,178</u>	-	<u>459,178</u>	<u>476,826</u>
Total program and supporting services	16,667,850	-	16,667,850	14,927,399
Cost of direct benefits to donors	<u>58,940</u>	-	<u>58,940</u>	<u>11,606</u>
Total expenses	<u>16,726,790</u>	-	<u>16,726,790</u>	<u>14,939,005</u>
Operating support and revenue in excess of expenses	<u>85,792</u>	<u>3,146,080</u>	<u>3,231,872</u>	<u>(998,414)</u>
Non-Operating Activities:				
Investment income, net	158,654	207,140	365,794	270,967
Realized and unrealized (loss) gain, net	<u>(708,209)</u>	<u>(1,627,169)</u>	<u>(2,335,378)</u>	<u>2,526,336</u>
Total non-operating activities	<u>(549,555)</u>	<u>(1,420,029)</u>	<u>(1,969,584)</u>	<u>2,797,303</u>
CHANGE IN NET ASSETS	(463,763)	1,726,051	1,262,288	1,798,889
NET ASSETS AT BEGINNING OF YEAR	<u>13,709,093</u>	<u>17,454,180</u>	<u>31,163,273</u>	<u>29,364,384</u>
NET ASSETS AT END OF YEAR	<u>\$ 13,245,330</u>	<u>\$ 19,180,231</u>	<u>\$ 32,425,561</u>	<u>\$ 31,163,273</u>

INTERNATIONAL COMMUNITY FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

(With Summarized Financial Information for the Year Ended June 30, 2021)

	Program Services	Supporting Services		2022 Total	2021 (Note 12)
		Operating and Administrative	Fundraising		
Salaries	1,037,637	284,319	292,165	1,614,121	1,433,362
Payroll taxes and employee benefits	189,924	55,396	62,184	307,504	225,516
	<u>1,227,561</u>	<u>339,715</u>	<u>354,349</u>	<u>1,921,625</u>	<u>1,658,878</u>
Grants	12,236,896	-	-	12,236,896	10,833,443
Charitable expenses	1,394,109	-	-	1,394,109	1,526,721
Contract services	75,005	224,069	42,471	341,545	331,093
Professional fees	23,694	144,434	2,625	170,753	142,203
Property expenses	137,945	24,818	1,722	164,485	165,195
Information technology and telephone	25,220	103,733	25,790	154,743	127,388
Insurance	24,200	44,012	-	68,212	46,803
Travel & conferences	30,019	17,231	17,636	64,886	50,880
Property and office	48,522	13,449	11,640	73,611	35,726
Interest expense	-	50,894	-	50,894	-
Other expenses	9,998	13,148	2,945	26,091	9,069
	<u>15,233,169</u>	<u>975,503</u>	<u>459,178</u>	<u>16,667,850</u>	<u>14,927,399</u>

INTERNATIONAL COMMUNITY FOUNDATION

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2022

(With Summarized Financial Information for the Year Ended June 30, 2021)

	<u>2022</u>	<u>2021</u> <u>(Note 12)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,262,288	\$ 1,798,889
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	69,196	71,520
Realized and unrealized loss (gain) on investments	2,335,378	(2,526,336)
Change in allowance for program related investment	169,000	200,000
Contributions restricted for endowments	(140,100)	(4,243)
Change in operating assets and liabilities:		
Accounts receivable	159,880	(403,085)
Deposits and prepaid expenses	(168,979)	(56,169)
Accounts payable and accrued expenses	(39,848)	(50,140)
Grants payable	644,518	(1,408,145)
Refundable advances	(170,250)	92,692
Net cash provided by (used in) operating activities	<u>4,121,083</u>	<u>(2,285,017)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(33,245)	-
Net change of program related investment	17,995	39,257
Net purchase of investments	(7,688,194)	(1,037,677)
Net cash used in investing activities	<u>(7,703,444)</u>	<u>(998,420)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowments	140,100	4,243
Proceeds from Economic Injury Disaster Loan	1,850,000	-
Net cash provided by financing activities	<u>1,990,100</u>	<u>4,243</u>
Change in cash and cash equivalents	(1,592,261)	(3,279,194)
Cash and cash equivalents at beginning of year	13,367,778	16,646,972
Cash and cash equivalents at end of year	<u>\$ 11,775,517</u>	<u>\$ 13,367,778</u>
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash and cash equivalents	10,452,883	6,102,177
Cash and cash equivalents included in investments	1,322,634	7,265,601
	<u>\$ 11,775,517</u>	<u>\$ 13,367,778</u>

Note 1. Organization and Significant Accounting Policies

Organization and Activities

International Community Foundation (ICF) is a nonprofit organization founded in 1990 and is committed to working with donors to expand charitable giving internationally with a focus on Mexico and Latin America. The Foundation is focused in the areas of environment, education, health and human services, human rights, community and economic development, civic engagement, disaster relief, and arts and culture.

The Foundation formed a Type 1 supporting organization named the ICF Center for Cross-Border Philanthropy, dba Olivewood Gardens (the Garden) in 2008 which is operated, supervised, and/or controlled by the supported organization (ICF) in accordance with the Internal Revenue Code. The Foundation transferred its National City land totaling 6.75 acres and buildings at 2505 N Avenue and 2525 N Avenue to the Garden in October 2009. In 2021 ICF transferred 1 more acre at 2443 N Avenue to the Garden. The Garden operates the Olivewood Gardens school garden program and maintains the property which includes the historic Noyes House.

Significant Accounting Policies

Basis of Accounting – The accompanying consolidated financial statements have been prepared in accordance with the accrual method of accounting.

Principles of Consolidation - The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and include accounts of the International Community Foundation and the ICF Center for Cross-Border Philanthropy, dba Olivewood Gardens. All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

Basis of Presentation – The financial statements of ICF have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which requires ICF to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of International Community Foundation’s management and board of directors. Net assets without donor restriction are available for the following purposes.

- Amounts available for the support of ICF’s operational functions and to support community activities at the discretion of the Board of Governors.
- Donor-advised funds represent amounts for which grant recommendations of the respective donors are accepted for consideration, subject to final approval by ICF’s Board of Governors. The Foundation’s by-laws give variance power, which under certain unanticipated circumstances, allows for redirection of funds.
- Donor-designated advised funds represent amounts for which grant recommendations are specific to one organization, subject to final approval by ICF’s Board of Governors. The Foundation’s by-laws give variance power, which under certain unanticipated circumstances, allows for redirection of funds.
- Land Conservation Funds represent amounts for which grant recommendations guide fund use, subject to final approval by ICF’s Board of Governors. The Foundation’s by-laws give variance power which under certain unanticipated circumstances, allow for redirection of funds.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of ICF or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Measure of Operations – The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to ICF's ongoing programs. Nonoperating activities are limited to resources that generate return from long-term investments and other activities of a nonrecurring nature.

Revenue Recognition

Contributions – Contributions are recognized as revenue when they are unconditionally pledged or when all conditions have been met.

ICF reviews all grant agreements and determines whether the agreement qualifies as an exchange transaction or as a contribution. In cases where agreements are determined to be exchange transactions, ICF recognizes revenues as services are rendered and, if applicable, funds received in advance of services being rendered are classified as deferred revenue. Revenue is recognized in the period in which services are rendered and is presented as revenue without donor restrictions in the Statement of Activities.

In cases where agreements are determined to be contributions, the agreement is reviewed for barriers or restrictions and, if applicable, advanced payments are classified as deferred revenue until the barrier or restriction has been met. Revenue is recognized in the period in which all barriers and restrictions have been met and is presented as contributions without donor restrictions on the Statement of Activities.

The Foundation reports contributions as restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, contributions with donor restrictions are reclassified to unrestricted revenues and reported in the statement of activities as revenues released from restrictions. Contributions with donor restrictions requiring the principal gift to be held in perpetuity are reported as net assets with donor restrictions. The income earned from such assets is generally restricted to the purpose designated by the donor. Gifts not designated for a specific purpose are reported as increases in net assets without donor restrictions.

Cash and Cash Equivalents – Cash equivalents are highly liquid debt instruments with original maturities of three months or less.

Contributions Receivable – Contributions are recognized upon the earlier of the receipt of a donor's unconditional promise to give or upon receipt of the contribution. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free rates applicable in the years in which those promises are received. Amortization of the discounts related to pledges receivable are recognized over the period of the promise as contribution revenue. Management has reviewed the collectability of receivables and determined that an allowance for uncollectability is not needed.

Investments – Investments are made in accordance with investment policies adopted by ICF's Board. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

INTERNATIONAL COMMUNITY FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Property and Equipment – Property and equipment are carried at cost for purchased assets or fair value at the date of gift for donated assets. Items which cost or have a fair value at the date of the gift of \$10,000 or more are capitalized. Property and equipment is depreciated on a straight-line basis as follows:

Buildings and improvements	30 years
Furniture and equipment	3 to 7 years

Depreciation expense for the year ended June 30, 2022, was \$69,196.

Program Related Investment (PRI) – In accordance with Section 4944 of the Internal Revenue Code, ICF is permitted to make investments that further some aspect of its charitable mission. The Foundation made 3 program related investments and these investments are anticipated to have lower-than-market returns on a risk-adjusted basis.

Cost of Direct Benefits to Donors – The costs of special events that represent a direct benefit to donors are separately reported. For the year ended June 30, 2022, the amount totaled \$58,940.

Refundable Advance – In February 2021, ICF received \$192,492 under the Paycheck Protection program (PPP). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). This amount has been recorded as a refundable advance at June 30, 2022 and will be recorded as revenue when the PPP loan is forgiven, which occurred subsequent to year-end in September 2022.

Economic Injury Disaster Loan - The has Foundation received \$2,000,000, and the Garden received \$150,000 towards Economic Injury Disaster Loan (EIDL) under the Disaster Recovery Loan Program from the Small Business Administration.

Grants Payable – Unconditional grants are recognized as an expense when they have been approved by the Board of Governors.

Functional Allocation of Expenses – The statement of functional expenses presents expense by function and natural classification. Expenses directly attributable to a specific functional area of ICF are reported as expenses of those functional areas. A portion of costs that benefit multiple functional areas (indirect costs) have been allocated across programs and supporting services based on the full-time employee equivalents of programs or supporting service. Depreciation expense is allocated based on square footage.

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

Income Taxes – ICF is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701 (d) of the State Revenue and Taxation Code. The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) No. 740-10, *Accounting for Uncertainties in Income Tax*, which sets a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. The Foundation has reviewed its positions for all open tax years and has determined that it has no uncertain tax positions requiring accrual or disclosure.

Subsequent Events – Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before consolidated financial statements are available to be issued. The Foundation recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at that date, including the estimates inherent in the process of preparing consolidated financial statements. The Foundation's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after that date and before the consolidated financial statements are available to be issued.

INTERNATIONAL COMMUNITY FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Foundation has evaluated subsequent events through October 24, 2022, which is the date the consolidated financial statements are available for issuance and concluded that the below event needs to be disclosed.

On September 6, 2022, the Small Business Administration approved the forgiveness of the Paycheck Protection Program loan amount of \$192,492.

Apart from the above item, there were no other events or transactions that needed to be disclosed.

Note 2. Liquidity and Availability of Resources

International Community Foundation's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Financial Assets	
Cash and cash equivalents	\$ 10,452,883
Receivables	259,717
Investments	<u>23,334,477</u>
Total financial assets available within one year	<u>34,047,077</u>
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	7,590,312
Restricted by donors in perpetuity	<u>9,181,204</u>
Total amounts unavailable for general expenditure within one year	16,771,516
Less amounts unavailable to management without Board approval:	
Donor advised funds	<u>11,481,571</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 5,793,990</u>

International Community Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 3. Risks and Uncertainties

Concentration of credit risk - Non-interest bearing transaction accounts including checking and savings accounts are not fully insured by the Federal Deposit Insurance Corporation (FDIC). Accordingly, non-interest bearing transaction accounts fall under the standard deposit insurance amount of \$250,000 per depositor, per insured bank, for each account ownership category. For the period ending June 30, 2022, ICF held about 94 percent (\$11.1 million) of its cash, money market, CD, and cash equivalent assets in non-FDIC insured balances at Tier 1 banking institutions that adhere to the U.S. Federal Reserve capital adequacy guidelines. The remainder of ICF's cash, money market, CD, and cash equivalent assets are held within FDIC limits.

In addition, ICF invests in various investment securities, including U.S. government securities, corporate debt instruments, mutual funds, and longer term certificates of deposit up to 12 months in duration. Investment securities, in general, are subject to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect amounts reported on the consolidated financial statements.

Covid-19 risks – In 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. The ultimate disruption which may be caused by the pandemic is uncertain; although it has not resulted in a material adverse impact on ICF's financial position, operations, and cash flows, such disruptions or restrictions may occur in the future. Possible effects may include but are not limited to disruptions or restrictions on our employee's ability to work, decline in value of assets held, including property and equipment, marketable securities, and changes to the current regulatory environment. Management is actively working to mitigate the impact of these and other unforeseen potential disruptions to operations.

Note 4. Investments and Fair Value Measurements

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation uses a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

The hierarchy for fair value measurement is described as follows:

Level 1 - quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - observable market-based inputs or unobservable inputs that are corroborated by market data. May include quoted prices in a market that is not active.

Level 3 - unobservable inputs that cannot be corroborated by market data. These inputs reflect management's best estimate of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability.

NAV – privately held investments and securities held in partnerships are valued at Net Asset Value (NAV) as a practical expedient. These investments have not been classified in the three-level fair value hierarchy and NAV investments are presented in the accompanying financial statements at fair value, as determined by ICF. The Foundation believed that the carrying amount of its NAV investments is a reasonable estimate of fair value.

The following are descriptions of the valuation inputs and techniques that ICF utilizes to determine fair value for each major category of assets and liabilities.

Due to the short-term nature of cash equivalents, other assets, accounts payable and accrued expenses, carrying value approximates fair value.

Corporate securities and fixed income funds are classified within Level 1 when they are traded on an active exchange and valued using quoted market prices.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. All of ICF's investments are based upon the quoted market prices at June 30, 2022.

INTERNATIONAL COMMUNITY FOUNDATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Foundation's investment in securities consist of the following at June 30, 2022:

	<u>Market</u>	<u>Cost</u>
At fair value:		
Cash Equivalents	\$ 1,322,634	\$ 1,322,634
Fixed Income	8,939,225	8,938,565
Mutual funds	<u>13,072,618</u>	<u>12,400,648</u>
	<u>\$ 23,334,477</u>	<u>\$ 22,661,847</u>

Investment income at June 30, 2022 is made up of \$394,083 in interest and dividends, \$28,289 in investment fees, \$90,676 in realized gains and \$2,426,054 in unrealized losses.

The management of ICF is responsible for making the fair value measurements and disclosures in the consolidated financial statements. As part of fulfilling this responsibility, the management of ICF has established an accounting and financial reporting process for determining the fair value measurements and disclosures, which identifies and adequately supports the valuation methods and assumptions used and ensures that the presentation of the fair value measurement is in accordance with U.S. GAAP.

Note 5. Property and Equipment

Property and equipment at June 30, 2022, consist of the following:

Land	\$ 1,775,124
Buildings	1,035,000
Improvements	795,535
Office equipment	<u>112,481</u>
	3,718,140
Less accumulated depreciation	<u>940,369</u>
	<u>\$ 2,777,771</u>

Note 6. Program Related Investment

The Program Related Investments (PRI) in the consolidated statement of financial position represent three below-market rate loans totaling \$523,655 as of June 30, 2022. Interest rates on the loans range between 1 percent and 7 percent. The loans have maturity dates of through June of 2023. Management has evaluated the recoverability of these loans and has recorded an allowance of \$419,000 related to the program related investments. The loans are scheduled for collection as follows for the years ending June 30:

2023	\$ 523,631
Less allowance	<u>(419,000)</u>
	<u>\$ 104,631</u>

Note 7. Economic Injury Disaster Loans

ICF received \$2,000,000 and the Garden received \$150,000 towards Economic Injury Disaster Loan (EIDL) under the Disaster Recovery Loan Program from Small Business Administration. The monthly payment on ICF's loan is \$8,655 and \$641 for the Garden's loan. The payments begin 30 months from the date of the promissory notes, which is May and June 2020. The loans each have an interest rate of 2.75% and mature in May and June 2050. The outstanding balance on the loans as of June 30, 2022, is \$2,150,000.

INTERNATIONAL COMMUNITY FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Maturities on EIDL payable as of June 30, 2022, are as follows:

<u>Years Ending June 30,</u>	
2023	\$ -
2024	20,631
2025	50,054
2026	54,932
2027	56,589
Thereafter	<u>1,967,794</u>
	<u>\$ 2,150,000</u>

Note 8. Net Assets without Donor Restrictions

Net assets without donor restrictions are comprised of donor advised funds and undesignated funds. Net assets without donor restrictions at June 30, 2022 are comprised of the following:

Donor advised funds	\$ 11,481,571
Undesignated funds	<u>1,763,759</u>
	<u>\$ 13,245,330</u>

Note 9. Net Assets with Donor Restrictions

Net assets with donor restrictions represent contributions and other inflows received by ICF, which are limited in their use by the donor-imposed stipulations. Net assets with donor restrictions at June 30, 2022 are available for the following purposes or periods:

Subject to expenditure for specified purpose	
ICF Special Projects	\$ 7,096,032
Olivewood Garden Special Projects	<u>494,280</u>
	7,590,312
Donor-restricted endowments subject to spending policy and appropriation (including net accumulated earnings of \$1,774,582)	9,181,204
Donor-restricted contribution of building and property to be used in perpetuity.	<u>2,408,715</u>
Total net assets with donor restrictions at June 30, 2022	<u>\$ 19,180,231</u>

The Garden received a donation of land and buildings that have been recorded as net assets with donor restrictions and are being depreciated over their useful lives. In the unlikely event that the Garden was to sell the property, the property gift agreement provides for the proceeds of the sale less expenses and the value of facility improvements to the property, to be transferred to a donor advised fund at ICF.

Funds held in perpetuity in the endowment are for the benefit of the Garden and other philanthropic purposes.

The Foundation received an endowment to support the Garden. If the Advisor in its sole discretion determines that any one or more of the following events has occurred: (a) ICF and/or The Garden disposes of the property or any portion thereof; (b) ICF and/or The Garden fail to use the property in accordance with the terms of Endowment Agreement; or (c) if ICF fails to administer the Endowment in accordance with the Endowment Agreement, then the Advisor may advise ICF to (a) use the Garden's Endowment, or any portion thereof, for an additional purpose or purposes to support ICF's charitable activities (which may include, for example, funding a donor-advised fund at ICF); or (b) transfer the Endowment, or any portion thereof, to one or more other public charities described in Section 501(a)(1), (2) or (3) of the Internal Revenue Code, as designated by the Advisor.

Note 10. Net Assets Released from Restriction

Net assets totaling \$6,756,868 were released from restriction by satisfying program restrictions during the year ended June 30, 2022.

Note 11. Endowments

The Foundation's endowment portfolio consists of 17 individual funds with the majority of the assets under management held for the benefit of the Garden. The other funds are set up as donor advised, agency, and discretionary endowments. The endowment includes only donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified based on the existence or absence of donor imposed restrictions. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Interpretation of Relevant Law – The Board of Governors of ICF has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, ICF classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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 expects its endowment funds, over time, to provide an average rate of return of approximately 5 percent annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, ICF 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 a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation's spending policy is approved by the board each year. For the year ended June 30, 2022, the amount to be distributed was equal to 4 percent of its endowment fund, based on the average value each quarter. It is also ICF's policy not to take distributions from an endowment's permanently restricted value.

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires ICF to retain as a fund of perpetual duration. There were 2 funds with deficiencies at June 30, 2022.

Donor-restricted endowment net asset composition as of June 30, 2022, is as follows:

Endowment net assets, beginning of year	\$ 10,867,996
Investment return:	
Investment income	207,140
Net depreciation (realized and unrealized)	<u>(1,629,783)</u>
Total investment return	(1,422,643)
Distribution	(404,249)
Contributions	<u>140,100</u>
Endowment net assets, end of year	<u>\$ 9,181,204</u>

Note 12. June 30, 2021 Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with ICF's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Certain reclassifications have been made to the summarized 2021 financial information to conform to the classifications adopted for the 2022 financial statements. These reclassifications had no effect on the change in net assets.

SUPPLEMENTARY INFORMATION

INTERNATIONAL COMMUNITY FOUNDATION

SUPPLEMENTAL CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2022

	ICF	Center	Total	Eliminating Entries	Total
ASSETS					
Cash and cash equivalents	\$ 8,877,802	\$ 1,575,081	\$ 10,452,883	\$ -	\$ 10,452,883
Accounts receivable:					
Contributions	90,000	165,179	255,179	-	255,179
Other	4,538	-	4,538	-	4,538
Deposits and prepaid expenses	233,358	2,319	235,677	-	235,677
Program related investment	104,631	-	104,631	-	104,631
Property and equipment	6,069	2,771,702	2,777,771	-	2,777,771
Investments	23,334,477	-	23,334,477	-	23,334,477
Total assets	<u>\$ 32,650,875</u>	<u>\$ 4,514,281</u>	<u>\$ 37,165,156</u>	<u>\$ -</u>	<u>\$ 37,165,156</u>
LIABILITIES AND NET ASSETS					
Accounts payable and accrued expenses	\$ 249,142	\$ 55,503	\$ 304,645	\$ -	\$ 304,645
Grants payable	2,092,458	-	2,092,458	-	2,092,458
Refundable advances	192,492	-	192,492	-	192,492
Economic Injury Disaster Loan	2,000,000	150,000	2,150,000	-	2,150,000
Total liabilities	<u>4,534,092</u>	<u>205,503</u>	<u>4,739,595</u>	<u>-</u>	<u>4,739,595</u>
Total net assets	<u>28,116,783</u>	<u>4,308,778</u>	<u>32,425,561</u>	<u>-</u>	<u>32,425,561</u>
Total liabilities and net assets	<u>\$ 32,650,875</u>	<u>\$ 4,514,281</u>	<u>\$ 37,165,156</u>	<u>\$ -</u>	<u>\$ 37,165,156</u>

INTERNATIONAL COMMUNITY FOUNDATION

SUPPLEMENTAL CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	<u>ICF</u>	<u>Center</u>	<u>Total</u>	<u>Eliminating Entries</u>	<u>Total</u>
<u>Operating Activities:</u>					
SUPPORT AND REVENUES					
Gifts and support	\$ 18,971,726	\$ 1,189,929	\$ 20,161,655	\$ (405,381)	\$ 19,756,274
Other income	855	203,433	204,288	(1,900)	202,388
Total operating support and revenues	<u>18,972,581</u>	<u>1,393,362</u>	<u>20,365,943</u>	<u>(407,281)</u>	<u>19,958,662</u>
EXPENSES					
Program services					
Program grants:					
Environment	6,333,263	-	6,333,263	-	6,333,263
Education	2,650,330	-	2,650,330	(405,381)	2,244,949
Health and human services	2,070,658	-	2,070,658	-	2,070,658
Arts and culture	218,715	-	218,715	-	218,715
Human rights	731,336	-	731,336	-	731,336
Community and economic development	603,232	-	603,232	-	603,232
Disaster relief	34,742	-	34,742	-	34,742
Total program grants	<u>12,642,276</u>	<u>-</u>	<u>12,642,276</u>	<u>(405,381)</u>	<u>12,236,895</u>
Program expenses	<u>2,100,083</u>	896,191	<u>2,996,274</u>	<u>-</u>	<u>2,996,274</u>
	14,742,359	896,191	15,638,550	(405,381)	15,233,169
Support services:					
Operating and administrative	847,920	129,483	977,403	(1,900)	975,503
Development and fundraising	381,457	77,721	459,178	-	459,178
Total program and supporting services	<u>15,971,736</u>	<u>1,103,395</u>	<u>17,075,131</u>	<u>(407,281)</u>	<u>16,667,850</u>
Cost of direct benefits to donors	-	58,940	58,940	-	58,940
Total operating expenses	<u>15,971,736</u>	<u>1,162,335</u>	<u>17,134,071</u>	<u>(407,281)</u>	<u>16,726,790</u>
<u>Non-operating Activities:</u>					
Investment income, net	365,794	-	365,794	-	365,794
Realized and unrealized loss, net	(2,335,378)	-	(2,335,378)	-	(2,335,378)
Total non-operating activities	<u>(1,969,584)</u>	<u>-</u>	<u>(1,969,584)</u>	<u>-</u>	<u>(1,969,584)</u>
Change in net assets	<u>\$ 1,031,261</u>	<u>\$ 231,027</u>	<u>\$ 1,262,288</u>	<u>\$ -</u>	<u>\$ 1,262,288</u>