

International Community Foundation

Consolidated Financial Report

June 30, 2024



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Independent Auditor's Report

To the Board of Governors of the International Community Foundation

Opinion

We have audited the accompanying consolidated financial statements of the International Community Foundation (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2024, 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 International Community Foundation as of June 30, 2024, 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 International Community Foundation, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 International Community Foundation'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 International Community Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about International Community Foundation's ability to continue as a going concern for a reasonable period of time.

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

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 16 and 17 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.

Report on Summarized Comparative Information

We have previously audited International Community Foundation's June 30, 2023, consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 25, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



WEST RHODE & ROBERTS

San Diego, California
October 2, 2024

INTERNATIONAL COMMUNITY FOUNDATION

Statement of Financial Position

June 30, 2024

(With Summarized Financial Information for June 30, 2023)

	<u>2024</u>	<u>2023</u> (Note 13)
Assets		
Cash and cash equivalents	\$ 3,550,969	\$ 6,273,867
Accounts receivable:		
Contributions receivable	741,711	787,216
Prepays and other assets	399,687	415,278
Program related investment	96,976	96,976
Property and equipment	2,806,150	2,741,875
Investments	38,900,897	32,756,666
Total assets	<u>\$ 46,496,390</u>	<u>\$ 43,071,878</u>
Liabilities and net assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 378,189	\$ 424,896
Grants payable	1,803,623	3,556,131
Economic Injury Disaster Loan	2,121,281	2,150,000
Total liabilities	<u>4,303,093</u>	<u>6,131,027</u>
Net assets:		
Without donor restriction	19,084,115	15,993,310
With donor restriction	23,109,182	20,947,541
Total net assets	<u>42,193,297</u>	<u>36,940,851</u>
Total liabilities and net assets	<u>\$ 46,496,390</u>	<u>\$ 43,071,878</u>

INTERNATIONAL COMMUNITY FOUNDATION

Statement of Activities

Year Ended June 30, 2024

(With Summarized Financial Information for the Year Ended June 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total	2023 (Note 13)
Operating Activities:				
Support and revenues				
Contributions and grants	\$ 8,901,682	\$ 13,948,431	\$ 22,850,113	\$ 21,658,428
Special events	565,343	1,150,960	1,716,303	424,788
Program fees	134,950		134,950	165,279
Facility use	15,322		15,322	16,420
Other income	825	-	825	13,723
Net assets released from restrictions, satisfaction of program restrictions	14,080,079	(14,080,079)	-	-
Total support and revenues	<u>23,698,201</u>	<u>1,019,312</u>	<u>24,717,513</u>	<u>22,278,638</u>
Expenses				
Program services				
Program grants:				
Environment	6,350,159	-	6,350,159	6,365,760
Health and human services	3,382,551	-	3,382,551	2,531,137
Community and economic development	2,238,266	-	2,238,266	1,821,410
Education	1,561,534	-	1,561,534	2,037,919
Human rights	580,105	-	580,105	677,840
Arts and culture	262,145	-	262,145	198,384
Disaster relief	246,220	-	246,220	22,870
Total program grants	14,620,980	-	14,620,980	13,655,320
Program expenses	5,470,739	-	5,470,739	4,227,025
Total program services	20,091,719	-	20,091,719	17,882,345
Support services:				
Operating and administrative	1,018,715	-	1,018,715	888,678
Development and fundraising	688,558	-	688,558	502,693
Total program and supporting services	21,798,992	-	21,798,992	19,273,716
Cost of direct benefits to donors	156,087	-	156,087	140,421
Total expenses	<u>21,955,079</u>	<u>-</u>	<u>21,955,079</u>	<u>19,414,137</u>
Operating support and revenue in excess of expenses	<u>1,743,122</u>	<u>1,019,312</u>	<u>2,762,434</u>	<u>2,864,501</u>
Non-Operating Activities:				
Investment income, net	875,444	275,529	1,150,973	649,603
Realized and unrealized gain	472,239	866,800	1,339,039	1,001,186
Total non-operating activities	<u>1,347,683</u>	<u>1,142,329</u>	<u>2,490,012</u>	<u>1,650,789</u>
Change in net assets	3,090,805	2,161,641	5,252,446	4,515,290
Net assets at beginning of year	15,993,310	20,947,541	36,940,851	32,425,561
Net assets at end of year	<u>\$ 19,084,115</u>	<u>\$ 23,109,182</u>	<u>\$ 42,193,297</u>	<u>\$ 36,940,851</u>

INTERNATIONAL COMMUNITY FOUNDATION

Statement of Functional Expenses

Year Ended June 30, 2024

(With Summarized Financial Information for the Year Ended June 30, 2023)

	Program Services	Supporting Services		Total	2023 (Note 13)
		Operating and Administrative	Fundraising		
Expenses					
Salaries	\$ 1,379,065	\$ 446,571	\$ 450,356	\$ 2,275,992	\$ 1,850,815
Payroll taxes and employee benefits	234,741	92,404	95,788	422,933	352,073
	<u>1,613,806</u>	<u>538,975</u>	<u>546,144</u>	<u>2,698,925</u>	<u>2,202,888</u>
Grants	14,620,980	-	-	14,620,980	13,655,320
Charitable expenses	3,286,779	-	-	3,286,779	2,227,763
Contract services	189,415	151,265	82,490	423,170	492,969
Property expenses	173,813	23,035	-	196,848	182,576
Information technology and telephone	41,574	85,006	18,609	145,189	154,818
Travel & conferences	45,630	47,323	24,936	117,889	65,727
Property and office	51,288	10,311	1,791	63,390	64,726
Insurance	24,318	55,247	-	79,565	74,848
Professional fees	38,022	38,471	-	76,493	50,363
Interest expense	-	59,592	-	59,592	59,287
Communications and development	3,724	3,414	12,790	19,928	15,751
Other expenses	2,370	6,076	1,798	10,244	26,680
	<u>\$ 20,091,719</u>	<u>\$ 1,018,715</u>	<u>\$ 688,558</u>	<u>\$ 21,798,992</u>	<u>\$ 19,273,716</u>

INTERNATIONAL COMMUNITY FOUNDATION

Statement of Cash Flows

Year Ended June 30, 2024

(With Summarized Financial Information for the Year Ended June 30, 2023)

	<u>2024</u>	<u>2023</u> (Note 13)
Cash flows from operating activities		
Change in net assets	\$ 5,252,446	\$ 4,515,290
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	69,591	65,947
Realized and unrealized gain on investments	(1,339,039)	(1,001,186)
Change in allowance for program related investment	-	(249,976)
Contributions restricted for endowments	(25,166)	(25,000)
Contributed stock	(1,037,075)	-
Change in operating assets and liabilities:		
Accounts receivable	45,505	(531,602)
Prepays and other assets	15,591	(175,498)
Accounts payable and accrued expenses	(46,707)	120,251
Grants payable	(1,752,508)	1,463,673
Refundable advances	-	(192,492)
Net cash provided by operating activities	<u>1,182,638</u>	<u>3,989,407</u>
Cash flows from investing activities		
Purchase of property and equipment	(133,866)	(30,051)
Net change of program related investment	-	257,631
Purchases of investments	(4,075,305)	(4,176,257)
Proceeds from sale of investments	1,731,047	811,943
Net cash used in investing activities	<u>(2,478,124)</u>	<u>(3,136,734)</u>
Cash flows from financing activities		
Contributions restricted for endowments	25,166	25,000
Payments made on Economic Injury Disaster Loan	(28,719)	-
Net cash (used in) provided by financing activities	<u>(3,553)</u>	<u>25,000</u>
Change in cash, cash equivalents and restricted cash	(1,299,039)	877,673
Cash and cash equivalents at beginning of year	12,653,190	11,775,517
Cash and cash equivalents at end of year	<u>\$ 11,354,151</u>	<u>\$ 12,653,190</u>
Cash, cash equivalents consist of		
Cash and cash equivalents	3,550,969	6,273,867
Cash and cash equivalents included in investments	7,803,182	6,379,323
	<u>\$ 11,354,151</u>	<u>\$ 12,653,190</u>

INTERNATIONAL COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements

Note 1. Organization and Significant Accounting Policies

Organization and Activities

The International Community Foundation (ICF) is a nonprofit organization founded in 1990. ICF stands with communities across borders making transformative, positive change. ICF uplifts, funds, and connects nonprofits, community leaders and movement builders addressing pressing issues impacting their regions, primarily in Mexico and Latin America. In furtherance of this goal ICF leverages resource mobilization, robust international grantmaking, strategic community leadership and power-building.

ICF formed a Type 1 supporting organization named Olivewood Gardens and Learning Center (the Garden) in 2008 which is operated, supervised, and/or controlled by the supported organization (ICF) in accordance with the Internal Revenue Code. ICF 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 2022 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 Olivewood Gardens and Learning Center. 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. ICF'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. ICF'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. ICF's by-laws give variance power which under certain unanticipated circumstances, allow for redirection of funds.

INTERNATIONAL COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements

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 consolidated statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to ICF's ongoing programs. Non-operating 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 consolidated 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 consolidated statement of activities.

ICF 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 consolidated 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. Cash and cash equivalents included as part of investment policy are included with investments. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated 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, 2024, was \$69,591.

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. ICF 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, 2024, the amount totaled \$156,087.

Economic Injury Disaster Loan - ICF 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 consolidated 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 payroll expenses of programs or supporting service. The Garden allocates depreciation expense 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. ICF 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. ICF 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. ICF'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.

ICF has evaluated subsequent events through October 2, 2024, which is the date the consolidated financial statements are available for issuance and concluded that there are no events or transactions that needed to be disclosed.

INTERNATIONAL COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements

Note 2. Liquidity and Availability of Resources

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

Financial Assets	
Cash and cash equivalents	\$ 3,550,969
Receivables	741,711
Investments	<u>38,900,897</u>
Total financial assets available within one year	<u>43,193,577</u>
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	(10,264,096)
Restricted by donors in perpetuity	<u>(10,560,532)</u>
Total amounts unavailable for general expenditure within one year	(20,824,628)
Less amounts unavailable to management without Board approval:	
Donor advised funds	<u>(15,412,204)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 6,956,745</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. 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. ICF 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. ICF 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.

INTERNATIONAL COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements

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, 2024.

The following table summarizes ICF's investments by type, including placement in the fair value hierarchy of assets and liabilities that are measured at fair value on a recurring basis.

	Fair Value Measurements at June 30, 2024, Using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 7,803,182	\$ -	\$ -	\$ 7,803,182
Fixed income	21,337,037	-	-	21,337,037
Mutual funds	9,760,678	-	-	9,760,678
	<u>\$ 38,900,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,900,897</u>

Investment income at June 30, 2024 is made up of \$1,186,238 in interest and dividends, \$35,265 in investment fees, \$151,583 in realized gains and \$1,187,456 in unrealized gains.

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 4. Property and Equipment

Property and equipment at June 30, 2024, consist of the following:

Land	\$ 1,775,124
Buildings	1,035,000
Improvements	909,982
Office equipment	113,576
	<u>3,833,682</u>
Less accumulated depreciation	<u>(1,027,532)</u>
	<u>\$ 2,806,150</u>

Note 5. Program Related Investment

The Program Related Investments (PRI) in the consolidated statement of financial position represent three below-market rate loans totaling \$266,000 as of June 30, 2024. Interest rates on the loans range between 2 percent and 7 percent. The loans have maturity dates through June of 2025. Management has evaluated the recoverability of these loans and has recorded an allowance of \$169,024 related to the program related investments. The loans are scheduled for collection as follows for the years ending June 30:

2025	\$ 266,000
Less allowance	<u>(169,024)</u>
	<u>\$ 96,976</u>

INTERNATIONAL COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements

Note 6. 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 for ICF began 30 months from the date of the promissory notes, which is May 2020. The payments for the Garden will begin in September 2025. 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, 2024, is \$2,121,281.

Maturities on EIDL payable as of June 30, 2024, are as follows:

<u>Years Ending June 30,</u>	
2025	\$ 51,740
2026	54,569
2027	56,863
2028	58,303
2029	59,070
Thereafter	1,840,736
	<u>\$ 2,121,281</u>

Note 7. Line of Credit

ICF has a line of credit with a bank for a maximum borrowing limit of \$500,000 expiring in 2031. If ICF withdraws funds on the line of credit, they are required to repay the loan at the prime rate. As of June 30, 2024, there was no amount outstanding.

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, 2024 are comprised of the following:

Donor advised funds	\$ 15,412,204
Undesignated funds	3,671,911
	<u>\$ 19,084,115</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, 2024 are available for the following purposes or periods:

Subject to expenditure for specified purpose	
ICF Special Projects	\$ 7,564,456
Olivewood Garden Special Projects	2,699,640
	<u>10,264,096</u>
Donor-restricted endowments subject to spending policy and appropriation (including net accumulated earnings of \$3,103,744)	10,560,532
Donor-restricted contribution of building and property to be used in perpetuity.	2,284,554
Total net assets with donor restrictions at June 30, 2024	<u>\$ 23,109,182</u>

INTERNATIONAL COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements

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.

ICF 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 were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

Net assets released from restriction consist of the following at June 30, 2024:

ICF	\$ 12,465,270
Olivewood garden	1,267,608
Endowment	347,201
	<u>\$ 14,080,079</u>

Note 11. Endowments

ICF'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 – ICF 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. ICF 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). ICF 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.

INTERNATIONAL COMMUNITY FOUNDATION

Notes to Consolidated Financial Statements

ICF's spending policy is approved by the board each year. For the year ended June 30, 2024, 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 no funds with deficiencies at June 30, 2024.

Donor-restricted endowment net asset composition as of June 30, 2024, is as follows:

	<u>With donor restrictions</u>
Endowment net assets, beginning of year	\$ 9,740,238
Investment return:	
Investment income	275,529
Net appreciation (realized and unrealized)	<u>866,800</u>
Total investment return	1,142,329
Appropriated for expenditure	(347,201)
Contributions	<u>25,166</u>
Endowment net assets, end of year	<u>\$ 10,560,532</u>

Note 12. Risks and Uncertainties

Concentration of credit risk – ICF maintains its cash in bank accounts which at times may exceed federally insured deposit limits. ICF has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk. For the period ending June 30, 2024, ICF held about 93 percent (\$10.6 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. 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.

Note 13. June 30, 2023, 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, 2023, from which the summarized information was derived. Certain reclassifications have been made to the summarized 2023 financial information to conform to the classifications adopted for the 2024 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, 2024

	<u>ICF</u>	<u>Garden</u>	<u>Total</u>	<u>Eliminating Entries</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 2,708,919	\$ 842,050	\$ 3,550,969	\$ -	\$ 3,550,969
Contributions receivable	374,714	373,029	747,743	(6,032)	741,711
Prepays and other assets	385,246	14,441	399,687	-	399,687
Program related investment	96,976	-	96,976	-	96,976
Property and equipment	46,355	2,759,795	2,806,150	-	2,806,150
Investments	35,439,283	3,461,614	38,900,897	-	38,900,897
Total assets	<u>\$ 39,051,493</u>	<u>\$ 7,450,929</u>	<u>\$ 46,502,422</u>	<u>\$ (6,032)</u>	<u>\$ 46,496,390</u>
Liabilities and net assets					
Accounts payable and accrued expenses	\$ 292,773	\$ 91,448	\$ 384,221	\$ (6,032)	\$ 378,189
Grants payable	1,803,623	-	1,803,623	-	1,803,623
Economic Injury Disaster Loan	1,971,281	150,000	2,121,281	-	2,121,281
Total liabilities	<u>4,067,677</u>	<u>241,448</u>	<u>4,309,125</u>	<u>(6,032)</u>	<u>4,303,093</u>
Total net assets	<u>34,983,816</u>	<u>7,209,481</u>	<u>42,193,297</u>	<u>-</u>	<u>42,193,297</u>
Total liabilities and net assets	<u>\$ 39,051,493</u>	<u>\$ 7,450,929</u>	<u>\$ 46,502,422</u>	<u>\$ -</u>	<u>\$ 46,496,390</u>

INTERNATIONAL COMMUNITY FOUNDATION

Supplemental Consolidating Statement of Activities

Year Ended June 30, 2024

	ICF	Garden	Total	Eliminating Entries	Total
Operating Activities:					
Support and revenues					
Contributions and grants	\$ 19,643,065	\$ 3,526,336	\$ 23,169,401	\$ (319,288)	\$ 22,850,113
Special events	1,588,853	127,450	1,716,303	-	1,716,303
Program fees	-	134,950	134,950	-	134,950
Facility use		15,322	15,322	-	15,322
Other income	17,840	-	17,840	(17,015)	825
Total operating support and revenues	<u>21,249,758</u>	<u>3,804,058</u>	<u>25,053,816</u>	<u>(336,303)</u>	<u>24,717,513</u>
Expenses					
Program services					
Program grants:					
Environment	6,350,159	-	6,350,159	-	6,350,159
Health and human services	3,382,551	-	3,382,551	-	3,382,551
Community and economic development	2,238,266	-	2,238,266	-	2,238,266
Education	1,880,822	-	1,880,822	(319,288)	1,561,534
Human rights	580,105	-	580,105	-	580,105
Arts and culture	262,145	-	262,145	-	262,145
Disaster relief	246,220	-	246,220	-	246,220
Total program grants	<u>14,940,268</u>	<u>-</u>	<u>14,940,268</u>	<u>(319,288)</u>	<u>14,620,980</u>
Program expenses	<u>4,008,145</u>	<u>1,462,594</u>	<u>5,470,739</u>	<u>-</u>	<u>5,470,739</u>
Total program services	<u>18,948,413</u>	<u>1,462,594</u>	<u>20,411,007</u>	<u>(319,288)</u>	<u>20,091,719</u>
Support services:					
Operating and administrative	895,135	140,595	1,035,730	(17,015)	1,018,715
Development and fundraising	517,368	171,190	688,558	-	688,558
Total program and supporting services	<u>20,360,916</u>	<u>1,774,379</u>	<u>22,135,295</u>	<u>(336,303)</u>	<u>21,798,992</u>
Cost of direct benefits to donors	106,634	49,453	156,087	-	156,087
Total operating expenses	<u>20,467,550</u>	<u>1,823,832</u>	<u>22,291,382</u>	<u>(336,303)</u>	<u>21,955,079</u>
Operating support and revenue in excess of expenses	<u>782,208</u>	<u>1,980,226</u>	<u>2,762,434</u>	<u>-</u>	<u>2,762,434</u>
Non-Operating Activities:					
Investment income, net	1,083,683	67,290	1,150,973	-	1,150,973
Realized and unrealized gain, net	1,300,511	38,528	1,339,039	-	1,339,039
Total non-operating activities	<u>2,384,194</u>	<u>105,818</u>	<u>2,490,012</u>	<u>-</u>	<u>2,490,012</u>
Change in net assets	<u>\$ 3,166,402</u>	<u>\$ 2,086,044</u>	<u>\$ 5,252,446</u>	<u>\$ -</u>	<u>\$ 5,252,446</u>