

**EL DORADO COMMUNITY FOUNDATION**

**INDEPENDENT AUDITOR'S REPORT AND  
CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

**EL DORADO COMMUNITY FOUNDATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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**BALARSKY & BEEBOUT**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors of  
El Dorado Community Foundation, Inc.**

**Opinion**

We have audited the accompanying consolidated financial statements of El Dorado Community Foundation (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 consolidated financial position of El Dorado Community Foundation as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

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

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

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**Auditor’s Responsibilities for the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of El Dorado Community Foundation’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about El Dorado 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.

*Balarsky & Beebout, CPAs*

Balarsky & Beebout, CPAs  
Carmichael, CA  
June 5, 2023

**EL DORADO COMMUNITY FOUNDATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,563,969	\$ 8,255,475
Receivable	-	94,111
Investments	21,344,054	19,696,186
Prepaid expenses and other assets	17,195	17,332
Total current assets	24,925,218	28,063,104
Property and equipment, net	1,298,259	1,216,681
Split-interest agreements	144,094	161,666
Cash surrender value of life insurance	14,067	14,067
Total assets	\$ 26,381,638	\$ 29,455,518
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 78,117	\$ 59,667
Funds held for specific agencies	3,304,894	3,846,192
Total liabilities	3,383,011	3,905,859
Net assets		
Net assets without donor restrictions	22,854,533	25,387,993
Net assets with donor restrictions	144,094	161,666
<b>TOTAL NET ASSETS</b>	<b>22,998,627</b>	<b>25,549,659</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 26,381,638</b>	<b>\$ 29,455,518</b>

See accompanying notes to the consolidated financial statements.

**EL DORADO COMMUNITY FOUNDATION**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**For the Years Ended December 31, 2022 and 2021**

	2022			2021		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
<b>SUPPORT, REVENUE, GAINS AND OTHER INCOME</b>						
Contributions and pledges	\$ 3,213,569	\$ -	\$ 3,213,569	\$ 5,789,729	\$ -	\$ 5,789,729
In-kind contributions	356,430	-	356,430	195,460	-	195,460
	<u>3,569,999</u>	<u>-</u>	<u>3,569,999</u>	<u>5,985,189</u>	<u>-</u>	<u>5,985,189</u>
Investment income (loss)	(2,314,574)	(17,572)	(2,332,146)	1,990,117	16,153	2,006,270
Less investment income on funds held for agencies	285,801	-	285,801	(246,457)	-	(246,457)
	<u>(2,028,773)</u>	<u>(17,572)</u>	<u>(2,046,345)</u>	<u>1,743,660</u>	<u>16,153</u>	<u>1,759,813</u>
Rental income	81,221	-	81,221	67,921	-	67,921
Administrative fees from agencies	38,457	-	38,457	41,472	-	41,472
Other income	(13,899)	-	(13,899)	173,920	-	173,920
Net assets released from restriction	-	-	-	-	-	-
	<u>105,779</u>	<u>-</u>	<u>105,779</u>	<u>283,313</u>	<u>-</u>	<u>283,313</u>
<b>TOTAL SUPPORT, REVENUE, GAINS AND LOSSES</b>	<u>1,647,005</u>	<u>(17,572)</u>	<u>1,629,433</u>	<u>8,012,162</u>	<u>16,153</u>	<u>8,028,315</u>
<b>EXPENSES</b>						
Program expenses						
Grant-making	3,504,522	-	3,504,522	3,826,052	-	3,826,052
Supporting services						
General and administration	383,866	-	383,866	342,614	-	342,614
Development and public relations	292,077	-	292,077	250,944	-	250,944
Total supporting services	<u>675,943</u>	<u>-</u>	<u>675,943</u>	<u>593,558</u>	<u>-</u>	<u>593,558</u>
<b>TOTAL EXPENSES</b>	<u>4,180,465</u>	<u>-</u>	<u>4,180,465</u>	<u>4,419,610</u>	<u>-</u>	<u>4,419,610</u>
<b>CHANGE IN NET ASSETS</b>	<u>(2,533,460)</u>	<u>(17,572)</u>	<u>(2,551,032)</u>	<u>3,592,552</u>	<u>16,153</u>	<u>3,608,705</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>25,387,993</u>	<u>161,666</u>	<u>25,549,659</u>	<u>21,795,441</u>	<u>145,513</u>	<u>21,940,954</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 22,854,533</u>	<u>\$ 144,094</u>	<u>\$ 22,998,627</u>	<u>\$ 25,387,993</u>	<u>\$ 161,666</u>	<u>\$ 25,549,659</u>

See accompanying notes to the consolidated financial statements.

**EL DORADO COMMUNITY FOUNDATION**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>For the Year Ended December 31, 2022</u>				<u>For the Year Ended December 31, 2021</u>			
	<u>Grant-Making</u>	<u>General and Administrative</u>	<u>Development and public relations</u>	<u>Total</u>	<u>Grant-Making</u>	<u>General and Administrative</u>	<u>Development and public relations</u>	<u>Total</u>
Grants and scholarships	\$ 3,103,897	\$ -	\$ -	\$ 3,103,897	\$ 3,487,050	\$ -	\$ -	\$ 3,487,050
Salaries and benefits	168,857	225,142	168,857	562,856	143,630	191,507	143,629	478,766
Professional services	175,336	105,201	70,134	350,671	138,551	83,130	55,420	277,101
Public relations, printing and postage	6,499	3,059	28,674	38,232	6,073	2,858	26,794	35,725
Depreciation	6,145	17,900	2,672	26,716	7,904	23,025	3,437	34,366
Occupancy	13,526	3,382	5,636	22,544	13,730	3,433	5,721	22,884
Insurance	7,360	10,119	920	18,399	9,138	12,565	1,142	22,845
Property taxes	959	8,628	-	9,587	1,978	17,797	-	19,775
Conferences, travel and meetings	14,629	3,376	4,501	22,506	10,327	2,383	3,178	15,888
Memberships	1,997	2,796	8,522	13,315	2,334	3,268	9,960	15,562
Office equipment and maintenance	4,090	1,466	2,161	7,717	3,149	1,129	1,663	5,941
Other	1,227	-	-	1,227	2,188	-	-	2,188
Building repairs and maintenance	-	2,797	-	2,797	-	1,519	-	1,519
	<u>\$ 3,504,522</u>	<u>\$ 383,866</u>	<u>\$ 292,077</u>	<u>\$ 4,180,464</u>	<u>\$ 3,826,052</u>	<u>\$ 342,614</u>	<u>\$ 250,944</u>	<u>\$ 4,419,610</u>

See accompanying notes to the financial statements.

**EL DORADO COMMUNITY FOUNDATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (2,551,032)	\$ 3,608,705
Adjustments to reconcile change in net assets to cash flows (used in) provided by operating activities:		
Depreciation	26,716	34,365
Unrealized gain (loss) on investments	(1,460,129)	605,972
Changes in assets and liabilities:		
Prepaid expenses and other assets	137	(12,181)
Split-interest agreements	17,572	(16,153)
Receivable	94,111	(94,111)
Accounts payable and accrued expenses	18,450	23,759
Funds held for specific agencies	(541,298)	458,449
<b>Net cash (used in) provided by operating activities</b>	<b>(4,395,473)</b>	<b>4,608,805</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Purchases of property and equipment	(108,294)	(120,398)
Purchases of investments	(10,825,647)	(2,349,575)
Proceeds from sales of investments	10,637,908	2,377,112
<b>Net cash used in investing activities</b>	<b>(296,033)</b>	<b>(92,861)</b>
<b>NET CHANGES IN CASH AND EQUIVALENTS</b>	<b>(4,691,506)</b>	<b>4,515,944</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>8,255,475</b>	<b>3,739,531</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 3,563,969</b>	<b>\$ 8,255,475</b>

**SUPPLEMENTAL INFORMATION:**

During the years ended December 31, 2022 and 2021, no cash was paid for interest or income tax.

See accompanying notes to the financial statements.



# EL DORADO COMMUNITY FOUNDATION

## Notes to Consolidated Financial Statements

### **NOTE A – ORGANIZATION**

The mission of El Dorado Community Foundation (the Foundation) is to strengthen and enhance the greater El Dorado County community by encouraging private support to effectively address community needs, challenges, and opportunities. The Foundation administers approximately 330 individual funds, each established by a gift or agency agreement describing either the general or specific purposes for which grants will be made in support of a broad range of community needs.

### **NOTE B – SIGNIFICANT ACCOUNTING POLICIES**

Principles of Consolidation: The accompanying consolidated financial statements reflect the consolidation of two wholly owned Limited Liability Companies (LLCs) owned by the Foundation. The LLC's are intended to hold certain real estate, but as of December 31, 2022, the real estate was not yet retitled and only a minimal cash balance was held at each LLC.

Basis of Presentation: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

Classification of Net Assets: The Foundation reports information regarding its financial position and activities in two classes of net assets; without donor restrictions and with donor restrictions, based upon the existence or absence of donor-imposed restrictions.

*Net Assets without Donor Restrictions* – Represent resources available to support the Foundation's operations, and resources with no use or time restrictions that have become available for use by the Foundation, in accordance with the intention of the donor. A portion of these net assets may be designated by the Board of Directors for specific purposes.

*Net Assets with Donor Restrictions* – Represent those resources the use of which has been restricted by donors to specific use or the passage of time. The release of net assets from restrictions results from the satisfaction of the restricted purposes specified by the donors, or the passage of time, or both. Split interest gifts for which the Foundation acts as a trustee are recorded as net assets with donor restrictions until such time as the contract has expired or matured. The Foundation may also receive grants from charitable foundations and local agencies for initiatives and special projects for which purpose restrictions apply. Such grants are recorded as net assets with donor restrictions until the purpose restrictions are met. When the purpose restricted is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Cash and Cash Equivalents: Cash and cash equivalents are short term, highly liquid investments with maturities of three months or less at the time of purchase.

# EL DORADO COMMUNITY FOUNDATION

## Notes to Consolidated Financial Statements

### **NOTE B – SIGNIFICANT ACCOUNTING POLICIES - Continued**

Contributions: The Foundation records contributions with donor restrictions or without donor restrictions, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a donor restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Investments: Investments in equity and debt securities are stated at fair value based on quoted market prices. Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded when earned and dividends are recorded on the ex-dividend date.

Property and Equipment: Property and equipment are carried at cost, net of accumulated depreciation and amortization. The Foundation's policy is to capitalize such items with a cost of \$2,500 or more. Donated property and equipment are reported at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over estimated useful lives of 3 to 39 years.

Funds held in split-interest agreements: The Foundation is the beneficiary of charitable remainder trusts (CRTs). As the beneficiary of a trust, management prepares an estimate of the present value of the future contribution using methods that are reciprocal to the methods used by the donor in determining their charitable deduction for Federal income tax purposes. Collectability and changes in fair value of these contributions are evaluated periodically and charged or credited to income annually. When the Foundation is a beneficiary, the CRT assets are recorded at fair market value and the corresponding liability is recorded net of the contribution amount calculated in the manner outlined above. Changes in fair value of the recorded amounts are charged or credited to income annually.

Funds Held for Specific Agencies: The Foundation receives and distributes assets under certain agency and intermediary arrangements. When a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself or its affiliate as the beneficiary of that fund, the Foundation accounts for the transfer of such assets as a liability. Liabilities are established at the fair value of the funds, which are generally equivalent to the present value of future payments expected to be made to the not-for-profit organizations and are reflected under funds held for specific agencies on the accompanying consolidated statements of financial position. The Foundation provides management, fiscal, and grants administration for each fund. Management and administrative fees related to these funds totaled \$38,457 and \$41,472 for the years ended December 31, 2022 and 2021, respectively.

Use of Estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

# EL DORADO COMMUNITY FOUNDATION

## Notes to Consolidated Financial Statements

### **NOTE B – SIGNIFICANT ACCOUNTING POLICIES - Continued**

Functional Allocation of Costs: The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are directly charged to the functions they benefit. Expenses associated with more than one program or supporting service are allocated to functional categories using allocation methods appropriate to the nature of the expense.

Income Taxes: The Foundation is a nonprofit corporation exempt from federal income taxes under Internal Revenue Code section 501(c)(3) and from State of California income taxes under Section 23701(d) of the California Revenue and Taxation Code. Therefore, these consolidated financial statements contain no provision for such taxes. Informational returns are filed annually with federal and state taxing authorities. The Foundation is not aware of any transactions that would affect its tax-exempt status. The Foundation had no unrecognized tax benefits as of December 31, 2022 and 2021.

Uncertainty in Income Taxes: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Foundation to report information regarding its exposure to various tax positions taken. The Foundation has determined whether any tax positions have met the recognition threshold and have measured the exposure to those tax positions. Management believes that the Foundation has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed.

Any interest or penalties assessed to the Foundation are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

### **NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Foundation monitors its liquidity so that it is able to meet its operating needs. The following table reflects the Foundation's financial assets as of December 31, 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when not liquid or not convertible into cash within one year, assets held for others, perpetual endowments and accumulated earnings net of appropriations within one year, or because the board of directors has designated funds for specific reserves or long-term investments such as board-designated quasi-endowments. The board restricted amounts could be used within one year if approved by the Board of Directors.

# EL DORADO COMMUNITY FOUNDATION

## Notes to Consolidated Financial Statements

### NOTE C – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS – Continued

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 3,563,969	\$ 8,255,475
Investments	21,344,054	19,696,186
Split-interest agreements	<u>144,094</u>	<u>161,666</u>
Total financial assets	25,052,117	28,113,327
Less those unavailable for general expenditure within one year due to:		
Endowments and accumulated earnings subject to appropriation beyond one year	(16,528,634)	(12,261,767)
Beneficial interests in perpetual trusts and accumulated earnings subject to appropriation beyond one year	(144,094)	(161,666)
Agency funds invested for others	<u>(3,304,894)</u>	<u>(3,846,192)</u>
	(19,977,622)	(16,269,625)
Financial assets available to meet cash need for expenditures and grants within one year	\$ <u>5,074,495</u>	\$ <u>11,843,702</u>

### NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 700,900	\$ 610,900
Buildings	639,100	639,100
Building improvements	229,571	211,277
Office furniture and equipment	<u>38,167</u>	<u>38,167</u>
	1,607,738	1,499,444
Less accumulated depreciation	<u>(309,479)</u>	<u>(282,763)</u>
	\$ <u>1,298,259</u>	\$ <u>1,216,681</u>

### NOTE E - INVESTMENTS

The Foundation's investments consist primarily of mutual funds, stocks and bonds carried at fair value based on quoted prices in active markets (see Note G). Investments are selected by independent professional money managers to maximize risk-adjusted appreciation through diversification across multiple asset classes, including both active and indexed security selection. Asset classes include domestic stocks, international stocks, bonds, and other classes.

# EL DORADO COMMUNITY FOUNDATION

## Notes to Consolidated Financial Statements

### **NOTE E – INVESTMENTS – Continued**

Investment income (loss) consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 342,168	\$ 267,525
Realized gain/(loss)	(928,384)	886,316
Net unrealized gain/(loss)	<u>(1,460,129)</u>	<u>605,972</u>
	<u>\$ (2,046,345)</u>	<u>\$ 1,759,813</u>

### **NOTE F- SPLIT-INTEREST AGREEMENTS**

In prior years, the Foundation was notified that it is the sole beneficiary of a charitable remainder unitrust, which provides that the Foundation will receive all of the remaining trust assets upon the death of the donors. The Foundation's beneficial interest in the assets of the trusts, which consists primarily of fixed income investments, has been calculated based on the market value of the assets of the trust as determined by stated value at December 31, 2022 and 2021, and other factors including allowable trust distributions, mortality tables, and assumed rate of return and a discount rate. Based on these underlying assumptions, the present value of the Foundation's beneficial interest in the trusts at December 31, 2022 and 2021 was \$144,094 and \$161,666, respectively.

### **NOTE G – FAIR VALUE MEASUREMENTS**

In accordance with FASB ASC Topic 820, *Fair Value Measurement*, fair value is defined as the price that the Foundation would receive upon selling an asset or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market of the asset, FASB ASC Topic 820 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would be use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the information available. The three-tier hierarchy of inputs is summarized in the three broad levels listed as follows:

# EL DORADO COMMUNITY FOUNDATION

## Notes to Consolidated Financial Statements

### NOTE G – FAIR VALUE MEASUREMENTS – Continued

- Level 1 – Quoted prices in active markets for identical assets
- Level 2 – Other significant observable inputs (including quoted prices for similar assets, interest rates, prepayment speeds, and credit risk)
- Level 3 – Significant unobservable inputs (including the Foundation’s own assumptions in determining the fair value of assets)

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no significant changes in the methodologies used during the year ended December 31, 2022 and 2021.

*Cash and cash equivalents:* Stated at cost that approximates fair value.

*Investments:* Valued at the daily closing price, as reported by the fund, equity or fixed income security. All investments for 2022 and 2021 were measured based on the Level 1 hierarchy.

*Split-interest agreement contributions receivables:* Fair values are based on a present value calculation of the irrevocable portion of the split-interest agreements.

The following table presents information about the Foundation’s assets measured at fair value on a recurring basis as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Mutual funds	\$ -	\$ -	\$ -	\$ -
Equity securities	15,063,091	-	-	15,063,091
Fixed income securities	6,280,963	-	-	6,280,963
Split-interest agreements	<u>-</u>	<u>-</u>	<u>144,094</u>	<u>144,094</u>
Total investments	<u>\$ 21,344,054</u>	<u>\$ -</u>	<u>\$ 144,094</u>	<u>\$ 21,488,148</u>

# EL DORADO COMMUNITY FOUNDATION

## Notes to Consolidated Financial Statements

### **NOTE G – FAIR VALUE MEASUREMENTS – Continued**

The following table presents information about the Foundation’s assets measured at fair value on a recurring basis as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Assets:				
Mutual funds	\$ -	\$ -	\$ -	\$ -
Equity securities	17,622,043	-	-	17,622,043
Fixed income securities	2,074,143	-	-	2,074,143
Split-interest agreements	-	-	161,666	161,666
 Total investments	 \$ 19,696,186	 \$ -	 \$ 161,666	 \$ 19,857,852

### **NOTE H – NET ASSETS WITH DONOR RESTRICTION**

The split interest agreements, described in Note F, are time restricted. The Foundation is the beneficiary of charitable remainder trusts, which provides that the Foundation will receive all of the remaining trust assets upon the death of donors. Upon receipt, the assets of the charitable remainder trusts are to be used in accordance with the trust agreements.

As of December 31, the fair market value and investment activity of the split interest agreements were as follows:

	2022	2021
Balance at January 1	\$ 161,666	\$ 145,513
Investment earnings	(17,572)	16,153
Balance at December 31	\$ 144,094	\$ 161,666

# EL DORADO COMMUNITY FOUNDATION

## Notes to Consolidated Financial Statements

### NOTE I – RENT INCOME

The Foundation leases certain space in its new corporate office to outside entities. The rental agreements vary from month-to-month to multi-year lease periods. Rental income is reported as earned over the term of the lease. Future minimum rental income under these leases are as follows at December 31, 2022:

2023	\$	30,684
2024		<u>8,208</u>
	\$	<u><u>38,892</u></u>

### NOTE J - RETIREMENT PLAN

The Foundation maintains a Simple-IRA plan for its employees. Employees may contribute to the plan from their gross income up to the annual maximum amount allowed under the Internal Revenue Code. The Foundation makes matching contributions for eligible employees of 3% of employee's compensation. Employees are eligible to participate after two years of service and are immediately vested in employer contributions. Contributions to the plan by the Foundation totaled \$10,664 and \$7,732 for the years ended December 31, 2022 and 2021, respectively.

### NOTE K – CONCENTRATIONS AND CREDIT RISKS

The Foundation maintains cash and cash equivalent balances at multiple banks. Accounts at these institutions are secured by the Federal Deposit Insurance Corporation. Balances regularly exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes that the Foundation is not exposed to any significant credit risk with respect to its cash and cash equivalents.

### NOTE L - SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 5, 2023, the date that the financial statements were available to be issued.