

Jackson Community Foundation

Financial Statements

December 31, 2020 and 2019



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Independent Auditors' Report

Management and the Board of Trustees
Jackson Community Foundation
Jackson, Michigan

We have audited the accompanying financial statements of Jackson Community Foundation which comprise the statements of financial position as of December 31, 2020, and 2019 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jackson Community Foundation as of December 31, 2020, and 2019, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Yeo & Yeo, P.C.

Ann Arbor, MI
March 10, 2021

Jackson Community Foundation
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 254,205	\$ 783,795
Contributions receivable	64,547	4,074
Prepaid expenses	4,907	8,029
Total current assets	323,659	795,898
Investments	33,246,131	29,506,657
Equipment, net	16,509	20,783
Beneficial interests in trust	3,063,463	2,840,889
Total assets	\$ 36,649,762	\$ 33,164,227
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 929	\$ 8,074
Grants payable	53,715	11,109
Accrued payroll	12,622	7,955
Total current liabilities	67,266	27,138
Assets held for others (agency)	2,079,762	1,929,419
Total liabilities	2,147,028	1,956,557
Net assets		
Without donor restrictions	29,745,286	26,809,631
With donor restrictions	4,757,448	4,398,039
Total net assets	34,502,734	31,207,670
Total liabilities and net assets	\$ 36,649,762	\$ 33,164,227

See Accompanying Notes to the Financial Statements

Jackson Community Foundation
Statements of Activities
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support						
Contributions	\$ 2,985,486	\$ 65,077	\$ 3,050,563	\$ 1,813,994	\$ 55,301	\$ 1,869,295
Change in value of beneficial interest	-	222,574	222,574	-	834,161	834,161
Net investment return	3,105,580	144,457	3,250,037	4,388,791	211,584	4,600,375
Miscellaneous income	39,937	-	39,937	102,181	-	102,181
Total revenues, gains, and other support	<u>6,131,003</u>	<u>432,108</u>	<u>6,563,111</u>	<u>6,304,966</u>	<u>1,101,046</u>	<u>7,406,012</u>
Net assets released from restrictions						
Restrictions satisfied by payments and time	<u>72,699</u>	<u>(72,699)</u>	<u>-</u>	<u>361,198</u>	<u>(361,198)</u>	<u>-</u>
Expenses						
Program services						
Grants	2,735,445	-	2,735,445	1,062,858	-	1,062,858
Other program services	172,534	-	172,534	205,715	-	205,715
Management and general	257,991	-	257,991	278,346	-	278,346
Fundraising	102,077	-	102,077	125,692	-	125,692
Total expenses	<u>3,268,047</u>	<u>-</u>	<u>3,268,047</u>	<u>1,672,611</u>	<u>-</u>	<u>1,672,611</u>
Change in net assets	2,935,655	359,409	3,295,064	4,993,553	739,848	5,733,401
Net assets - beginning of year	<u>26,809,631</u>	<u>4,398,039</u>	<u>31,207,670</u>	<u>21,816,078</u>	<u>3,658,191</u>	<u>25,474,269</u>
Net assets - end of year	<u>\$ 29,745,286</u>	<u>\$ 4,757,448</u>	<u>\$ 34,502,734</u>	<u>\$ 26,809,631</u>	<u>\$ 4,398,039</u>	<u>\$ 31,207,670</u>

See Accompanying Notes to the Financial Statements

Jackson Community Foundation
Statements of Cash Flows
December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Cash received from contributors	\$ 3,050,563	\$ 1,869,295
Miscellaneous income received	39,937	102,181
Interest and dividends received	521,313	579,219
Proceeds from sale of donated securities	2,130,430	161,003
Grants paid	(2,692,839)	(1,085,749)
Payments for payroll and contracted services	(416,794)	(441,396)
Payments for investment fees	(111,545)	(108,704)
Payments to vendors	(115,556)	(161,405)
	2,405,509	914,444
Cash flows from investing activities		
Purchase of long-term investments	(21,090,737)	(9,570,577)
Proceeds from maturity or sales of long-term investments	18,155,638	8,950,025
	(2,935,099)	(620,552)
Change in cash and cash equivalents	(529,590)	293,892
Cash and cash equivalents - beginning of year	783,795	489,903
Cash and cash equivalents - end of year	\$ 254,205	\$ 783,795

See Accompanying Notes to the Financial Statements

Jackson Community Foundation
Statements of Functional Expenses
Years Ended December 31, 2020 and 2019

	2020				2019			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Grants	<u>\$ 2,735,445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,735,445</u>	<u>\$ 1,062,858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,062,858</u>
Payroll and contracted services								
Salaries and wages	117,820	135,641	64,843	318,304	109,274	127,257	63,547	300,078
Employee benefits	12,498	10,578	3,275	26,351	11,588	9,744	3,027	24,359
Payroll taxes	11,979	10,139	3,139	25,257	10,972	9,226	2,867	23,065
Contracted services	<u>1,133</u>	<u>45,749</u>	<u>-</u>	<u>46,882</u>	<u>29,706</u>	<u>65,166</u>	<u>-</u>	<u>94,872</u>
Total payroll and contracted services	<u>143,430</u>	<u>202,107</u>	<u>71,257</u>	<u>416,794</u>	<u>161,540</u>	<u>211,393</u>	<u>69,441</u>	<u>442,374</u>
Office-related expenses								
Rent	14,421	16,760	7,795	38,976	14,109	16,396	7,626	38,131
Depreciation	1,582	1,838	855	4,275	1,273	1,480	688	3,441
Insurance	1,671	1,942	903	4,516	1,677	1,949	906	4,532
Equipment rental	3,648	3,040	912	7,600	5,512	4,593	1,378	11,483
Telephone	1,297	1,080	324	2,701	3,760	3,133	940	7,833
Office expenses	2,262	1,885	566	4,713	4,051	3,376	1,013	8,440
Postage and shipping	338	674	680	1,692	778	777	1,139	2,694
Custodial	<u>666</u>	<u>774</u>	<u>360</u>	<u>1,800</u>	<u>222</u>	<u>258</u>	<u>120</u>	<u>600</u>
Total office-related expenses	<u>25,885</u>	<u>27,993</u>	<u>12,395</u>	<u>66,273</u>	<u>31,382</u>	<u>31,962</u>	<u>13,810</u>	<u>77,154</u>
Other expenses								
Advertising/Marketing	-	-	14,944	14,944	-	-	8,596	8,596
Entertainment	-	-	703	703	10,500	-	26,234	36,734
Trustee/staff development	-	7,316	109	7,425	70	4,811	-	4,881
Bank service fees	-	2,120	-	2,120	-	2,242	-	2,242
Outside printing	1,604	1,465	2,439	5,508	-	768	5,115	5,883
Conferences and meetings	987	1,834	55	2,876	1,914	5,741	1,913	9,568
Professional dues	-	12,060	175	12,235	35	11,176	583	11,794
Travel	628	1,967	-	2,595	117	3,420	-	3,537
Franklin-Myer scholarship expense	-	-	-	-	157	-	-	157
Miscellaneous	-	1,129	-	1,129	-	6,833	-	6,833
Total other expenses	<u>3,219</u>	<u>27,891</u>	<u>18,425</u>	<u>49,535</u>	<u>12,793</u>	<u>34,991</u>	<u>42,441</u>	<u>90,225</u>
Total expenses	<u>\$ 2,907,979</u>	<u>\$ 257,991</u>	<u>\$ 102,077</u>	<u>\$ 3,268,047</u>	<u>\$ 1,268,573</u>	<u>\$ 278,346</u>	<u>\$ 125,692</u>	<u>\$ 1,672,611</u>

See Accompanying Notes to the Financial Statements

Jackson Community Foundation
Notes to the Financial Statements
December 31, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies

Nature of Activities

Jackson Community Foundation (the "Foundation") is a public foundation under Internal Revenue Code Section 501(c)(3) that receives and administers gifts and bequests which are used to support a variety of programs for the benefit of local area residents. The Foundation currently has six community needs priorities for its grant making that include: Financial Stability, Culture of Education, Healthy People, Environmental Quality, Economic Prosperity, and Art, Culture & Recreation.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

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

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation does not have any net assets whereby the donor-imposed restriction are perpetual in nature as of December 31, 2020 and 2019.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents except for temporary investment funds considered to be part of the investment portfolio. As of December 31, 2020, \$2,862 of the \$282,273 cash and cash equivalents was in excess of the amount insured by the FDIC.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions include the lines described on the statement of activities as contributions. All amounts stated are expected to be collected within one year.

Investments

Investments are stated at fair value. Donated investments are reflected as contributions at their fair values at date of receipt. Investment income is reported net of direct investment expenses.

During the year ended December 31, 2020, the Foundation received donated securities that were sold when received in the amount of \$2,130,430.

Equipment

The Foundation follows the practice of capitalizing all expenditures in excess of \$1,000 for equipment at cost; the fair value of donated fixed assets is similarly capitalized.

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Furniture and equipment are stated at cost or fair market value at the date received. Major improvements are capitalized while ordinary maintenance and repairs are expensed.

The Foundation evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Gifts of land, buildings, equipment, and other long-lived assets are also reported as revenue without donor restrictions and net assets, unless subject to time restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Beneficial Interest in Charitable Lead Annuity Trust

The Foundation is party to a split-interest agreement that began in 2012 and a second that began in 2014 upon the donors' deaths. The agreements create trusts in which the Foundation has a remainderman interest. The trustees are required to pay a specified amount each year to the designated beneficiaries until their death. For the 2012 split-interest agreement, the beneficiaries will each receive \$50,000 per year. For the 2014 split-interest agreement, the beneficiary will receive the earnings of the trust each year (6 and 20 percent at December 31, 2020 and 2019, respectively). Upon the death of the beneficiaries, the remaining funds become the property of the Foundation.

The Foundation is not the trustee for these agreements and therefore, the present value of the Foundation's interest is determined by taking the market value of the trust assets at December 31 less the present value of future distributions to the beneficiaries. The present value of future distributions is computed based on the normal life expectancy of the beneficiaries, based on the U.S. Department of Social Security life expectancy tables, using an average of the rates of return for 2020, 2019, and 2018 for each trust.

The fair market value of the trusts at December 31, 2020 and 2019 was \$5,454,324 and \$5,239,177, respectively. The present value of future distributions calculated to \$2,390,861 and \$2,398,288, and the beneficial interest in trusts is \$3,063,463 and \$2,840,889 at December 31, 2020 and 2019, respectively. For the years ended December 31, 2020 and 2019, the change in beneficial interest was \$222,574 and \$834,161, respectively, and is recorded on the statement of activities. The beneficial interests in trusts are recorded as an asset and net assets with donor restrictions for the years ended December 31, 2020 and 2019.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Assets Held for Others

Donor designations for specific organizations made by the beneficiary organizations are recognized as a liability to the specified organization.

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Notes to the Financial Statements
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Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated and the method of allocation include the following:

Expense	Method and Allocation
Salaries and benefits	Time and effort
Equipment rental	Time and effort
Telephone	Time and effort
Insurance	Square footage
Depreciation	Square footage
Rental expense	Square footage

Income Tax Status

The Foundation is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation, as described in Section 509(a). The Foundation files information returns in the U.S. Federal and Michigan jurisdiction.

Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through March 10, 2021, which is the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

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

	2020	2019
Cash and cash equivalents	\$ 254,205	\$ 783,795
Contributions receivable	64,547	4,074
Investments	33,246,131	29,506,657
Beneficial interests in trust	<u>3,063,463</u>	<u>2,840,889</u>
Total financial assets - end of year	\$ 36,628,346	\$ 33,135,415
Less: Financial assets unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	(4,757,448)	(4,398,039)
Board designated endowment, net spendable portion	(24,173,865)	(21,830,558)
Assets held for others (agency)	<u>(2,079,762)</u>	<u>(1,929,419)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,617,271</u>	<u>\$ 4,977,399</u>

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Our board-designated endowment is subject to an annual spending rate of 5% of the average of 16 rolling quarters up to the October 31st balance of the prior year. Although we do not intend to spend from this board-designated endowment, these amounts could be made available, if necessary, to cover any unexpected expenses above the normal amount appropriated for general expenditures as part of our annual operating budget and grant making budget.

As part of our liquidity management plan, the Foundation strives to maintain liquid assets of .5% of total assets. This amounts to approximately 3 months of expenditures, including small grants. The Foundation's investment policy statement states 60% allocation to equity, therefore, a minimum of 60% of our investment assets have same day liquidity, if needed. If necessary, the board would have to approve any need above and beyond normal expenditures already approved in the annual budgets, for both operating and grant making. The Foundation has no defined finite liabilities.

Note 3 - Investments

The fair value of marketable debt and equity securities consisted of the following at December 31:

	Fair Value	
	<u>2020</u>	<u>2019</u>
Available for sale		
Mutual funds	\$ 16,683,824	\$ 17,035,990
Equities	9,726,205	5,865,933
Fixed income	1,034,345	636,505
Mixed assets	123,507	105,125
Other (alternative) investments	4,676,701	5,297,645
U.S. Government obligations	<u>3,626</u>	<u>2,876</u>
Total available for sale	<u>\$ 32,248,208</u>	<u>\$ 28,944,074</u>

The investment account also includes cash and money market funds of \$997,923 and \$562,583 as of December 31, 2020 and 2019, respectively.

Note 4 - Equipment

Major classes of assets and related accumulated depreciation thereon are summarized as follows as of December 31:

	<u>2020</u>	<u>2019</u>	<u>Estimate Useful Life</u>
Furniture and fixtures	\$ 28,526	\$ 28,526	5 - 10 years
Less: accumulated depreciation	<u>(12,017)</u>	<u>(7,743)</u>	
	<u>\$ 16,509</u>	<u>\$ 20,783</u>	

Note 5 - Funds Held for Others

The Foundation has adopted guidance to record transfers of assets to a not-for-profit organization that holds contributions for others. Accounting standards specifically require transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both to the donor or another entity that is specified by the donor.

The standard specifically requires that if a not-for-profit organization (NPO) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability.

In accordance with accounting standards, a liability has been established for a portion of the fair value of the funds, which is

Jackson Community Foundation
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generally equivalent to the present value of future payments which may be made to NPO.

The following table summarizes activity in such funds as of December 31:

	<u>2020</u>	<u>2019</u>
Funds held as agency - beginning of year	\$ 1,929,419	\$ 1,671,076
Gifts, memorials, and bequests	-	236
Net investment return	199,534	305,880
Grants and administrative expenses	<u>(49,191)</u>	<u>(47,773)</u>
Funds held as agency - end of year	<u>\$ 2,079,762</u>	<u>\$ 1,929,419</u>

Note 6 - Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following fund types at December 31:

	<u>2020</u>	<u>2019</u>
Advised	\$ 4,562,834	\$ 4,091,835
Discretionary	4,773,187	4,304,625
Designated	4,197,626	3,714,349
Field of interest	2,006,046	1,866,695
Named	7,039,364	6,461,096
Agency - Third party	1,458,891	1,310,845
Scholarship	<u>5,707,338</u>	<u>5,060,186</u>
	<u>\$ 29,745,286</u>	<u>\$ 26,809,631</u>

Note 7 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes and periods at December 31:

	<u>2020</u>	<u>2019</u>
Subject to the passage of time		
Beneficial interest in trusts	\$ 3,063,463	\$ 2,840,889
Subject to expenditure for specified purpose:		
Special project funds	366,602	322,569
Youth advisory council	1,156,056	1,086,869
Scholarship funds	<u>171,327</u>	<u>147,712</u>
	<u>\$ 4,757,448</u>	<u>\$ 4,398,039</u>

Note 8 - Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions		
Special project funds	\$ 2,215	\$ 302,336
Youth advisory council	58,617	45,576
Scholarship funds	<u>11,867</u>	<u>13,286</u>
	<u>\$ 72,699</u>	<u>\$ 361,198</u>

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Notes to the Financial Statements
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Note 9 - Designated Endowments

The Foundation's net assets without donor restrictions include amounts designated as endowments whereby the Foundation has variance power over those assets. Therefore, the Board of Trustees treats these funds as designated endowments and they are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in endowment net assets for the year ended December 31, 2020 are as follows:

	<u>Without Donor Restrictions</u>
Beginning of year - January 1, 2020	\$ 22,505,007
Contributions	2,705,494
Distributions	(2,884,937)
Net investment return	<u>2,646,533</u>
End of year - December 31, 2020	<u>\$ 24,972,097</u>

The changes in endowment net assets for the year ended December 31, 2019 are as follows:

	<u>Without Donor Restrictions</u>
Beginning of year - January 1, 2019	\$ 18,233,395
Contributions	1,598,296
Distributions	(924,962)
Net investment return	<u>3,598,278</u>
End of year - December 31, 2019	<u>\$ 22,505,007</u>

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for its net assets that attempt to provide a predictable stream of funding to programs supported by its net assets while seeking to maintain its purchasing power. Under this policy, as approved by the board of trustees, the primary objective of the investments will be to provide for long-term growth of principal and income without undue exposure to risk to enable the Foundation to make grants on a continuing and reasonably consistent basis. Therefore, the Foundation's endowment assets are invested in a manner to produce an average rate of return of the Consumer Price Index (CPI) plus 5 percent annually.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The annual amount available for distribution from any endowed fund is 5% of the average of 16 rolling quarters up to the October 31st balance of the prior year. This spendable will be available after January 1st of the current year. Each fund's annual spendable balance is net of the Foundation's administrative service fee. Any spendable balance left as of October 31st of the current year will be moved back into the accumulated earnings account of the fund unless otherwise communicated to the Foundation. New funds will not have a spendable amount until 4 full quarters are invested with the Foundation unless otherwise determined at inception of fund.

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Note 10 - Fair Value Measurements

The following tables represent information about the Foundation's assets and liabilities measured at fair value on a recurring basis at December 31, 2020 and 2019, and the valuation techniques used by the Foundation to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in the entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Disclosures concerning assets and liabilities measured at fair value on a recurring basis are as follows as of December 31, 2020:

	Balance at December 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable inputs (Level 3)
Assets				
Mutual funds	\$ 16,683,824	\$ 16,683,824	\$ -	\$ -
Equities	9,726,205	9,726,205	-	-
Fixed income	1,034,345	1,034,345	-	-
Mixed assets	123,507	123,507	-	-
Other (alternative) investments	4,676,701	19,622	-	4,657,079
U.S. Government obligations	3,626	3,626	-	-
Beneficial interests in trust	<u>3,063,463</u>	<u>-</u>	<u>-</u>	<u>3,063,463</u>
	<u>\$ 35,311,671</u>	<u>\$ 27,591,129</u>	<u>\$ -</u>	<u>\$ 7,720,542</u>
Liabilities				
Assets held for others	<u>\$ 2,079,762</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,079,762</u>

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Disclosures concerning assets and liabilities measured at fair value on a recurring basis are as follows as of December 31, 2019:

	Balance at December 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable inputs (Level 3)
Assets				
Mutual funds	\$ 17,035,990	\$ 17,035,990	\$ -	\$ -
Equities	5,865,933	5,865,933	-	-
Fixed income	636,505	636,505	-	-
Mixed assets	105,125	105,125	-	-
Other (alternative) investments	5,297,645	14,699	-	5,282,946
U.S. Government obligations	2,876	2,876	-	-
Beneficial interests in trust	<u>2,840,889</u>	<u>-</u>	<u>-</u>	<u>2,840,889</u>
	<u>\$ 31,784,963</u>	<u>\$ 23,661,128</u>	<u>\$ -</u>	<u>\$ 8,123,835</u>
Liabilities				
Assets held for others	<u>\$ 1,929,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,929,419</u>

Changes in level 3 assets and liabilities measured at fair value on a recurring basis are:

	Other (alternative) investments	Beneficial Interests in Trust	Assets Held for Others
December 31, 2018	\$ 2,466,983	\$ 2,006,728	\$ 1,671,076
Agency activity (see Note 5)	-	-	258,343
Purchases	2,660,000	-	-
Net investment return (loss)	<u>155,963</u>	<u>834,161</u>	<u>-</u>
December 31, 2019	5,282,946	2,840,889	1,929,419
Agency activity (see Note 5)	-	-	150,343
Purchases	3,130,000	-	-
Sales	(3,511,645)	-	-
Net investment return (loss)	<u>(244,222)</u>	<u>222,574</u>	<u>-</u>
December 31, 2020	<u>\$ 4,657,079</u>	<u>\$ 3,063,463</u>	<u>\$ 2,079,762</u>

The Foundation invests in several alternative investments that are considered Level 3.

CQS ABS is a relative value hedge fund that invests primarily in securitized credit sub-sectors in the U.S. and Europe. The Fund is multi-strategy in nature, spanning the entirety of the capital structure, investing across corporate credit, structured credit, ABS, convertibles, equities, loan, special situation, and multi-asset. The strategy is fundamentally based and is constructed based on both bottom-up credit research and top-down macro-informed views. The manager employs a relative value framework to invest in the most attractive risk/reward opportunities. The Fund employs a dynamic hedging approach that seeks to insulate the portfolio from large credit market shocks while minimizing hedging costs.

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CQS Directional Opportunities Fund (CQS DOF) is a high conviction, credit-oriented, directional hedge fund with an open mandate. The three primary strategy allocations are structured credit (excluding ABS), corporate credit, and global macro. The Fund approach is focused on identifying themes and harvesting mispricing's across global asset markets, utilizing an investment team that is experienced in assessing complexity across the capital structure.

EMSO Partners is an emerging market, fixed income global macro hedge fund manager. The Fund invests primarily in sovereign and quasi-sovereign debt and may have meaningful exposure to corporate credit, interest rates, and foreign exchange. Investments are concentrated in complex idiosyncratic legal, political, and economical situations across emerging Asia, Latin America, Emerging Europe, Middle East, and Africa. The Fund will typically have between 5-10 broader themes, which exhibit limited correlation to each other. The Fund employs a rigorous bottom-up research process combined with a focus on capital preservation

Hawkes Bay is a healthcare-focused, fundamental equity long/short fund. The Fund was launched in 2007. The Fund is managed by three portfolio managers, each with a specific sector expertise. Bob Deresiewicz oversees biotechnology, Jean Hynes oversees pharmaceuticals, and Ann Gallo oversees healthcare services and medical devices. In addition, Bob Deresiewicz serves as the portfolio coordinator charged with managing overall risk and exposure. The research team conducts industry and fundamental company research on four health sciences and sub-sectors: pharmaceuticals, biotechnology, medical devices, and healthcare services. Geographical exposure is predominantly in the U.S.

Summit Partners Sustainable Opportunities Fund is a global equity long/short fund investing in disruptive, market-driven solutions to global sustainable. The Fund focuses on companies that provide sustainable solutions and increased efficiencies but will opportunistically invest in select companies that fit into a broader efficiency theme of "doing more with less." The portfolio management team takes medium to long-term positions to capitalize as sustainable

companies grow, continually benefitting from declining cost curves while traditional energy companies must react to the shift in consumer values and shrinking natural resources. Flexible mandate to opportunistically invest in stocks with limited sustainable thesis has enabled the Fund to generate strong returns, even in challenging markets

The AG Mortgage Value Fund is an open-end investment company incorporated in the British Virgin Islands that opportunistically invests in a diversified portfolio of residential mortgage backed securities and asset-backed securities, special situations, and secured asset-based loans. The AG Fund conducts its investment program by investing substantially all of its assets in AG Mortgage Value Partners Holdings, L.P., a Cayman Islands exempted limited partnership (the "AG Intermediate Fund"), which in turn invests substantially all of its capital in AG Mortgage Value Partners Master Fund, L.P., a Cayman Islands exempted limited partnership (the "AG Master Fund"), although the AG Fund may invest a portion of its assets directly rather than through the AG Master Fund. References to the investment objectives of the AG Fund herein shall be deemed to include the AG Intermediate Fund and the AG Master Fund unless the context otherwise requires. The AG Fund, the AG Intermediate Fund, and the AG Master Fund commenced operations in May 2009.

Blackstone Real Estate Income Trust "BREIT" is a non-exchange traded, perpetual life real estate investment trust ("REIT") that acquires primarily stabilized income-oriented commercial real estate in the United States and to a lesser extent real estate-related securities. The fund is externally managed by BX REIT Advisors L.L.C. (the "Adviser"), a subsidiary of The Blackstone Group L.P. ("Blackstone"). The fund is the sole general partner of BREIT Operating Partnership L.P. ("BREIT OP"), a Delaware limited partnership, and we own all or substantially all of our assets through BREIT OP. The objective is to bring Blackstone's leading real estate investment platform with an institutional fee structure to individual investors.

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The Abbey Capital Daily Futures Fund (ACDFF) provides access to a daily traded diversified multi-manager futures funds, blending trend-following and non-trend following investment strategies. The Fund focuses on generating absolute returns with exposure to a range of global markets and sectors including foreign exchange, commodities, equity indices, bonds, and interest rate futures. The Firm was founded in 2000 and currently manages over \$4 billion in assets. Abbey’s primary line of business is the management of multi-manager alternative investment portfolios with a focus on managed futures, foreign exchange, and global macro strategies.

The Ironwood Institutional Multi-Strategy Fund holds units that are not redeemable. The Board, in its sole and absolute discretion, may authorize the Fund to make a tender offer to repurchase members’ units at the net asset value per unit on repurchase date. Ironwood expects that it will recommend to the Board that the Fund make an offer to repurchase not less than 10% of outstanding units as of June 30 and December 31 of each year. Responses to a repurchase offer must be received by the Fund at least 95 calendar days prior to the repurchase date. Units held less than one year are subject to a fee of 5% of the value of the units repurchased by the Fund, payable to the Fund.

Renaissance RIEF’s investment objective is to achieve over the long term a risk-adjusted return that, on a gross basis, exceeds that of the Standard & Poor’s 500 Index (with dividends reinvested) (the “Index”). RIEF seeks to achieve this return with lower volatility than the Index and a relatively low beta. In particular, RIEF seeks (i) a higher Sharpe ratio than the Index, (ii) a beta to the Index of 0.4 or lower, and (iii) the generation of most returns as alpha relative to the Index. Furthermore, RIEF seeks over the long term to provide a higher absolute rate of return than the Index. RIEF is not a “tracking fund” and seeks to provide diversification from the Index. RIEF invests in a widely diversified portfolio consisting almost exclusively of listed global (i.e. U.S. and non-U.S.) equity securities that are publicly traded on U.S. securities exchanges. RIEF actively trades its portfolio of equity securities on a daily basis utilizing predictive signals that are long term in nature. RIEF also is permitted to invest in stock index futures and

stock index options under circumstances in which Renaissance believes that rapid risk reduction is necessary.

Beneficial interests in trust categorized as Level 3 assets consist of two beneficial interests in a charitable remainder trust. The Foundation estimates the fair value of these assets based upon the fair value of the assets in the trust. Qualitative information is as follows:

	Fair Value at year end	Valuation Techniques	Unobservable Input	Range (Weighted Average)
Beneficial interests in trust	\$ 3,063,463	Discounted cash flow	Average of the rates of return for 2020, 2019, 2018 for each trust	6.02% - 6.32%
			Life expectancy of beneficiaries	5.4 - 15.3 years

Assets held for others characterized as a Level 3 liability consists of agency endowment funds established by not-for-profit organizations with their own funds, for which the Foundation reports a liability for the market value. The Foundation estimates the fair value of these assets held for others at the fair value of the underlying assets unless the facts and circumstances indicate the fair value would be different.

Note 11 - Retirement Plan

The Foundation sponsors a SIMPLE IRA plan for substantially all employees. The plan provides for the Foundation to make a required matching contribution. The matching contribution totaled 3% for the years ended December 31, 2020 and 2019. The contributions to the plan amount to \$9,297 and \$7,982 for the year ended December 31, 2020 and 2019, respectively.

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Note 12 - Operating Lease

The Foundation leases its office space. The current lease expires April 15, 2024. The Foundation also leases a copier under an operating lease agreement. Future lease payments consist of the following:

2021	\$ 42,943
2022	40,486
2023	41,296
2024	<u>13,856</u>
	<u>\$ 138,581</u>

Lease expense for 2020 and 2019 was \$38,976 and \$38,131, respectively which consisted solely of minimum rentals.

Note 13 - Effect of COVID-19 Pandemic

As a result of the global coronavirus pandemic of 2020, many organizations' financial picture has seen an unanticipated change. The duration and full effects of the outbreak are currently unknown, as the global picture continues to change daily. While management is hopeful that the impact is temporary in nature, it is not possible to estimate the effect this may have on the Foundation or the effect this may have on the businesses that the Foundation supports. Accordingly, no adjustments to the financial statements have been made related to this uncertainty.

Note 14 - Subsequent Event

On March 5, 2021, the Foundation received a gift of stock in the amount of \$973,854.