



Community Foundation of Greater Flint and Supporting Organizations

Combined Financial Statements
Years Ended December 31, 2018 and 2017

**Community Foundation of Greater Flint
and Supporting Organizations**

Combined Financial Statements
Years Ended December 31, 2018 and 2017

Community Foundation of Greater Flint and Supporting Organizations

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Independent Auditor's Report

Community Foundation of Greater Flint
and Supporting Organizations
Flint, Michigan

We have audited the accompanying combined financial statements of the Community Foundation of Greater Flint and its supporting organizations (the Foundation), which comprise the combined statements of financial position as of December 31, 2018 and 2017, and the related combined statements of activities and changes in net assets and cash flows for the years then ended and the statement of functional expenses for the year ended December 31, 2018, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined 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 audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the combined 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 Foundation'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Foundation as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

Kalamazoo, Michigan

August 27, 2019

Combined Financial Statements

Community Foundation of Greater Flint and Supporting Organizations

Combined Statements of Financial Position

| <i>December 31,</i> | 2018 | 2017 |
|--|-----------------------|-----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,553,580 | \$ 3,931,615 |
| Investments | 196,287,179 | 225,550,022 |
| Pledges and other receivables | 1,130,571 | 568,826 |
| Prepaid expenses | 215,082 | 90,763 |
| Property and equipment - net | 13,782,422 | 13,845,550 |
| Note receivable | 10,621,700 | 10,621,700 |
| Total Assets | \$ 223,590,534 | \$ 254,608,476 |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Grants payable | \$ 1,415,229 | \$ 1,677,814 |
| Accounts payable and accrued expenses | 322,880 | 1,574,158 |
| Liability to life beneficiaries of planned gifts | 98,392 | 113,484 |
| Funds held on behalf of nonprofit endowments | 2,371,255 | 2,890,729 |
| Notes payable | 15,063,951 | 15,045,163 |
| Total Liabilities | 19,271,707 | 21,301,348 |
| Net Assets: | | |
| Without donor restriction | 16,657,619 | 18,661,937 |
| With donor restriction | 187,661,208 | 214,645,191 |
| Total Net Assets | 204,318,827 | 233,307,128 |
| Total Liabilities and Net Assets | \$ 223,590,534 | \$ 254,608,476 |

See accompanying notes to combined financial statements.

Community Foundation of Greater Flint and Supporting Organizations

Combined Statements of Activities and Changes in Net Assets

| | Year Ended December 31, 2018 | | | Year Ended December 31, 2017 | | |
|---|------------------------------|---------------------------|-----------------------|------------------------------|---------------------------|-----------------------|
| | Without Donor Restriction | With Donor Restriction | Total | Without Donor Restriction | With Donor Restriction | Total |
| Revenues, Gains (Losses) and Other Support: | | | | | | |
| Gifts and pledges | \$ 891,601 | \$ 2,265,290 | \$ 3,156,891 | \$ 2,405,806 | \$ 2,436,821 | \$ 4,842,627 |
| Grants received | - | 1,533,336 | 1,533,336 | 101,000 | 7,203,004 | 7,304,004 |
| Net investment income | 280,621 | 2,979,181 | 3,259,802 | 298,236 | 2,956,349 | 3,254,585 |
| Net realized gain on investments | 468,691 | 3,942,630 | 4,411,321 | 391,241 | 2,829,851 | 3,221,092 |
| Net unrealized gain (loss) on investments | (1,566,213) | (25,386,087) | (26,952,300) | 1,547,729 | 16,480,894 | 18,028,623 |
| Management fees | 22,810 | - | 22,810 | 21,981 | - | 21,981 |
| Change in value of liability to life beneficiaries | (459) | - | (459) | (13,157) | - | (13,157) |
| Other revenue | 37 | 106,217 | 106,254 | - | 58,124 | 58,124 |
| Net assets released from restrictions | 12,443,722 | (12,443,722) | - | 10,212,563 | (10,212,563) | - |
| Total Revenues, Gains (Losses), and Other Support | 12,540,810 | (27,003,155) | (14,462,345) | 14,965,399 | 21,752,480 | 36,717,879 |
| Expenses: | | | | | | |
| <i>Program services:</i> | | | | | | |
| Grants | 10,015,073 | - | 10,015,073 | 8,955,565 | - | 8,955,565 |
| Programs and grants administration | 1,924,336 | - | 1,924,336 | 1,408,653 | - | 1,408,653 |
| <i>Total program services</i> | <i>11,939,409</i> | <i>-</i> | <i>11,939,409</i> | <i>10,364,218</i> | <i>-</i> | <i>10,364,218</i> |
| <i>Support services:</i> | | | | | | |
| Development | 939,459 | - | 939,459 | 884,641 | - | 884,641 |
| Management and general | 1,666,260 | - | 1,666,260 | 950,266 | - | 950,266 |
| <i>Total support services</i> | <i>2,605,719</i> | <i>-</i> | <i>2,605,719</i> | <i>1,834,907</i> | <i>-</i> | <i>1,834,907</i> |
| Total Expenses | 14,545,128 | - | 14,545,128 | 12,199,125 | - | 12,199,125 |
| Change in Net Assets | (2,004,318) | (27,003,155) | (29,007,473) | 2,766,274 | 21,752,480 | 24,518,754 |
| Net Assets, beginning of year | 18,661,937 | 214,645,191 | 233,307,128 | 15,895,663 | 192,892,711 | 208,788,374 |
| Agency Funds Adjustment - | | | | | | |
| Funds held on behalf of nonprofit endowments reclassified | - | 19,172 | 19,172 | - | - | - |
| Net Assets, end of year | \$ 16,657,619 | \$ 187,661,208 | \$ 204,318,827 | \$ 18,661,937 | \$ 214,645,191 | \$ 233,307,128 |

See accompanying notes to combined financial statements.

Community Foundation of Greater Flint and Supporting Organizations

Combined Statement of Functional Expenses

Year Ended December 31, 2018

| | Program Services | | Support Services | | Total |
|--|----------------------|------------------------------------|-------------------|------------------------|----------------------|
| | Grants | Programs and Grants Administration | Development | Management and General | |
| Salaries and Related Expenses: | | | | | |
| Salaries and wages | \$ - | \$ 692,609 | \$ 517,075 | \$ 319,882 | \$ 1,529,566 |
| Pension plan contributions | - | 21,119 | 19,352 | 10,566 | 51,037 |
| Other employee benefits | - | 72,105 | 58,693 | 35,542 | 166,340 |
| Payroll taxes | - | 51,320 | 38,172 | 24,414 | 113,906 |
| Total Salaries and Related Expenses | - | 837,153 | 633,292 | 390,404 | 1,860,849 |
| Other Expenses: | | | | | |
| Grants | 10,015,073 | - | - | - | 10,015,073 |
| Investment consulting fees | - | 195,535 | - | - | 195,535 |
| Advertising and promotion | - | 5,473 | 36,742 | - | 42,215 |
| Amortization | - | - | - | 18,788 | 18,788 |
| Conferences and meetings | - | 100,228 | 9,417 | 19,452 | 129,097 |
| Depreciation | - | - | - | 586,072 | 586,072 |
| Donor development | - | 59,588 | 94,774 | - | 154,362 |
| Dues and subscriptions | - | 18,992 | 6,198 | 17,893 | 43,083 |
| Information technology | - | 48,241 | 45,055 | 26,875 | 120,171 |
| Insurance | - | 4,514 | - | 35,717 | 40,231 |
| Interest | - | - | - | 162,768 | 162,768 |
| Miscellaneous | - | 3,458 | 1,274 | 3,505 | 8,237 |
| Occupancy | - | - | - | 153,870 | 153,870 |
| Office expenses | - | 18,830 | 18,474 | 45,305 | 82,609 |
| Professional fees - audit and accounting | - | 1,185 | - | 66,795 | 67,980 |
| Professional fees - legal | - | - | 10,150 | 21,806 | 31,956 |
| Professional fees - other | - | 583,611 | 71,346 | 98,425 | 753,382 |
| Travel | - | 47,528 | 12,737 | 18,585 | 78,850 |
| Total Other Expenses | 10,015,073 | 1,087,183 | 306,167 | 1,275,856 | 12,684,279 |
| Total Expenses | \$ 10,015,073 | \$ 1,924,336 | \$ 939,459 | \$ 1,666,260 | \$ 14,545,128 |

See accompanying notes to combined financial statements.

Community Foundation of Greater Flint and Supporting Organizations

Combined Statements of Cash Flows

| <i>Year ended December 31,</i> | 2018 | 2017 |
|---|---------------------|---------------------|
| Operating Activities: | | |
| Change in net assets | \$ (29,007,473) | \$ 24,518,754 |
| Adjustments to reconcile change in net assets to cash provided by (used in) operating activities: | | |
| Depreciation | 586,072 | 71,647 |
| Amortization | 18,788 | 9,840 |
| Provision for losses | - | 2,000 |
| Net realized gain on investments | (4,411,321) | (3,221,092) |
| Net unrealized (gain) loss on investments | 26,952,300 | (18,028,623) |
| Non-cash contributions of investments | (216,775) | (2,174,248) |
| Changes in operating assets and liabilities: | | |
| Pledges and other receivables | (561,745) | (406,566) |
| Prepaid expenses | (124,319) | (15,451) |
| Grants payable | (262,585) | 373,744 |
| Accounts payable and accrued expenses | (1,251,278) | 1,233,210 |
| Liability to life beneficiaries of planned gifts | (15,092) | 4,371 |
| Funds held on behalf of nonprofit endowments | (500,302) | 377,209 |
| Cash Provided by (Used in) Operating Activities | (8,793,730) | 2,744,795 |
| Investing Activities: | | |
| Purchase of investments | (3,384,365) | (40,711,488) |
| Proceeds from sale and maturity of investments | 10,323,004 | 48,692,194 |
| Purchase of property and equipment | (522,944) | (13,668,625) |
| Issuance of note receivable | - | (10,621,700) |
| Cash Provided by (Used In) Investing Activities | 6,415,695 | (16,309,619) |
| Financing Activities: | | |
| Proceeds from long-term debt | - | 15,469,250 |
| Deferred financing costs | - | (433,927) |
| Cash Provided by Financing Activities | - | 15,035,323 |
| Net Change in Cash and Cash Equivalents | (2,378,035) | 1,470,499 |
| Cash and Cash Equivalents, beginning of year | 3,931,615 | 2,461,116 |
| Cash and Cash Equivalents, end of year | \$ 1,553,580 | \$ 3,931,615 |

See accompanying notes to combined financial statements.

Community Foundation of Greater Flint and Supporting Organizations

Notes to Combined Financial Statements

1. Nature of Business and Summary of Accounting Policies

The Community Foundation of Greater Flint (the Foundation) receives gifts from individuals, foundations, and organizations and places them into individual funds that match the giving priorities of the donors. The majority of the gifts are endowment gifts which are preserved into perpetuity, with a portion of the cumulative net appreciation returned to the community through grants to area not-for-profit organizations. The Community Foundation's current priorities include improving literacy rates, increasing access to healthy food, and revitalization of Flint neighborhoods. In everything the Foundation accomplishes and supports, it seeks to create a more cohesive and vital sense of community throughout Genesee County.

The Foundation for the Flint Cultural Center (FFCC), created in 2001, is a not-for-profit supporting organization of the Foundation whose grants are dedicated to specific component organizations of the FFCC.

In May 2016, the Foundation for Flint (FFF), a not-for-profit supporting organization of the Community Foundation, was established to assist in Flint's emergency and recovery from the water crisis. FFF raises and distributes resources to serve the long-term health and development needs of Flint children and their families, as well as the economic vitality of the City of Flint, through several charitable funds, including the Flint Child Health and Development Fund and the Moving Flint Forward Fund.

Flint Kids Learn (FKL) was formed as a supporting organization of the Foundation of Greater Flint in January 2017, for the purpose of acquiring, constructing and leasing an early childhood education facility.

Combined Financial Statements

The accompanying combined financial statements include the accounts of the Community Foundation of Greater Flint, Foundation for the Flint Cultural Center, Foundation for Flint and Flint Kids Learn. Inter-organizational transactions and balances have been eliminated in the combined financial statements.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash on deposit with banks, and other highly liquid debt investments with an original maturity of three months or less. At December 31, 2018 and 2017, \$785,683 and \$827,645 of the Foundation's cash on deposit was FDIC insured, and \$767,397 and \$3,103,970 was uninsured, respectively.

As of December 31, 2018 and 2017, \$835,446 and \$2,769,999, respectively, of cash and cash equivalents was restricted pursuant to the covenants of the loan agreements.

Community Foundation of Greater Flint and Supporting Organizations

Notes to Combined Financial Statements

Investments

Investments in government and corporate debt and equity securities are stated at current quoted fair market value. Investments in partnerships, for which a quoted market value is not available, are stated at fair value as determined by the general partner. Money market investment funds held under the custody of fund managers represent temporarily uninvested monies and are considered short-term investments. Investments in common and preferred stocks, bonds, U.S. Treasury bills, and mutual funds are carried at quoted fair market value whenever available. Realized gains and losses on sales of investments represent the difference between the net sales price and the cost of the securities sold as represented by the custodian. Unrealized gains or losses on investments represent the net change in unrealized appreciation between the balance at the beginning and the end of the year.

Risks and Uncertainties

The Foundation invests in various securities which are exposed to 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 the investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Combined Statements of Financial Position.

Property and Equipment

Property and equipment consists of land and improvements, building, leasehold improvements, furniture, fixtures and equipment. Property and equipment are recorded at cost at the date of acquisition or fair value at the date of donation and depreciated over their estimated useful lives on the straight-line method. Useful lives range from three to 40 years.

Funds Held on Behalf of Nonprofit Endowments

The Foundation follows the accounting standards for transfers of assets to not-for-profit organizations and charitable trusts that raise or hold contributions for others. The standards establish guidelines for transactions in which a foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. This statement specifically requires that if a not-for-profit organization establishes a fund at a foundation with its own funds and specifies itself as the beneficiary of that fund, a foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as nonprofit endowments, or agency funds.

The Foundation maintains variance power and legal ownership of nonprofit endowment funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with the statement, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the not-for-profit organizations.

Deferred Financing Costs

The cost of obtaining financing related to acquiring, constructing and leasing an early childhood education facility is recorded on the combined statement of financial position and amortization is recorded on a straight line basis over the term of the loan or lease. Deferred financing costs are netted with the related debt on the statement of financial position.

Community Foundation of Greater Flint and Supporting Organizations

Notes to Combined Financial Statements

Classification of Net Assets

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 is defined as that portion of net assets that has no use or time restrictions. The bylaws of the Foundation include a variance provision giving the Board the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. Based on that provision, the Foundation classifies contributions, except as noted below, as without donor restriction for financial statement presentation.

Net Assets With Donor Restrictions is defined as that portion of net assets that consist of a restriction on the specific use or the occurrence of a certain future event. Contributions unconditionally promised, which are scheduled to be received more than one year in the future, are recorded at fair value, classified as with donor restriction until the funds are received, and are discounted at a rate commensurate with the risks involved. Net assets consisting of the initial fair value of the gifts where the donor has specified that the assets donated are to be retained in an endowment, providing a permanent source of revenue for charitable purposes are classified as with donor restriction. The accumulation of assets, above historic gift value, in donor restricted endowment funds is classified as with donor restriction until appropriated for use based on the Foundation's spending policy. The Foundation also received contributions from charitable foundations for special projects for which purpose restrictions apply. Such contributions are recorded as with donor restriction until the purpose restrictions are met. When the purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported as net assets released from restrictions.

Contributions

Contributions of cash and other assets are reported as revenue as they occur and are measured at fair value. Subsequent gains or losses on the sale and reinvestment of assets received are recognized as they occur.

Grants

Grants are recognized as liabilities at the time management authorizes the expenditures, regardless of the year in which the grants are paid. Grants are currently authorized according to the Foundation's spending policy or when a donor restriction supersedes the spending policy, according to the terms of the gift instrument.

Contributed Services

During the years ended December 31, 2018 and 2017, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation in various capacities.

Community Foundation of Greater Flint and Supporting Organizations

Notes to Combined Financial Statements

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 these estimates.

Functional Expenses

The Foundation allocates expenses on a functional basis to funding sources, programs, and support services. Expenses that can be identified with a specific funding source, program, and support service are allocated directly according to their natural expenditure classification. Certain expenses such as administration, accounting, and occupancy are allocated and charged to specific programs and/or funding sources where budgetary considerations permit. Although methods used are considered reasonable, methods could be used that would produce different results.

Federal Income Taxes

The Foundation and its supporting organizations are exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC) of 1986. They have been classified as organizations which are not private foundations as defined in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the IRC.

The Foundation applies a more-likely-than-not recognition threshold for all tax uncertainties. Tax benefits that have a greater than fifty percent likelihood of being sustained upon examination by the taxing authorities are recognized.

Based on its evaluation, the Foundation has concluded there are no significant uncertain tax positions requiring recognition in its financial statements.

Recently Adopted Authoritative Guidance

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, provides information about liquidity and availability of resources and improves the type of information provided about expenses and investment return. The Foundation has adopted the ASU retrospectively and adjusted the presentation of these combined financial statements accordingly. The Foundation has applied the ASU retrospectively to all periods presented except the Foundation has opted to present the analysis of expenses by natural and functional classification for 2018 only as permitted by ASU. Other than the changes to the combined financial statement presentation and disclosures described above, adoption of the ASU did not have a significant impact on the combined financial statements. There was no effect on the change in net assets for the year ended December 31, 2017.

Community Foundation of Greater Flint and Supporting Organizations

Notes to Combined Financial Statements

Subsequent Event Reporting

Management has evaluated the period from January 1, 2019 through August 27, 2019, the date the financial statements were available for issuance, for subsequent events requiring recognition or disclosure in the financial statements. During the period, no material recognizable subsequent events were identified.

2. Liquidity and Availability

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

| <i>December 31,</i> | 2018 | 2017 |
|-------------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 718,134 | \$ 1,161,616 |
| Pledges and other receivables | 263,900 | 3,100 |
| Short-term investments | 17,352,030 | 19,002,187 |
| | \$ 18,334,064 | \$ 20,166,903 |

The assets above include approximately \$1,756,000 and \$2,366,000 in donor advised funds as of December 31, 2018 and 2017, respectively. The Foundation generally uses these assets for grant making based on donor recommendations.

Endowment funds consist of donor-restricted endowments that are perpetual in nature, and board-designated endowments. Income from donor-restricted endowments that is restricted for specific purposes is not available for general expenditure. As described in Note 10, the Foundation's board-designated endowments are perpetual in nature and subject to an annual spending rate. For the year ended December 31, 2018, approximately \$368,000 of the board-designated endowments will be available within the next 12 months. As of the year ended December 31, 2017, approximately \$319,000 was available for expenditure. Although the Foundation does not intend to spend from the board-designated endowments (other than amounts appropriated per the board's annual spending rate approval), these amounts could be made available if necessary.

As part of the Foundation's liquidity management, cash in excess of daily requirements is invested in short-term investments and money market funds. Occasionally, the board designates a portion of any operating surplus to its operating reserve, which held a balance of approximately \$1,108,000 and \$968,000 as of December 31, 2018 and 2017, respectively.

Community Foundation of Greater Flint and Supporting Organizations

Notes to Combined Financial Statements

3. Property and Equipment

Property and equipment consists of the following:

| <i>December 31,</i> | 2018 | 2017 |
|------------------------------------|----------------------|----------------------|
| Land and improvements | \$ 969,836 | \$ 677,389 |
| Building | 12,210,645 | 12,077,346 |
| Leasehold improvements | 390,200 | 390,200 |
| Furniture, fixtures, and equipment | 1,366,381 | 1,276,386 |
| Artwork | 6,313 | 6,313 |
| Total | 14,943,375 | 14,427,634 |
| Less accumulated depreciation | 1,160,953 | 582,084 |
| Net Property and Equipment | \$ 13,782,422 | \$ 13,845,550 |

4. Note Receivable

During 2017, the Foundation entered into a promissory note receivable with Flint Kids Investment Fund, LLC (FKIF) for the purpose of leveraging the New Market Tax Credit loans associated with the early childhood education facility, which is secured by substantially all assets related to the land and construction of the facility. On June 14, 2017, FKIF borrowed \$10,621,700 from the Foundation with interest at 1.05%, payable quarterly on the unpaid balance. Principal payments are deferred for seven years. Commencing in 2024, quarterly payments of accrued interest and principal sufficient to fully amortize the unpaid balance of the principal amount over the remaining term of the loan will be due with a final payment of the unpaid balance and accrued interest due in 2040. At December 31, 2018 and 2017, the balance of the note receivable was \$10,621,700.

Community Foundation of Greater Flint and Supporting Organizations

Notes to Combined Financial Statements

5. Notes Payable

Notes payable consists of the following:

| <i>December 31,</i> | 2018 | 2017 |
|---|----------------------|----------------------|
| <p>During 2017, the Foundation entered into two promissory notes payable to IFF Capital 23, LLC (IFF 23) for the purpose of acquiring, constructing and leasing an early childhood education facility. On June 14, 2017, the Foundation borrowed a total of \$6,930,000 from IFF 23 with interest at 1.05%, payable quarterly on the unpaid balance. Principal payments are deferred for seven years. Commencing in 2024, quarterly payments of accrued interest and principal sufficient to fully amortize the unpaid balance of the principal amount over the remaining term of the loan will be due, with a final payment of the unpaid balance and accrued interest due in 2047. Secured by a mortgage.</p> | \$ 6,930,000 | \$ 6,930,000 |
| <p>During 2017, the Foundation entered into a promissory note payable to New Markets Investment 106, LLC (NMI 106) for the purpose of acquiring, constructing and leasing an early childhood education facility. On June 14, 2017, the Foundation borrowed \$5,452,250 from NMI 106 with interest at 1.05%, payable quarterly on the unpaid balance. Principal payments are deferred for seven years. Commencing in 2024, quarterly payments of accrued interest and principal sufficient to fully amortize the unpaid balance of the principal amount over the remaining term of the loan will be due, with a final payment of the unpaid balance and accrued interest due in 2047. Secured by a mortgage.</p> | 5,452,250 | 5,452,250 |
| <p>During 2017, the Foundation entered into two promissory notes payable to Consortium America 65, LLC (CA 65) for the purpose of acquiring, constructing and leasing an early childhood education facility. On June 14, 2017, the Foundation borrowed a total \$3,087,000 from CA 65 with interest at 1.05%, payable quarterly on the unpaid balance. Principal payments are deferred for seven years. Commencing in 2024, quarterly payments of accrued interest and principal sufficient to fully amortize the unpaid balance of the principal amount over the remaining term of the loan will be due, with a final payment of the unpaid balance and accrued interest due in 2047. Secured by a mortgage.</p> | 3,087,000 | 3,087,000 |
| | 15,469,250 | 15,469,250 |
| Less Deferred Financing Costs, net of accumulated amortization | 405,299 | 424,087 |
| Total Notes Payable | \$ 15,063,951 | \$ 15,045,163 |

Community Foundation of Greater Flint and Supporting Organizations

Notes to Combined Financial Statements

6. Net Assets Without Donor Restriction

Net assets without donor restriction, by fund type, are as follows:

| <i>December 31,</i> | 2018 | 2017 |
|---|----------------------|----------------------|
| Endowed by Board Designation: | | |
| Designated | \$ 1,199,472 | \$ 1,236,883 |
| Discretionary | 2,803,718 | 3,101,470 |
| Field of interest | 7,839,334 | 8,629,670 |
| Scholarship | 328,693 | 363,102 |
| Total Endowed Net Assets | 12,171,217 | 13,331,125 |
| Non-endowed: | | |
| Designated | 1,355,670 | 887,376 |
| Discretionary | 562,528 | 1,538,058 |
| Donor advised | 1,704,416 | 2,264,830 |
| Field of interest | 718,096 | 476,936 |
| Scholarship | 145,692 | 163,612 |
| Total Non-endowed Net Assets | 4,486,402 | 5,330,812 |
| Total Net Assets Without Donor Restriction | \$ 16,657,619 | \$ 18,661,937 |

7. Net Assets With Donor Restriction

Net assets with donor restriction, by fund type, are as follows:

| <i>December 31,</i> | 2018 | 2017 |
|--|-----------------------|-----------------------|
| Endowed by Donor Restriction: | | |
| Designated | \$ 106,678,752 | \$ 123,897,192 |
| Discretionary | 15,700,046 | 16,988,758 |
| Donor advised | 3,272,331 | 3,527,910 |
| Field of interest | 28,390,412 | 32,250,649 |
| Scholarship | 8,863,677 | 9,545,082 |
| Total Endowed Net Assets | 162,905,218 | 186,209,591 |
| Non-endowed: | | |
| Designated | 15,695 | 361,510 |
| Discretionary | 10,986,834 | 11,035,590 |
| Donor advised | 1,064 | 1,976 |
| Field of interest | 13,752,397 | 17,036,524 |
| Total Non-endowed Net Assets | 24,755,990 | 28,435,600 |
| Total Net Assets With Donor Restriction | \$ 187,661,208 | \$ 214,645,191 |

Community Foundation of Greater Flint and Supporting Organizations

Notes to Combined Financial Statements

8. Net Assets Released From Donor Restrictions

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions are as follow:

| <i>Year ended December 31,</i> | 2018 | 2017 |
|---|----------------------|----------------------|
| Purpose or period restrictions accomplished: | | |
| Satisfaction of program restrictions | \$ 6,232,562 | \$ 4,430,522 |
| Expiration of time restrictions | 251,960 | 1,560 |
| Appropriation from donor endowments and subsequent satisfaction of any related donor restrictions | 5,959,200 | 5,780,481 |
| | \$ 12,443,722 | \$ 10,212,563 |

9. Retirement Plan

The Foundation maintains a 401(k) plan which covers all full-time employees. Employer contributions to the 401(k) plan were \$51,037 and \$52,700 in 2018 and 2017, respectively.

10. Designated Endowments

The Foundation's endowment funds include both donor-restricted and funds designated by the board of trustees to function as endowments. The Foundation's endowed funds are classified consistent with the Classification of Net Assets Policy in the summary of accounting policies.

Interpretation of Relevant Law

The Board of Trustees of the Foundation and the Board of Directors of the FFCC have 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 designated endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restriction (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. These donor-restricted endowments remain classified as net assets with donor restrictions until amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate designated endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the designated endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. The other resources of the organization
7. The investment policies of the organization

Community Foundation of Greater Flint and Supporting Organizations

Notes to Combined Financial Statements

Endowed net assets consisted of the following at December 31, 2018 and 2017:

Changes in Endowment Net Assets for the Year ended December 31, 2018

| | <i>Without Donor Restriction</i> | <i>With Donor Restriction</i> | <i>Total</i> |
|--|--------------------------------------|-----------------------------------|-----------------------|
| Endowment Net Assets, beginning of year | \$ 13,331,125 | \$ 186,209,591 | \$ 199,540,716 |
| Investment return: | | | |
| Net depreciation (realized and unrealized) | (1,001,611) | (20,702,730) | (21,704,341) |
| Net investment income | 185,561 | 2,593,879 | 2,779,440 |
| Total investment return | (816,050) | (18,108,851) | (18,924,901) |
| Contributions | 151,132 | 744,507 | 895,639 |
| Appropriation for distributions and administrative fees | (511,525) | (5,955,179) | (6,466,704) |
| Other changes - transfers from other funds | 16,535 | 15,150 | 31,685 |
| Endowment Net Assets, end of year | \$ 12,171,217 | \$ 162,905,218 | \$ 175,076,435 |

Endowment Net Asset Composition for the Year ended December 31, 2018

| | <i>Without Donor Restriction</i> | <i>With Donor Restriction</i> | <i>Total</i> |
|-------------------------------------|--------------------------------------|-----------------------------------|-----------------------|
| Endowment Funds: | | | |
| Donor-restricted endowment funds | \$ - | \$ 162,905,218 | \$ 162,905,218 |
| Board-designated endowment funds | 12,171,217 | - | 12,171,217 |
| Total Endowment Funds | \$ 12,171,217 | \$ 162,905,218 | \$ 175,076,435 |

Community Foundation of Greater Flint and Supporting Organizations

Notes to Combined Financial Statements

Changes in Endowment Net Assets for the Year ended December 31, 2017

| | <i>Without Donor Restriction</i> | <i>With Donor Restriction</i> | <i>Total</i> |
|--|--------------------------------------|-----------------------------------|----------------|
| Endowment Net Assets, beginning of year | \$ 11,217,012 | \$ 166,589,084 | \$ 177,806,096 |
| Investment return: | | | |
| Net appreciation (realized and unrealized) | 1,756,491 | 18,825,898 | 20,582,389 |
| Net investment income | 206,007 | 2,691,004 | 2,897,011 |
| Total investment return | 1,962,498 | 21,516,902 | 23,479,400 |
| Contributions | 725,414 | 3,919,227 | 4,644,641 |
| Appropriation for distributions and administrative fees | (583,823) | (5,840,411) | (6,424,234) |
| Other changes - transfers from other funds | 10,024 | 24,789 | 34,813 |
| Endowment Net Assets, end of year | \$ 13,331,125 | \$ 186,209,591 | \$ 199,540,716 |

Endowment Net Asset Composition for the Year ended December 31, 2017

| | <i>Without Donor Restriction</i> | <i>With Donor Restriction</i> | <i>Total</i> |
|-------------------------------------|--------------------------------------|-----------------------------------|----------------|
| Endowment Funds: | | | |
| Donor-restricted endowment funds | \$ - | \$ 186,209,591 | \$ 186,209,591 |
| Board-designated endowment funds | 13,331,125 | - | 13,331,125 |
| Total Endowment Funds | \$ 13,331,125 | \$ 186,209,591 | \$ 199,540,716 |

Community Foundation of Greater Flint and Supporting Organizations

Notes to Combined Financial Statements

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for its net assets with the goal of balancing the need to provide a predictable stream of funding to programs supported by those net assets and the need to maintain purchasing power. Under these policies, as approved by the board of trustees, the Foundation has four objectives: (1) preserve and grow the assets by focusing on total investment returns from a diversified portfolio of investments; (2) balance long-term growth with appropriate risk and liquidity; (3) achieve market returns using a combination of index and actively managed funds; and (4) comply with applicable laws, rules, and regulations.

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 of domestic and international equities, fixed income funds, and alternative investments with performance benchmarks based on each asset class. The Foundation believes that a diversified portfolio requires the consideration of the diversity of its money managers. The Foundation is working with its investment consultant to increase the portion of its portfolio held by diverse managers.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy which, subject to the intent of a donor expressed in a gift instrument, calculates the amount to be spent from an endowment fund each year within a range of 4.5% to 5.5% of the average of the fair market value of the fund over the previous twenty (20) trailing quarters ending September 30th of the immediate prior year. The percentage to be distributed within the range of 4.5% to 5.5% is reviewed and approved annually by the Board of Trustees. The rate approved for 2018 and 2017, was 4.75% and 5%, respectively.

In establishing these policies, the Foundation considers the long-term return on its investment portfolio. By limiting its spending policy, the Foundation expects its net assets to grow over the long-term. This is consistent with the Foundation's objective to maintain the purchasing power of the investment portfolio and net assets, as well as to provide additional real growth through new gifts and investment return.

11. Fair Value Measurements

Generally Accepted Accounting Principles (GAAP) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market for the asset or liability.

Community Foundation of Greater Flint and Supporting Organizations

Notes to Combined Financial Statements

The price of the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are: (i) independent; (ii) knowledgeable; (iii) able to transact; and (iv) willing to transact.

In determining fair value, the Foundation uses various valuation approaches. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset based on market data obtained from sources independent of the organization. Unobservable inputs are inputs that would reflect an organization's assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1: Valuations based on quoted prices in active markets for identical assets that the organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2: Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors, including, for example, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. The Foundation uses prices and inputs that are current as of the measurement date, obtained through multiple third-party custodians from independent pricing services.

Community Foundation of Greater Flint and Supporting Organizations

Notes to Combined Financial Statements

The following tables exclude cash equivalents. Disclosures concerning the Foundation's assets and liabilities measured at fair value on a recurring basis are as follows:

Fair Value Measurements at December 31, 2018

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
|--|--|---|--|-----------------------|
| Assets: | | | | |
| Investments: | | | | |
| Money market funds | \$ 10,037,633 | \$ - | \$ - | \$ 10,037,633 |
| Equity - mutual funds - domestic | 26,893,510 | 7,813,600 | - | 34,707,110 |
| Equity - mutual funds - foreign | 9,691,084 | 22,634,711 | - | 32,325,795 |
| Fixed income - corporate bond funds | - | 8,682,855 | - | 8,682,855 |
| Fixed income - government bond funds | - | 7,193,437 | - | 7,193,437 |
| Fixed income - foreign | - | 7,405,097 | - | 7,405,097 |
| Hybrid mutual funds | 229,419 | - | - | 229,419 |
| Alternative: | | | | |
| Long/short credit hedge fund-of-funds | - | - | 4,544,107 | 4,544,107 |
| Long/short equity hedge fund-of-funds | - | - | 20,826,341 | 20,826,341 |
| Multi-strategy hedge fund-of-funds | - | - | 216,020 | 216,020 |
| Absolute return hedge fund-of-funds | - | - | 1,929,847 | 1,929,847 |
| Natural resources fund-of-funds | - | - | 4,877,254 | 4,877,254 |
| Private equity fund-of-funds | - | - | 6,746,244 | 6,746,244 |
| Real estate fund-of-funds | 60,447 | - | 1,200,122 | 1,260,569 |
| Real estate funds | - | - | 241,328 | 241,328 |
| Closely held stock | - | - | 53,575,764 | 53,575,764 |
| Mission-related investments | - | - | 1,400,000 | 1,400,000 |
| Split-interest agreements | - | - | 88,359 | 88,359 |
| Total Assets | \$ 46,912,093 | \$ 53,729,700 | \$ 95,645,386 | \$ 196,287,179 |
| Liabilities: | | | | |
| Liability to life beneficiaries of planned gifts | \$ - | \$ - | \$ 98,392 | \$ 98,392 |
| Funds held on behalf of nonprofit endowments | - | - | 2,371,255 | 2,371,255 |
| Total Liabilities | \$ - | \$ - | \$ 2,469,647 | \$ 2,469,647 |

Community Foundation of Greater Flint and Supporting Organizations

Notes to Combined Financial Statements

Fair Value Measurements at December 31, 2017

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
|--|--|---|--|-----------------------|
| Assets: | | | | |
| Investments: | | | | |
| Money market funds | \$ 14,844,171 | \$ - | \$ - | \$ 14,844,171 |
| Equity - mutual funds - domestic | 33,040,850 | 8,142,810 | - | 41,183,660 |
| Equity - mutual funds - foreign | 11,416,397 | 27,236,957 | - | 38,653,354 |
| Fixed income - corporate bond funds | - | 7,635,614 | - | 7,635,614 |
| Fixed income - government bond funds | - | 7,673,048 | - | 7,673,048 |
| Fixed income - foreign | - | 7,918,917 | - | 7,918,917 |
| Hybrid mutual funds | 254,734 | - | - | 254,734 |
| Alternative: | | | | |
| Long/short credit hedge fund-of-funds | - | - | 4,612,842 | 4,612,842 |
| Long/short equity hedge fund-of-funds | - | - | 18,432,315 | 18,432,315 |
| Multi-strategy hedge fund-of-funds | - | - | 1,632,506 | 1,632,506 |
| Absolute return hedge fund-of-funds | - | - | 1,955,841 | 1,955,841 |
| Natural resources fund-of-funds | - | - | 4,461,278 | 4,461,278 |
| Private equity fund-of-funds | - | - | 6,302,826 | 6,302,826 |
| Real estate fund-of-funds | 76,687 | - | 907,906 | 984,593 |
| Real estate funds | - | - | 426,472 | 426,472 |
| Closely held stock | - | - | 65,493,945 | 65,493,945 |
| Mission-related investments | - | - | 3,000,000 | 3,000,000 |
| Split-interest agreements | - | - | 83,906 | 83,906 |
| Total Assets | \$ 59,632,839 | \$ 58,607,346 | \$ 107,309,837 | \$ 225,550,022 |
| Liabilities: | | | | |
| Liability to life beneficiaries of planned gifts | \$ - | \$ - | \$ 113,484 | \$ 113,484 |
| Funds held on behalf of nonprofit endowments | - | - | 2,890,729 | 2,890,729 |
| Total Liabilities | \$ - | \$ - | \$ 3,004,213 | \$ 3,004,213 |

Corporate bonds, governmental bonds, and foreign equities and fixed income funds classified as *Level 2* are valued using quoted market prices and other market data for the same or comparable instruments and transactions in establishing the prices, discounted cash flow models, and other pricing models. These models are primarily industry-standard models that consider assumptions, including time value and yield curve, as well as other relevant economic measures.

Community Foundation of Greater Flint and Supporting Organizations

Notes to Combined Financial Statements

Changes in the Foundation's Level 3 assets and liabilities measured at fair value on a recurring basis are as follows:

*Changes in Level 3 Assets and Liabilities
for Year ending December 31, 2018*

| | <i>Fair Value at January 1, 2018</i> | <i>Net Purchases and Issuances/ Sales and Settlements</i> | <i>Total Realized Gains/ Losses</i> | <i>Total Unrealized Gains/ Losses</i> | <i>Other Income/ Expense</i> | <i>Fair Value at December 31, 2018</i> |
|--|--|---|---|---|--------------------------------------|--|
| Investments - alternative | \$ 107,225,931 | \$ 736,722 | \$ 1,162,999 | \$ (13,363,035) | \$ (205,590) | \$ 95,557,027 |
| Investments - split-interest agreements | 83,906 | - | - | 4,453 | - | 88,359 |
| Liability to life beneficiaries of planned gifts | (113,484) | 15,551 | - | (459) | - | (98,392) |
| Funds held on on behalf of nonprofit endowments | (2,890,729) | 304,498 | (88,572) | 284,376 | 19,172 | (2,371,255) |
| Total | \$ 104,305,624 | \$ 1,056,771 | \$ 1,074,427 | \$ (13,074,665) | \$ (186,418) | \$ 93,175,739 |

*Changes in Level 3 Assets and Liabilities
for Year ending December 31, 2017*

| | <i>Fair Value at January 1, 2017</i> | <i>Net Purchases and Issuances/ Sales and Settlements</i> | <i>Total Realized Gains/ Losses</i> | <i>Total Unrealized Gains/ Losses</i> | <i>Other Income/ Expense</i> | <i>Fair Value at December 31, 2017</i> |
|--|--|---|---|---|--------------------------------------|--|
| Investments - alternative | \$ 93,855,531 | \$ 5,858,694 | \$ 699,329 | \$ 7,045,419 | \$ (233,042) | \$ 107,225,931 |
| Investments - split-interest agreements | 79,316 | - | - | 4,590 | - | 83,906 |
| Liability to life beneficiaries of planned gifts | (109,113) | (23,379) | - | 19,008 | - | (113,484) |
| Funds held on on behalf of nonprofit endowments | (2,513,520) | (8,098) | (77,971) | (291,040) | (100) | (2,890,729) |
| Total | \$ 91,312,214 | \$ 5,827,217 | \$ 621,358 | \$ 6,777,977 | \$ (233,142) | \$ 104,305,624 |

Community Foundation of Greater Flint and Supporting Organizations

Notes to Combined Financial Statements

Both observable and unobservable inputs may be used to determine the fair value of positions classified as *Level 3* assets and liabilities. As a result, the unrealized gains and losses for these assets and liabilities presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

Investments categorized as *Level 3* assets primarily consist of fund-of-funds, real estate, closely held stock and mission-related investments (MRIs). The fund-of-funds investments are through fund-of-funds managers and the Foundation estimates the fair value of these investments based on net asset value, or its equivalent. Real estate investment consist of a partnership interest in an entity that owns the Foundation building in downtown Flint, which is valued based on capital contributions and net earnings of the partnership. Closely-held stock is valued based on an independent appraiser's report expressing an opinion on the fair market value of the stock. MRIs are loans to a local nonprofit organization at below-market interest rates. The loans are used to fund specific projects. The loans are to be repaid in 2019, and are recorded at the amount borrowed.

Split-interest agreement assets categorized as *Level 3* assets consist of life insurance policies of which the Foundation is the beneficiary and estimates the fair value of these split-interest agreement assets based upon the fair value of the assets provided by the insurance companies unless the facts and circumstances indicate that the fair value would be different from the present value of estimated future distributions.

Liabilities to life beneficiaries of planned gifts characterized as *Level 3* liabilities consist primarily of charitable gift annuities and charitable remainder unitrust agreements. The Foundation estimates the fair value of these liabilities based upon the present value of the expected future cash flows using management's best estimates of key assumptions including life expectancies of annuitants, payment periods, and a discount rate commensurate with the current market and other risks involved.

Funds held on behalf of nonprofit endowments characterized as *Level 3* liabilities consist 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 funds held on behalf of nonprofit endowments as the present value of the future payments expected to be made to the not-for-profit organization.

Community Foundation of Greater Flint and Supporting Organizations

Notes to Combined Financial Statements

The Foundation holds shares or interests in investment companies at year-end where the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company. At year-end, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

| <i>Investments Held at December 31, 2018</i> | | | | |
|--|----------------------|-----------------------------|---|---------------------------------|
| | <i>Fair Value</i> | <i>Unfunded Commitments</i> | <i>Redemption Frequency, if Eligible</i> | <i>Redemption Notice Period</i> |
| Alternative: | | | | |
| Long/short credit hedge fund-of-funds | \$ 4,544,107 | \$ - | Quarterly; Illiquid | 65 days; N/A |
| Long/short equity hedge fund-of-funds | 20,826,341 | - | Monthly; Quarterly; Semi-liquid; Illiquid | 10 - 95 days; N/A |
| Multi-strategy hedge fund-of-funds | 216,020 | - | Semi-liquid; Illiquid | 90 days; N/A |
| Absolute return hedge fund-of-funds | 1,929,847 | - | Quarterly; semi-liquid | 60 - 95 days |
| Natural resources fund-of-funds | 4,877,254 | 2,239,456 | Monthly; Illiquid | 5 days; N/A |
| Private equity funds | 6,746,244 | 5,632,393 | Illiquid | N/A |
| Real estate fund-of-funds | 1,200,122 | 1,749,801 | Illiquid | N/A |
| Total | \$ 40,339,935 | \$ 9,621,650 | | |

| <i>Investments Held at December 31, 2017</i> | | | | |
|--|----------------------|-----------------------------|--|---------------------------------|
| | <i>Fair Value</i> | <i>Unfunded Commitments</i> | <i>Redemption Frequency, if Eligible</i> | <i>Redemption Notice Period</i> |
| Alternative: | | | | |
| Long/short credit hedge fund-of-funds | \$ 4,612,842 | \$ - | Quarterly; Illiquid | 65 days; N/A |
| Long/short equity hedge fund-of-funds | 18,432,315 | - | Quarterly; Semi-liquid; Illiquid | 45 - 95 days; N/A |
| Multi-strategy hedge fund-of-funds | 1,632,506 | - | Semi-liquid; Illiquid | 90 days; N/A |
| Absolute return hedge fund-of-funds | 1,955,841 | - | Quarterly; semi-liquid | 60 - 95 days |
| Natural resources fund-of-funds | 4,461,278 | 1,282,517 | Monthly; Illiquid | 5 days; N/A |
| Private equity funds | 6,302,826 | 5,327,160 | Illiquid | N/A |
| Real estate fund-of-funds | 907,906 | 2,273,902 | Illiquid | N/A |
| Total | \$ 38,305,514 | \$ 8,883,579 | | |

The long/short credit, long/short equity, and multi-strategy hedge fund-of-funds are held by several managers. The fair values of the investments in these categories have been estimated using the net asset value per share of the investments.

Community Foundation of Greater Flint and Supporting Organizations

Notes to Combined Financial Statements

The absolute return hedge fund-of-funds is held by managers whose investment objective is to focus largely on illiquid portfolio funds that will offer the potential for higher long-term returns than more liquid funds. The fair values of the investments in these categories have been estimated using the net asset value per share of the investments.

The natural resources fund-of-funds category invests in managers that pursue investments in oil and gas, mining, timberland, and farmland. The fair values of the investments in these categories have been estimated using the net asset value per share of the investments.

The private equity fund-of-funds category includes funds that are invested in broadly diversified portfolios of private equity partnerships. The fair values of the investments in these categories have been estimated using the net asset value per share of the investments.

The investments in the natural resources and private equity categories above may be redeemed from the funds' managers. Distributions from each fund will be received only as underlying investments of the funds are liquidated. It is estimated the underlying assets of the funds will be liquidated over the next three to 15 years.

The real estate fund-of-funds category invests in managers that pursue investment opportunities in domestic and international diverse real estate assets. The fair values of the investments in these categories have been estimated using the net asset value per share of the investments.

Since there is no readily available market for investments in limited partnerships and limited liability companies, such investments are stated at fair value as estimated in an inactive market. These investments include securities of companies that may not be immediately liquid, such as private debt and private equity securities and real estate or other assets. The valuations of these investments are based upon values provided by the investment managers, based on guidelines established with those investment managers and in consideration of other factors related to the Institute's interest in these investments. The fair value of these investments are tested utilizing an outside source when possible.

Supplementary Information



Independent Auditor's Report on Supplementary Information

Community Foundation of Greater Flint
and Supporting Organizations
Flint, Michigan

Our audits of the combined financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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.

BDO USA, LLP

August 27, 2019

Community Foundation of Greater Flint and Supporting Organizations

Combining Statements of Financial Position December 31, 2018 (With Comparative Totals for 2017)

| | | <i>Community Foundation of Greater Flint</i> | <i>Foundation for Flint Cultural Center</i> | <i>Foundation for Flint</i> | <i>Flint Kids Learn</i> | <i>Eliminating Entries</i> | <i>2018 Combined Total</i> | <i>2017 Combined Total</i> |
|---|-----------|--|---|---------------------------------|-----------------------------|--------------------------------|------------------------------------|------------------------------------|
| Assets | | | | | | | | |
| Cash and cash equivalents | \$ | 451,533 | \$ - | \$ 351,394 | \$ 750,653 | \$ - | \$ 1,553,580 | \$ 3,931,615 |
| Investments | | 166,613,117 | 18,132,771 | 11,541,291 | - | - | 196,287,179 | 225,550,022 |
| Pledges and other receivables | | 1,073,326 | - | 162,089 | 9,745 | (114,589) | 1,130,571 | 568,826 |
| Prepaid expenses | | 46,065 | 1,402 | 1,638 | 165,977 | - | 215,082 | 90,763 |
| Property and equipment - net | | 217,590 | - | - | 13,564,832 | - | 13,782,422 | 13,845,550 |
| Note receivable | | - | - | 10,621,700 | - | - | 10,621,700 | 10,621,700 |
| Total Assets | \$ | 168,401,631 | \$ 18,134,173 | \$ 22,678,112 | \$ 14,491,207 | \$ (114,589) | \$ 223,590,534 | \$ 254,608,476 |
| Liabilities and Net Assets | | | | | | | | |
| Liabilities: | | | | | | | | |
| Grants payable | \$ | 923,229 | \$ - | \$ 492,000 | \$ - | \$ - | \$ 1,415,229 | \$ 1,677,814 |
| Accounts payable and accrued expenses | | 311,209 | - | 4,226 | 122,034 | (114,589) | 322,880 | 1,574,158 |
| Liability to life beneficiaries of planned gifts | | 98,392 | - | - | - | - | 98,392 | 113,484 |
| Funds held on behalf of nonprofit endowments | | 2,371,255 | - | - | - | - | 2,371,255 | 2,890,729 |
| Notes payable | | - | - | - | 15,063,951 | - | 15,063,951 | 15,045,163 |
| Total Liabilities | | 3,704,085 | - | 496,226 | 15,185,985 | (114,589) | 19,271,707 | 21,301,348 |
| Net Assets (Deficit): | | | | | | | | |
| Without donor restriction | | 16,589,754 | - | 762,643 | (694,778) | - | 16,657,619 | 18,661,937 |
| With donor restriction | | 148,107,792 | 18,134,173 | 21,419,243 | - | - | 187,661,208 | 214,645,191 |
| Total Net Assets (Deficit) | | 164,697,546 | 18,134,173 | 22,181,886 | (694,778) | - | 204,318,827 | 233,307,128 |
| Total Liabilities and Net Assets (Deficit) | \$ | 168,401,631 | \$ 18,134,173 | \$ 22,678,112 | \$ 14,491,207 | \$ (114,589) | \$ 223,590,534 | \$ 254,608,476 |

See accompanying independent auditor's report on supplementary information.

Community Foundation of Greater Flint and Supporting Organizations

Combining Statements of Activities and Changes in Net Assets Year Ended December 31, 2018 (With Comparative Totals for 2017)

| | <i>Community Foundation of Greater Flint</i> | <i>Foundation for Flint Cultural Center</i> | <i>Foundation for Flint</i> | <i>Flint Kids Learn</i> | <i>Eliminating Entries</i> | <i>2018 Combined Total</i> | <i>2017 Combined Total</i> |
|---|--|---|---------------------------------|-----------------------------|--------------------------------|------------------------------------|------------------------------------|
| Revenues, Gains (Losses) and Other Support: | | | | | | | |
| Gifts and pledges | \$ 2,623,706 | \$ - | \$ 538,185 | \$ - | \$ (5,000) | \$ 3,156,891 | \$ 4,842,627 |
| Grants received | 1,505,836 | - | 27,500 | - | - | 1,533,336 | 7,304,004 |
| Net investment income | 2,588,758 | 317,766 | 352,200 | 1,078 | - | 3,259,802 | 3,254,585 |
| Net realized gain on investments | 3,577,577 | 731,685 | 102,059 | - | - | 4,411,321 | 3,221,092 |
| Net unrealized gain (loss) on investments | (23,815,331) | (2,289,293) | (847,676) | - | - | (26,952,300) | 18,028,623 |
| Management fees | 363,754 | - | - | - | (340,944) | 22,810 | 21,981 |
| Change in value of liability to life beneficiaries | (459) | - | - | - | - | (459) | (13,157) |
| Other revenue | 35 | - | 106,219 | 155,000 | (155,000) | 106,254 | 58,124 |
| Total Revenues, Gains (Losses) and Other Support | (13,156,124) | (1,239,842) | 278,487 | 156,078 | (500,944) | (14,462,345) | 36,717,879 |
| Expenses: | | | | | | | |
| <i>Program services:</i> | | | | | | | |
| Grants | 6,643,781 | 881,898 | 2,494,394 | - | (5,000) | 10,015,073 | 8,955,565 |
| Programs and grants administration | 1,811,488 | 60,091 | 207,757 | - | (155,000) | 1,924,336 | 1,408,653 |
| <i>Total program services</i> | <i>8,455,269</i> | <i>941,989</i> | <i>2,702,151</i> | <i>-</i> | <i>(160,000)</i> | <i>11,939,409</i> | <i>10,364,218</i> |
| <i>Support services:</i> | | | | | | | |
| Development | 907,996 | - | 31,463 | - | - | 939,459 | 884,641 |
| Management and general | 841,381 | 47,906 | 311,761 | 806,156 | (340,944) | 1,666,260 | 950,266 |
| <i>Total support services</i> | <i>1,749,377</i> | <i>47,906</i> | <i>343,224</i> | <i>806,156</i> | <i>(340,944)</i> | <i>2,605,719</i> | <i>1,834,907</i> |
| Total Expenses | 10,204,646 | 989,895 | 3,045,375 | 806,156 | (500,944) | 14,545,128 | 12,199,125 |
| Change in Net Assets | (23,360,770) | (2,229,737) | (2,766,888) | (650,078) | - | (29,007,473) | 24,518,754 |
| Net Assets (Deficit), beginning of year | 188,039,144 | 20,363,910 | 24,948,774 | (44,700) | - | 233,307,128 | 208,788,374 |
| Agency Funds Adjustment - | | | | | | | |
| Funds held on behalf of nonprofit endowments reclassified | 19,172 | - | - | - | - | 19,172 | - |
| Net Assets (Deficit), end of year | \$ 164,697,546 | \$ 18,134,173 | \$ 22,181,886 | \$ (694,778) | \$ - | \$ 204,318,827 | \$ 233,307,128 |

See accompanying independent auditor's report on supplementary information.