Community Foundation of North Texas, Inc.

Financial Statements

December 31, 2021

Community Foundation of North Texas, Inc.
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Independent Auditor's Report

To the Board of Directors
Community Foundation of North Texas, Inc.

Opinion

We have audited the accompanying financial statements of Community Foundation of North Texas, Inc., dba North Texas Community Foundation, (the "Foundation") (a nonprofit organization) which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with generally

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accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

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

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

Report on Summarized Comparative Information

We have previously audited the Foundation's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 17, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sproles Woodard LLP

Fort Worth, Texas
March 25, 2022

Community Foundation of North Texas, Inc.
Statement of Financial Position
December 31, 2021, with Comparative Totals for 2020

	2021	2020
ASSETS		
Cash and cash equivalents	**$ 31,033,192**	$ 16,144,557
Restricted cash and cash equivalents	**17,056,630**	18,010,021
	48,089,822	34,154,578
Accrued interest and dividends	**136,330**	158,997
Contributions receivable, net	**2,216**	26,274
Prepaid expenses	**34,163**	37,271
Investments	**469,685,142**	385,333,603
Beneficial interest in trusts	**2,153,757**	1,973,367
Cash surrender value of life insurance	**320,425**	321,239
Property and equipment, at cost less accumulated depreciation of $114,586	**104,143**	112,882
	$ 520,525,998	$ 422,118,211
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	**$ 21,163**	$ 37,919
Grants payable	**2,400,000**	10,000
Agency fund payable	**13,275,703**	13,744,989
Note payable		174,500
	15,696,866	13,967,408
Net Assets		
Without donor restrictions	**453,936,296**	363,473,928
With donor restrictions	**50,892,836**	44,676,875
	504,829,132	408,150,803
	$ 520,525,998	$ 422,118,211

See accompanying notes to financial statements.

Community Foundation of North Texas, Inc.
Statement of Activities
For the Year Ended December 31, 2021, with Comparative Totals for 2020

	2021			2020
	Without donor	With donor restrictions	Total	Total
Support				
Contributions	**$ 42,166,069**	**$ 569,500**	**$ 42,735,569**	$ 28,073,580
Revenue				
Investment return, net	**76,077,023**	**8,557,190**	**84,634,213**	47,602,439
Other income (loss)	**257,908**	**(184,405)**	**73,503**	37,840
Net assets released from restrictions	**2,726,324**	**(2,726,324)**	**-**	-
	121,227,324	**6,215,961**	**127,443,285**	75,713,859
Expenses				
Program services				
Grants	**26,476,953**		**26,476,953**	31,164,525
Other	**2,384,909**		**2,384,909**	2,947,818
	28,861,862	**-**	**28,861,862**	34,112,343
Supporting services				
Administrative	**1,052,553**		**1,052,553**	969,207
Development	**850,541**		**850,541**	735,149
	30,764,956	**-**	**30,764,956**	35,816,699
Change in Net Assets	**90,462,368**	**6,215,961**	**96,678,329**	39,897,160
Net Assets				
Beginning of Year	**363,473,928**	**44,676,875**	**408,150,803**	368,253,643
End of Year	**$ 453,936,296**	**$ 50,892,836**	**$ 504,829,132**	$ 408,150,803

See accompanying notes to financial statements.

Community Foundation of North Texas, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021, with Comparative Totals for 2020

	2021				2020
	Program Expense	Administrative Expense	Development Expense	Total	Total
Grants and other assistance	$ 26,476,953	$ -	$ -	$ 26,476,953	$ 31,164,525
Salaries and wages	478,096	594,408	534,003	1,606,507	1,361,361
Employee benefits and pension	56,870	70,707	63,520	191,097	208,280
Payroll taxes	38,231	47,530	42,699	128,460	107,925
Occupancy	121,841	91,939	69,487	283,267	261,118
Telephone	4,543	3,409	2,646	10,598	10,377
Professional fees	1,305,526	69,567		1,375,093	1,935,861
Development	15,137	3,765	37,220	56,122	51,805
Community outreach	12,721			12,721	67,412
Membership dues	2,624	17,561	5,371	25,556	34,896
Board and staff development	223,501	5,231	463	229,195	259,925
Conferences and meetings	1,817	1,510	1,172	4,499	6,002
Insurance and miscellaneous	69,587	14,168		83,755	211,128
Supplies	3,420	2,772	2,152	8,344	13,385
Marketing and outside printing	34,480	45,974	34,481	114,935	24,525
Subscriptions	1,000	6,702		7,702	6,762
Equipment	545	51,218	728	52,491	60,609
Website	13,877		55,506	69,383	1,220
Postage and shipping	1,093	1,457	1,093	3,643	4,296
Depreciation		24,635		24,635	25,287
	$ 28,861,862	$ 1,052,553	$ 850,541	$ 30,764,956	$ 35,816,699

See accompanying notes to financial statements.

Community Foundation of North Texas, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2021, with Comparative Totals for 2020

	2021	2020
Cash Flows From Operating Activities		
Change in net assets	**$ 96,678,329**	$ 39,897,160
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized gain on investments	**(75,123,609)**	(40,775,956)
Equity in earnings of partnerships	**(1,043,787)**	(147,735)
Noncash contributions of investments	**(16,456,777)**	(6,228,970)
Change in value of beneficial interest in trusts	**(180,390)**	(321,131)
Change in value of cash surrender value of life insurance	**814**	(1,088)
Depreciation	**24,635**	25,287
PPP Loan forgiveness	**(174,500)**	
Change in:		
Accrued interest and dividends	**22,667**	22,599
Contributions receivable	**24,058**	23,062
Prepaid expenses	**3,108**	53,928
Accounts payable	**(16,756)**	12,766
Grants payable	**2,390,000**	(194,000)
Agency fund payable	**(469,286)**	357,056
Net cash provided by (used in) operating activities	**5,678,506**	(7,277,022)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	**66,666,339**	76,401,874
Purchases of investments	**(59,178,367)**	(66,329,568)
Change from investing activities related to agency funds	**784,662**	(1,111,631)
Purchases of property and equipment	**(15,896)**	(98,243)
Net cash provided by investing activities	**8,256,738**	8,862,432
Cash Flows From Financing Activities		
Proceeds from notes payable		174,500
Net cash provided by financing activities	**-**	174,500
Net Change in Cash and Cash Equivalents	**13,935,244**	1,759,910
Cash and Cash Equivalents - Beginning of Year	**34,154,578**	32,394,668
Cash and Cash Equivalents - End of Year	**$ 48,089,822**	$ 34,154,578

See accompanying notes to financial statements.

1. History and Summary of Significant Accounting Policies

Organization and History
The Community Foundation of North Texas, Inc. (the "Foundation"), a nonprofit Texas corporation, was formed in 1989 to receive and manage donations of cash and property and to distribute grants exclusively for charitable purposes. The Foundation administers more than 339 funds comprised of donor advised, designated, field of interest, and discretionary funds, each established with a gift instrument. Primarily, all program expenses are related to these grant distributions. In 2021 the Foundation awarded 2,163 grants with a total value of $26,476,953.

Basis of Presentation
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.

The Foundation reports information regarding its financial position and activities according to the following two classes of net assets:

> Net assets without donor restrictions are available for use in general operations and not subject to external restrictions and may be used for any purpose designated by the Board.
>
> Net assets with donor restrictions are those which are subject to donor-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. Donor-imposed restrictions are released when a restriction expires, either through the passage of time or the fulfillment of the purpose for which the resource was restricted.

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

Net Asset Classification
As a community foundation, in accordance with United States Treasury Regulations, the Foundation possesses variance power. Variance power is the unilateral right to remove donor-imposed restrictions upon a gift in response to changed circumstances. The Foundation interprets this variance power to apply to time restrictions and endowment restrictions, as well as purpose restrictions. This power is exercisable only in narrowly defined circumstances. Since this variance power is incorporated by reference in most gift instruments, the Foundation views its variance power as an explicit expression of donor intent (see Note 6).

1. History and Summary of Significant Accounting Policies – (cont.)

Most of the Foundation's contributions are received subject to the terms of a standard fund agreement. Under the terms of the standard fund agreement, the Foundation has the ability to distribute as much of the corpus of any gift, devise, bequest, or fund as the Board in its sole discretion shall determine under the Foundation's current spending policy. As a result of the ability to distribute corpus, the Foundation has determined that all contributions received subject to the standard fund agreement, and subject to the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"), are classified as without donor restrictions. Generally, if the corpus of a contribution may at some future time become available for spending, it is recorded as with donor restrictions until it is able to be appropriated, at which time the appropriation is reclassified to without donor restrictions net assets. If the corpus never becomes available for spending (i.e., variance power is not specifically incorporated in the gift instrument), it will be reported as with donor restrictions.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

In addition to donor-imposed endowment restrictions, all contributions received with donor-imposed time restrictions are classified as with donor restrictions until the payments are received unless the respective gift is specifically designated for use in the current period by the donor. Contributions received under split-interest agreements, except for charitable gift annuities, are also classified as with donor restrictions due to the implied time restriction on the use of such assets.

Endowment Investments and Spending Policies
The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s).

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 to achieve its long-term return objectives within prudent risk constraints.

1. History and Summary of Significant Accounting Policies – (cont.)

The Foundation has a policy of appropriating for distribution each year an amount calculated based on a calculation weighted 80% based on the prior year spendable amount, adjusted for inflation, and weighted 20% based on 4% of the trailing 12 quarters average balance of the fund. The Foundation's annual appropriation is subject to a payout floor and ceiling of 3% and 6%, respectively, of the fund's ending balance for the spend policy calculation. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow annually.

This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

From time to time, certain endowment funds may have their fair value less than the amount required to be maintained by donors or by rule of law (underwater endowments). The Foundation interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under the law. However, the Foundation recognizes that a decline in the value of the endowment below the original gift value may hinder the fund's ability to continue to make future grants. Thus, the Foundation manages any endowment deemed to be underwater in a manner, as described in the spending policy, to preserve the value of the fund as close to the original gift value. As of December 31, 2021, the Foundation had no underwater endowments.

Restricted Cash and Cash Equivalents
Restricted cash and cash equivalents are donor-restricted amounts limited in use to the purchase of investments or payment of expenses for which the related funds were established. Cash equivalents are certain highly liquid investments with an initial maturity of three months or less held for investment purposes. As of December 31, 2021, of the $17,056,630 in restricted cash and cash equivalents, $1,172,181 was from cash equivalents.

Contributions Receivable
Unconditional promises to give by donors are expected to be received by the Foundation within one year and are measured at net settlement value. The Foundation periodically reviews contributions receivable for amounts that are considered uncollectible and establishes a valuation allowance when such receivables, if any, are deemed uncollectible. At December 31, 2021, no provision was recorded.

Investments
Investments consist of marketable securities (certificates of deposit, common stock, fixed income, and equity and fixed income mutual funds), partnership interests, shares of an investment holding company, interests in hedge funds, other investments, and investments in real estate. The Foundation reports investments in marketable securities with readily determinable fair values in the Statement of Financial Position. The fair value of marketable securities is valued at the closing price on the last business day of the fiscal year. Investment return includes interest and dividends and realized and unrealized gains and losses, net of fees, on investments for the current period. Investment return is included in the Statement of Activities as an increase in net assets without donor restrictions, unless the income is restricted by the donor or law.

1. History and Summary of Significant Accounting Policies – (cont.)

Investment in partnerships is comprised of interests in certain limited partnerships and limited liability corporations for which observable market prices in active markets do not exist. These investments are reported at fair value, as determined in good faith, by the Foundation's management with the assistance of third-party investment managers using methods they consider appropriate. The amounts realized upon disposition of these investments may differ from the value reflected in the financial statements and the differences could be material. Certain of the investment in partnerships are restricted as to resale and may require advance notice for redemption or withdrawal. The Foundation's share of earnings or losses is shown as investment return in the Statement of Activities. The Foundation's investment in partnerships is subject to various risk factors arising from the investment activities of the underlying vehicles of the partnerships, including market, credit, and currency risk. The Foundation's risk of loss in any of its investments in partnerships is limited to the value of the investment at year end plus any unfunded commitments. As of December 31, 2021, unfunded commitments were $488,700.

The Foundation has one investment in an investment holding company which is subject to a quarterly valuation analysis to determine fair market value. The valuation of the investment includes assumptions and methods that were prepared by an external third party and were reviewed by the Foundation's management. The investment is restricted as to resale and may require advance notice for redemption or withdrawal. An active market does not exist for this investment, and thus the estimated value is subject to inherent uncertainty and a material difference may be realized upon disposition.

The Foundation's investment in hedge funds for which quoted prices are not available is generally measured based on reported partner's capital or net asset value ("NAV") provided by the associated external investment managers. The reported partner's capital or NAV is subject to management's assessment that the valuation provided is representative of fair value. For these investments, the Foundation has concluded that the net asset value reported by the underlying fund is a practical expedient to estimating fair value. However, because these investments are generally not readily marketable, their estimated value is subject to inherent uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed and, as such, are not classified in the fair value hierarchy.

The Foundation's other investments consist of equity securities in closely held companies with no readily determinable fair value, and certain mineral interest rights. These are carried at cost. Contributions of other investments are recorded at the appraised value at the date of contribution, which becomes the Foundation's cost basis.

All non-cash contributions of investments are recorded at fair value at the date of receipt. Stock is recorded at the average of the high and low selling price on the date received. Investments sold are recorded at the amount received.

Property and Equipment
The Foundation capitalizes the cost of significant expenditures for leasehold improvements, equipment, and furniture and fixtures. Depreciation, as determined by the straight-line method, is provided over the estimated useful lives of the related assets, which range from three to ten years.

1. History and Summary of Significant Accounting Policies – (cont.)

Agency Fund Payable

The Foundation holds cash and marketable securities received from nonprofit organizations that are named as beneficiary. These organizations did not grant variance power over the funds to the Foundation, which has agreed to make distributions primarily to the transferring organizations. The Foundation has recorded the resulting liability as an agency fund payable in the accompanying Statement of Financial Position.

Contributions Received and Contributions Made

Contributions are recognized when unconditional commitments are received or extended and recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Donated assets are recorded as revenue at their estimated fair values at the date of the gift and are classified as without donor restrictions, or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Gifts of long-lived assets without donor stipulations regarding the length of use are shown as without donor restrictions support in the accompanying financial statements.

Grants Payable

Grant commitments are measured at net settlement value, which approximates fair value. Grants payable over one year are discounted to present value when significant as determined by the Foundation.

Administrative and Management Fees

Custodian, investment, and management fees are recognized in the fiscal year in which they occur. The Foundation charges an administrative fee internally for donor funds under management. These fees help fund general operations and are recorded internally both as revenue and expense. These fees are netted for financial statement presentation on the Statement of Activities.

Income Taxes

The Foundation is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. Management of the Foundation considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Foundation's status as a not-for-profit entity. Management believes the Foundation met the requirements to maintain its tax-exempt status and has no material income subject to unrelated business income tax; therefore, no provision for income taxes has been provided in these financial statements.

1. History and Summary of Significant Accounting Policies – (cont.)

Functional Expense Allocations
The costs of the program and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services on a reasonable basis that is consistently applied.

Cash Surrender Value of Life Insurance Policies
Cash surrender value of life insurance policies is recorded at the amount that can be realized at the date of the statement of financial position and are included in Cash surrender value of life insurance in the statement of financial position.

Fair Value Measurements
The Foundation follows FASB Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures*. Topic 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation inputs used to measure fair value into three broad levels to ensure consistency and comparability. The valuation hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobserved inputs (Level 3) described as follows:

The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; discounted cash flows; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities, including general partner estimates and recent third-party appraisals.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate, for any given asset or liability, is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

1. History and Summary of Significant Accounting Policies – (cont.)

Fair Values of Financial Instruments
The following methods and assumptions were used by the Foundation in estimating the fair values of its financial instruments on a recurring basis:

Marketable securities: All of the Foundation's marketable securities are valued by the custodian, broker, or the account manager using a nationally recognized third-party pricing service. The Foundation gives highest priority to quoted prices in active markets for identical assets accessed at the measurement date and classifies all such assets as Level 1. The Foundation gives a Level 2 priority to valuation prices where the valuation process involves inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly.

Non-marketable securities: Partnerships, hedge funds, and an investment in a holding company are carried at fair value, which is based on the net asset value (NAV) per share of the fund as provided by the investment manager, except in certain circumstances such as when the fund is in liquidation, in which case the value of the investment is estimated at liquidation value. The Foundation no longer classifies non-marketable securities carried at NAV. This requirement was removed by FASB ASU No. 2015-07, *Fair Value Measurement (Topic 820) – Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).*

Beneficial interest in trusts: The Foundation estimates the fair value of its interest in various trusts by discounting to present value the future benefits expected to be received at the end of the trust terms based on the designated beneficiaries' life expectancy and an estimated growth rate. The Foundation classifies all such assets as Level 2.

Agency fund payable: Carrying amount approximates fair value due to underlying assets, and the Foundation classifies all such liabilities as Level 1.

Closely held stock, and mineral interests: The Foundation has determined it is not cost effective to determine the fair values of its investments in closely held stock, and mineral interests, and, accordingly, the Foundation has not estimated the fair values of these investments.

Other: The carrying amount reported in the Statement of Financial Position for the following financial instruments approximates fair value because of the short maturities or underlying asset values:

- Cash, cash equivalents, and restricted cash
- Contributions receivable
- Accrued interest and dividends
- Accounts payable
- Grants payable

The Foundation identified no events or changes in circumstances that might have an adverse effect on fair values of their investments at December 31, 2021.

1. History and Summary of Significant Accounting Policies – (cont.)

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued *ASU No. 2016-02, Leases (Topic 842)*. ASU 2016-02 affects any lessee (for capital and operating leases) and lessor (for sales-type, direct financing, and operating leases). Under ASU 2016-02, lessees will be required to recognize a lease liability and a right-of-use asset for all leases (with the exception of short-term leases) at the commencement date. ASU 2016-02 will be effective for the fiscal years ending December 15, 2021, with early adoption permitted. The Foundation is currently evaluating the impact the adoption of ASU 2016-02 will have on its financial statements and disclosures.

In September 2020, the FASB issued *ASU 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind, in an effort to improve transparency in reporting nonprofit gifts-in-kind. The ASU will be effective for the fiscal years beginning after June 15, 2021. The Foundation is currently evaluating the impact of the adoption of this standard on its financial statements.

2. Investments

Investments consist of the following at December 31, 2021:

Marketable securities	$ 459,883,428
Non-marketable securities	6,442,297
Other investments	3,359,417
Beneficial interest in trust	2,153,757
	$ 471,838,899

Investments in marketable and non-marketable securities are held by brokerage firms and in revocable trust accounts with a bank. The Foundation consults with investment advisory firms as to the placement of the investments. Investments in marketable equity securities, non-marketable securities, and all debt securities are carried at fair value and are comprised of the following at December 31, 2021:

Mutual funds (equity and/or bonds)	$ 259,207,274
Equity securities	185,876,256
Bonds	13,129,116
Certificates of deposit/US Government securities	1,670,782
Hedge funds	217,743
Partnerships	2,698,504
Investment holding company	3,526,050
Beneficial interest in trusts	2,153,757
	$ 468,479,482

2. Investments – (cont.)

Other investments consist of closely held equity securities in Martin Sprocket and Gear, Inc.; HIG Holdings, LLC; and mineral rights interest amounting to $3,359,417 at December 31, 2021.

The following schedule summarizes the investment return for the year ended December 31, 2021:

	Without Restrictions	With Restrictions	Total
Net investment gains:			
Dividends and interest	$ 8,814,299	$ 1,581,728	$ 10,396,027
Net investment gains:			
Net realized gains	16,143,102	41,776	16,184,878
Net unrealized gains	52,179,692	5,974,377	58,154,069
	68,322,794	6,016,153	74,338,947
Equity in earnings from partnerships, net		1,043,787	1,043,787
Other	110,402		110,402
	77,247,495	8,641,668	85,889,163
Fees	(1,170,472)	(84,478)	(1,254,950)
	$ 76,077,023	$ 8,557,190	$ 84,634,213

Fees resulting from investing transactions during 2021 related to program services.

3. Beneficial Interest in Trusts

The Foundation is the remainder beneficiary of charitable remainder trusts established by various donors. The assets of the trusts are held by third-party trustees. Each trust provides for the payment of distributions to other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining trust assets are to be distributed to the Foundation. The Foundation estimates the present value of the future benefits expected to be received at the end of the trusts' terms based on the designated beneficiaries' life expectancy, an estimated growth rate ranging between 3.56% and 4.37%, and the use of a discount rate ranging between 5.5% and 6.31%, which amounted to $2,153,757 at December 31, 2021. The change in the value of beneficial interest in trusts amounted to $180,390 during 2021 and is included as an increase in with donor restrictions contributions in the Statement of Activities.

4. PPP Loan

In March 2020, a global pandemic was announced due to the novel coronavirus ("COVID-19"). The Foundation applied for and received a loan under the Paycheck Protection Program created as part of the relief efforts in response to COVID-19. The loan is administered by the Small Business Association. The loan was entered into on May 1, 2020, for a total of $174,500 with an interest rate of one percent, and a maturity date of May 1, 2022. The Foundation applied for and received forgiveness on January 15, 2021; the amount is included in PPP Loan forgiveness in the Statement of Cash Flows.

5. Grants Payable

Grants authorized but unpaid at year-end are reported as liabilities in Grants payable in the Statement of Financial Position. The following is a summary of grants authorized and payable at December 31, 2021:

To be paid in 2022	$ 1,150,000
To be paid in 2023	950,000
To be paid in 2024	150,000
To be paid in 2025	150,000
Grants authorized but unpaid	$ 2,400,000

6. Net Assets

At December 31, 2021, net assets without donor restrictions consist of operational net assets of the Foundation's administrative fund amounting to $3,206,296 and net assets of donor-advised and other funds maintained separately from the administrative fund amounting to $450,730,000.

Net assets with donor restrictions include contributions received with time restrictions and those received under split-interest agreements with an implied time restriction. In addition, the Foundation continues to classify contributions (and related net assets) received under gift instruments (generally grants), which specifically do not reference variance power and require the return of assets if not used for the donor-specified purpose until such funds are expended in accordance with the donor-restricted purpose, as with donor restrictions. Net assets with donor restrictions which were released from restriction amounted to $2,726,324 during 2021 and resulted from grant distributions to other charitable organizations and other program expenses, satisfying purposes as recommended by the donors.

The Foundation manages more than 339 funds at December 31, 2021. Although grant recommendations are accepted from the donors or other advisors of these funds, the ultimate discretion of the use of these funds lies with the Board of Directors. Non-donor advised funds represent amounts held by the Foundation designated for specific purposes by donors and/or the Foundation.

Net Assets Without Donor Restrictions:

Donor Funds	
Donor-advised	$ 395,070,399
Discretionary	1,634,407
Designated	17,529,207
Field of interest	25,342,287
Scholarship	4,569,643
Project fund	6,584,057
Operating Reserve Fund	3,206,296
	$ 453,936,296

6. Net Assets – (cont.)

Net Assets With Donor Restrictions:

Net assets with donor restrictions at December 31, 2021 are restricted for the following purposes or periods:

Beneficial interest in trust	$	2,153,757
Subject to expenditure for specified purpose		48,739,079
	$	50,892,836

7. 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:

Financial assets		
Cash and cash equivalents	$	31,033,192
Restricted cash		17,056,630
Accounts receivable		136,330
Investments		469,685,142
Contributions receivable		2,216
Total financial assets at December 31, 2021		517,913,510
Less amounts not available to be used within one year, due to:		
Net assets with donor restrictions		50,892,836
Agency funds		13,275,703
		64,168,539
Financial assets available to meet general expenditures within one year	$	453,744,971

Although most donor funds are not classified as net assets with donor restrictions based on a variance provision in the donor agreement, those funds would not normally be considered as being available for general expenditure. However, because of the variance provision, these funds could be made available to the Foundation for general use in the event of a liquidity need and if no other funding is available.

The Foundation maintains endowment funds which consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes and are not available for general expenditure.

The Foundation maintains seven funds with a balance of $3,206,296 which may be used for general operating requirements as determined and approved by the Board during its annual budget approval and appropriation process.

7. Liquidity and Availability – (cont.)

The Foundation charges an administrative fee internally for donor funds under management. Administrative fees are the Foundation's primary source of liquidity for operations and are recorded internally as both revenue and expense. For the year ended December 31, 2021, administrative fee revenue amounted to $2,756,176.

8. Fair Value Measurements

Fair values of assets measured on a recurring basis at December 31, 2021 are as follows:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Marketable securities:				
Certificates of deposit	$ 1,670,782	$ 1,670,782	$ -	$ -
Stocks	185,850,279	185,850,279		
Preferred stock	25,977	25,977		
Mutual funds	259,207,274	259,207,274		
Bonds	13,129,116		13,129,116	
Total marketable securities:	459,883,428	446,754,312	13,129,116	-
Non-marketable securities:				
Hedge fund investments measured at net asset value[(a)]	217,743			
Partnerships	2,698,504			2,698,504
Investment holding company	3,526,050			3,526,050
Total non-marketable securities:	6,442,297	-	-	6,224,554
Beneficial interest in trusts	2,153,757		2,153,757	
	$ 468,479,482	$ 446,754,312	$ 15,282,873	$ 6,224,554
Liabilities				
Agency fund payable	$ 13,275,703	$ 13,275,703	$ -	$ -

(a) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Financial Position.

8. Fair Value Measurements – (cont.)

The following table summarizes the changes in the fair value of the Foundation's Level 3 financial assets:

	Partnerships	Investment Holding Company
Balance at December 31, 2020	$ 2,285,008	$ 2,407,339
Net unrealized gains	1,043,788	1,118,711
Transfer out of Level 3	(630,292)	
Balance at December 31, 2021	$ 2,698,504	$ 3,526,050

The following table summarizes the valuation techniques and significant unobservable inputs used for the Foundation's investments that are categorized within Level 3 of the fair value hierarchy at December 31, 2021:

	Quantitative Information about Level 3 Fair Value Measurements			
	Fair Value	Valuation Techniques	Unobservable Inputs	Range of Input Values
Partnerships	$ 2,698,504	Independent or company valuation	Company financials	N/A
Investment holding company	3,526,050	Asset-based approach	Discount for lack of marketability	0% - 30%
			Discount for lack of control	0% - 10%

The Foundation's investments in certain entities that calculate net asset value per share include the following at December 31, 2021:

	Fair Value	Redemption or Liquidity	Redemption Notice Period
Multi-strategy	$ 217,743	Quarterly	60 days

At December 31, 2021, the Foundation had no remaining lock-up periods for any of its investments, and the Foundation had no unfunded commitments in entities that calculate net asset value per share. A description of the significant investment strategies and additional relevant information for investments carried at NAV is summarized as follows:

Multi-strategy fund: Strategies that engage in a variety of investment strategies to achieve long-term capital appreciation. Strategies adopted in a multi-strategy fund may include, but are not limited to, securities, commodities, other financial instruments, affiliated and unaffiliated investment funds, and managed portfolios.

9. Retirement Plan

The Foundation sponsors a tax-deferred employee benefit plan for its full-time employees under the provisions of Internal Revenue Code Section 403(b). Under the plan, the Foundation makes periodic discretionary contributions. Employees are allowed to make contributions within limits established by the IRS. Employer contributions to the plan amounted to $65,645 during 2021.

10. Commitments

The Foundation leases office space and equipment under noncancelable operating leases. The Foundation's rental expense during 2021 amounted to $236,962. Future minimum lease payments on these lease obligations are as follows:

2022	$ 220,390
2023	224,136
2024	227,882
2025	231,628
2026	235,374
Thereafter	769,803
	$ 1,909,213

11. Concentrations

Financial instruments which potentially subject the Foundation to concentrations of credit risk are cash and cash equivalents. The Foundation places its cash with financial institutions and periodically maintains deposits in amounts which exceed FDIC insurance coverage. At December 31, 2021, the Foundation held cash amounting to $31,347,900, which exceeded insurance coverage. Management believes the risk of incurring material losses related to this credit risk is remote.

The majority of the Foundation's donors are located in Fort Worth, Texas and the surrounding areas. Contributions received from donors, which individually exceeded 5% of contribution revenue, consisted of gifts from four donors amounting to $14,407,813 (34% of total contribution revenue).

The Foundation currently invests primarily in certificates of deposit, common and preferred stock, fixed income, equity and fixed income mutual funds, partnership interests, an investment holding company, interests in hedge funds, and closely held stock. The Foundation has an investment in one corporate stock which comprises approximately 42% of equity securities, 16% of marketable securities, and 17% of total investments.

12. Subsequent Events

The Foundation has evaluated subsequent events through March 25, 2022, which is the date the financial statements were available to be issued.