ST. LOUIS COMMUNITY FOUNDATION

COMBINED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

ST. LOUIS COMMUNITY FOUNDATION
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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
St. Louis Community Foundation
St. Louis, Missouri

Report on the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of St. Louis Community Foundation, which comprise the combined statements of financial position as of December 31, 2022 and 2021, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of St. Louis Community Foundation as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Combined Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of St. Louis Community Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Louis Community Foundation's ability to continue as a going concern for a reasonable period of time.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
August 25, 2023

ST. LOUIS COMMUNITY FOUNDATION
COMBINED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 51,348,014	$ 64,318,593
Investments	417,433,051	487,701,947
Accounts and Interest Receivable	105,744	152,424
Unconditional Promises to Give, Net	22,000	49,513
Contributions Receivable - Charitable Lead Trusts	70,496	67,172
Prepaid Expenses	95,965	105,044
Total Current Assets	469,075,270	552,394,693
PROPERTY AND EQUIPMENT, NET	1,096,252	1,195,488
CONTRIBUTIONS RECEIVABLE - CHARITABLE LEAD TRUSTS - LONG-TERM	192,209	263,446
Total Assets	$ 470,363,731	$ 553,853,627
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 1,430,446	$ 988,474
Gift Annuity Obligations	24,000	47,101
Grants Payable	8,542,429	8,046,732
Total Current Liabilities	9,996,875	9,082,307
GIFT ANNUITY OBLIGATIONS - LONG-TERM	236,978	318,852
GRANTS PAYABLE - LONG-TERM	13,523,021	10,783,492
Total Liabilities	23,756,874	20,184,651
NET ASSETS		
Without Donor Restrictions	446,344,152	533,338,358
With Donor Restrictions	262,705	330,618
Total Net Assets	446,606,857	533,668,976
Total Liabilities and Net Assets	$ 470,363,731	$ 553,853,627

See accompanying Notes to Combined Financial Statements.

ST. LOUIS COMMUNITY FOUNDATION
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	$ 93,267,478	$ -	$ 93,267,478
Investment Income	10,409,932	-	10,409,932
Change in Value of Split-Interest Agreements - Charitable Lead Trusts	-	13,162	13,162
Fees and Other Revenues	875,590	-	875,590
Net Loss on Investments	(88,608,540)	-	(88,608,540)
Net Assets Released from Restrictions	81,075	(81,075)	-
Total Revenues, Gains, and Other Support	16,025,535	(67,913)	15,957,622
EXPENSES			
Program	102,090,210	-	102,090,210
Management and General	903,445	-	903,445
Fundraising	26,086	-	26,086
Total Expenses	103,019,741	-	103,019,741
CHANGE IN NET ASSETS	(86,994,206)	(67,913)	(87,062,119)
Net Assets - Beginning of Year	533,338,358	330,618	533,668,976
NET ASSETS - END OF YEAR	$ 446,344,152	$ 262,705	$ 446,606,857

See accompanying Notes to Combined Financial Statements.

ST. LOUIS COMMUNITY FOUNDATION
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	$ 98,175,323	$ -	$ 98,175,323
Investment Income	10,192,806	-	10,192,806
Change in Value of Split-Interest Agreements - Charitable Lead Trusts	-	16,335	16,335
Change in Value of Split-Interest Agreements - Annuity Payables	(20,997)	-	(20,997)
Fees and Other Revenues	511,018	-	511,018
Net Gain on Investments	51,104,082	-	51,104,082
Net Assets Released from Restrictions	81,075	(81,075)	-
Total Revenues, Gains, and Other Support	160,043,307	(64,740)	159,978,567
EXPENSES			
Program	107,310,323	-	107,310,323
Management and General	793,071	-	793,071
Fundraising	183,510	-	183,510
Total Expenses	108,286,904	-	108,286,904
CHANGE IN NET ASSETS	51,756,403	(64,740)	51,691,663
Net Assets - Beginning of Year	481,581,955	395,358	481,977,313
NET ASSETS - END OF YEAR	$ 533,338,358	$ 330,618	$ 533,668,976

See accompanying Notes to Combined Financial Statements.

ST. LOUIS COMMUNITY FOUNDATION
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributions	$ 44,017,379	$ 57,161,586
Cash Paid to Gift Annuitants	(91,643)	(20,247)
Cash Received from Fees and Other Revenues	875,590	511,018
Cash Paid for Charitable Grants	(92,056,640)	(100,898,607)
Cash Paid to Trustees, Suppliers, Employees, and Service Providers	(7,159,128)	(6,270,066)
Interest and Dividends Received	10,409,932	10,192,806
Net Cash Used by Operating Activities	(44,004,510)	(39,323,510)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(54,284,439)	(66,000,745)
Sales of Investments	85,337,598	119,089,654
Purchase of Property and Equipment	(19,228)	(52,412)
Net Cash Provided by Investing Activities	31,033,931	53,036,497
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,970,579)	13,712,987
Cash and Cash Equivalents - Beginning of Year	64,318,593	50,605,606
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 51,348,014	$ 64,318,593
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES		
Change in Net Assets	$ (87,062,119)	$ 51,691,663
Contributed Investments	(49,392,801)	(42,367,384)
Net (Gain) Loss on Investments	88,608,540	(51,104,082)
Depreciation and Amortization	118,464	114,382
Change in Value of Split-Interest Agreements - Charitable Lead Trusts	(13,137)	(15,594)
Change in Value of Split-Interest Agreements - Annuity Payables	(13,049)	31,516
(Increase) Decrease in Assets:		
Prepaid Expenses	9,079	4,066
Accounts and Interest Receivable	46,653	330,602
Contributions Receivable - Charitable Lead Trusts	81,075	81,075
Unconditional Promises to Give	27,513	957,564
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	441,972	376,106
Gift Annuity Obligations	(91,926)	(47,101)
Grants Payable	3,235,226	623,677
Net Cash Used by Operating Activities	$ (44,004,510)	$ (39,323,510)

See accompanying Notes to Combined Financial Statements.

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Louis Community Foundation (the Foundation) is a tax-exempt, nonprofit, autonomous, publicly supported, nonsectarian philanthropic institution established in 1915. The Foundation is dedicated to improving the quality of life throughout the metropolitan St. Louis region by helping individuals, families, and businesses make a difference through charitable giving. The Foundation represents thousands of donors through hundreds of separate component funds supporting a broad range of community interests.

Combined Statement Presentation

The combined financial statements include the accounts of the St. Louis Community Foundation (the Trust), the St. Louis Community Foundation, Inc. (the Corporation), the St. Louis Real Estate Foundation (the Real Estate), and the Alberici Foundation (the Alberici). The Corporation is a publicly supported charity as described by Internal Revenue Code (IRC) Section 509(a)(1) whose directors also serve as the governing body for the Trust. The Real Estate and Alberici entities are separate corporations with separate boards of directors. The Corporation is the sole member of Alberici and as such maintains significant control over Alberici’s board, its governing documents, and certain aspects of its operations, in particular, approving certain financial transactions, acceptance of certain gifts, and any modifications to its governing documents. All assets of the Corporation, the Real Estate, and the Alberici entities are administratively managed by the Trust. The Real Estate entity had no activity during the years ended December 31, 2022 and 2021.

Significant intercompany transactions have been eliminated in these combined financial statements.

Total contributions by entity are as follows for the years ended December 31:

	2022	2021
Corporation Entity	$ 87,498,258	$ 90,161,618
Trust Entity	5,019,220	6,741,005
Alberici Foundation	750,000	1,272,700
Total	$ 93,267,478	$ 98,175,323

Basis of Accounting

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

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Under the accounting standards set forth by the Financial Accounting Standards Board, the Foundation is required to report contributions received as without donor restriction or with donor restriction, depending on the existence of any donor restrictions. In addition, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction. Net assets with donor restriction are for the support of specific operating activities. At present, the Foundation has no net assets with donor restriction in perpetuity.

The Foundation maintains its internal accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure whereby resources with various restrictions as to expendability or user purpose are classified for accounting purposes in accordance with activities or objectives specified by donors.

These combined financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Foundation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. As stated in the Foundation's gift instrument agreements, the Foundation's board of directors, in furtherance of the purposes of the Foundation, has the ultimate authority and control over all property gifted to them and the related income derived therefrom. Such authority includes the ability to remove a donor restriction.

Accordingly, the accompanying combined financial statements classify all net assets (fund balances) as net assets without donor restriction except for certain contributions received under charitable lead trust agreements as more fully described under Note 4. However, to assist with the classification of resources in accordance with the activities or objectives specified by donors, the following categories of net assets without donor restriction are used by the Foundation:

Designated – Contributions whereby donors are able to designate specific organizations to be the recipient of the income generated from these funds. However, the Foundation retains the authority to rescind a donor's designation if the charitable organization is no longer operating in an efficient manner, is no longer operating within the tax-exempt purpose for which it was established, or is no longer in existence.

Donor Advised – Contributions that are subject to donor recommendations regarding the particular organizations and projects that are to receive grants from these funds. The donor recommendations are solely advisory and the Foundation's board of directors is not bound by such recommendations.

Field of Interest – Contributions whereby the donors are able to channel their resources into broad areas of interest, e.g., arts, education, health care, work with the elderly, or youth services. The Foundation's board of directors uses these resources to make grants to programs or organizations that are most likely to achieve positive results for that area of interest.

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Scholarship – Contributions whereby donors may name the scholarship, designate a particular field of study, designate a specific educational institution or program, and select eligibility requirements. Scholarship funds may be established to benefit any level of education from preschool to postgraduate studies and vocational training.

Discretionary – Contributions not having donor-imposed recommendations that are used to respond to changing community needs as determined by the Foundation's board of directors.

Supporting Organization – Contributions to an independent foundation legally affiliated with the Foundation. The supporting organization has its own board, grant-making program, and investment structure.

Operating – Used in connection with administrative services provided by the Foundation.

Temporarily Restricted Fund – Holds certain beneficial interests in the underlying assets of certain charitable lead trusts.

All transfers made between funds are authorized by the board.

Estimates and Assumptions

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

Credit Risk

The Foundation maintains its cash-in-bank deposit accounts at various financial institutions. The balances at times may exceed federally insured limits. Also, the Foundation's investments are subject to the inherent risks associated with the securities market.

Concentrations

During the year ended December 31, 2022, the Foundation received approximately 20% from three donors. During the year ended December 31, 2021 the Foundation received 20% of its total contribution revenue from two individual donors.

Cash and Cash Equivalents

Cash and cash equivalents represent cash in banks, money market funds, certificate of deposits, and similar short-term investment vehicles. The Foundation considers investment vehicles not intended to be held for long-term investment purposes to be cash equivalents. The majority of the Foundation's cash is maintained in uninsured money market accounts.

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Foundation maintains its investment portfolio with over 20 financial institutions. An investment committee monitors the performance of these institutions and reports quarterly to the board of directors. An external investment consultant is engaged to independently report to the investment committee the investment returns on a quarterly basis.

Investments in mutual funds, equities, and fixed income securities are carried at fair value based upon quoted market prices on established exchanges. Cash and cash equivalents are carried at cost which approximates fair value. Investment in limited partnership consists of a single partnership that holds assets comprised of marketable debt and equity securities. The Foundation’s prorata limited partner share equals 99% of the partnership’s holdings and is valued at quoted market prices. Other investments consist of notes receivable, private investment funds, ownership interest in a limited partnership, ownership interest in a limited liability corporation, and other miscellaneous holdings, and are carried at estimated fair value or cost.

Net changes in fair value of investments and realized gains and losses on investments disposed are reported in the combined statements of activities as net gains or losses on investments. Both the purchase and sale of investments are recorded effective on the trade date.

Donated securities are recorded at their fair value at the date received by the Foundation, generally the date of the donation.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the combined statements of financial position.

Accounts and Interest Receivable and Unconditional Promises to Give

Accounts receivable consists of consulting fees and accrued interest. Unconditional promises to give consist of nonoperating pledge donations from individuals. Unconditional promises to give are recognized as revenues in the period the promises are received. Accounts receivable and unconditional promises to give are stated at the amount management expects to collect from balances outstanding at year-end. Based on management’s assessment of the credit history with clients and donors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. Unconditional promises to give are recorded net of an allowance for doubtful accounts of $-0- and $22,387 as of December 31, 2022 and 2021, respectively. Management has deemed that no allowance is necessary for accounts receivable as of December 31, 2022 and 2021.

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable – Charitable Lead Trusts

The Foundation recognizes its beneficial interest in the underlying assets of these split-interest agreements as net assets with donor restriction. The initial transaction to recognize a new charitable lead trust is to record both a receivable and contribution revenue measured by the present value of the future cash flows. Distributions from the trusts and collected by the Foundation are reported both as reductions in the receivable and as reclassifications from net assets with donor restriction to net assets without donor restriction.

Amortization of the initial discount is recognized as payments are received by adjusting the receivable and recording as revenue the net change in the value of the split-interest agreement as is presented under the net asset with donor restriction class in the combined statements of activities.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Policy is to capitalize amounts over $1,000. Maintenance and repairs are charged to expense as incurred. When property and equipment are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any profit or loss arising from such disposition is included as an increase (or decrease) in net assets without donor restriction in the year disposed. The assets are depreciated over periods ranging from five to seven years, using the straight-line method. Significant additions to leasehold improvements will be depreciated over the life of the related lease term, which is 25 years, using the straight-line method.

Long-Lived Assets

The Foundation's management reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Contributions

Contributions are recognized as revenues in the period received. Conditional promises to give, which depend upon specified future and uncertain events, are recognized as revenue in the periods when the conditions upon which they depend are substantially met. The Foundation does not have any conditional promises to give as of December 31, 2022 and 2021.

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gift Annuity Obligations

The Foundation is the beneficiary of several gift annuity agreements. Annuity agreements represent the present value of future annuities payable to the annuitants as of December 31, 2022 and 2021, as determined by the terms of the annuity agreement and present value factors provided by the Internal Revenue Service (IRS). The gift portion of the annuity agreement is calculated using methods and rates provided by the IRS and is recognized upon receipt. Discount rates range between 4.8% and 7.4% based on the year the gift was received.

Upon the donor's death, the excess, if any, of the initial gift received from the donor, plus investment earnings thereon, over the cumulative distributions paid to the donor, will be either expended as a grant or held as an endowment with the investment earnings distributed as stipulated by the gift annuity contract.

Intra-Fund Loan

During the year ended March 31, 2016, a new intra-fund loan was entered into to finance leasehold improvements for the Foundation's new office space. The balance of the loan was $402,899 and $459,310 at December 31, 2022 and 2021, respectively. Interest charged on the loan amounted to $10,922 and $12,306 for the years ended December 31, 2022 and 2021, respectively. The related interest and loan balance are eliminated for combined financial purposes. This intra-fund loan has an interest rate based on T-Note rates at the time the loan was authorized by the board.

Grants for Charitable Purposes

Grants for charitable purposes are expensed in the period that they are approved by the board of directors.

Income Taxes

All four entities — the Trust, the Corporation, the Real Estate entity, and the Alberici Foundation — are exempt from federal income taxes under Section 501(a) by reason of being an organization described in Section 501(c)(3) of the Internal Revenue Code (the Code).

Allocation of Functional Expenses

Expenses are allocated by functional expense between program, fundraising, and general and administrative services, based on management's estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Foundation follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the Foundation has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Level 1 includes various common stocks, mutual funds, hedge funds, corporate bonds, and U.S. Treasury obligations.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data. Level 2 includes private collateralized mortgage obligations, municipal bonds, corporate bonds, hedge funds, various common stock and mutual funds, investment in a limited liability partnership, contributions receivable - charitable lead trusts, and gift annuity obligations.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

Adoption of New Accounting Standards

In September 2020, Financial Accounting Standards Board (FASB) issued Accounting Standards (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU was issued to improve the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The amendment to this ASU requires Not-for-Profits to (1) present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and (2) include a disclosure of the disaggregation of the amount of contributed nonfinancial assets recognized by category that depicts the type of contributed nonfinancial assets. No cumulative-effect adjustment in net assets was recorded as a result of the adoption. There were no nonfinancial asset contributions for the years ended December 31, 2022 or 2021.

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

In February 2016, the FASB issued ASU No 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

St. Louis Community Foundation adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption with certain practical expedients available. The Foundation has elected to adopt the package of practical expedients available in the year of adoption and has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Foundation's ROU assets. The adoption of this ASU did not result in a material impact on the combined financial statements.

Leases

The Foundation determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets, other current liabilities, and operating lease liabilities on the statement of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the statement of financial position.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Foundation uses its incremental borrowing rate or a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Foundation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The Foundation has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component. The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants, and the individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Foundation has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

NOTE 2 INVESTMENTS

Investments consist of the following at December 31:

	2022	
	Fair Value	Percent
Common Stock	$ 99,364,097	23.8 %
Mutual Funds	157,726,107	37.8
Corporate Bonds	99,924,082	23.9
U.S. Government Obligations	12,649,320	3.0
Hedge Funds or Other	30,681,733	7.4
Investment in Limited Partnership	111,656	0.0
Investment in Limited Liability Companies	16,976,056	4.1
Total	$ 417,433,051	100.0

	2021	
	Fair Value	Percent
Common Stock	$ 140,371,993	28.2 %
Mutual Funds	175,589,394	34.3
Corporate Bonds	112,129,066	20.0
U.S. Government Obligations	26,086,385	11.8
Hedge Funds or Other	31,083,214	5.2
Investment in Limited Partnership	162,604	-
Investment in Limited Liability Companies	2,279,291	0.5
Total	$ 487,701,947	100.0

Investments are carried at fair value or cost in accordance with accounting principles generally accepted in the United States of America.

Investment in Limited Partnership

The investment in limited partnership consists of a single partnership that holds assets comprised of marketable debt and equity securities valued based on unadjusted quoted market prices within active markets. The Foundation’s prorata share of these underlying marketable securities consists of the following at December 31:

	Fair Value	
	2022	2021
Equity Holdings	$ 64,182	$ 112,287
Fixed Income Securities	47,474	50,317
Total	$ 111,656	$ 162,604

The limited partnership also holds cash and cash equivalents totaling $6,522 and $7,841 as of December 31, 2022 and 2021, respectively, and is included within the Foundation’s total cash and cash equivalents as reported on the combined statements of financial position.

NOTE 2 INVESTMENTS (CONTINUED)

Investment in Private Companies

As of December 31, 2022 and 2021, the Foundation had five and four separate equity interests in limited liability companies with a total value of $16,976,056 and $2,279,291, respectively. The value of the equity interests was derived from independent appraisals, subsequent sales values, original carrying cost, or company financial statements.

Private Investment Funds

Included under investments above are investments in various private investments, whose aggregate carrying values at December 31, 2022 and 2021 totaled $30,681,733 and $31,083,214, respectively. These investments provide the means for the fund manager to, for example, take both long and short positions, use arbitrage, buy and sell undervalued securities, trade options or bonds, and engage in other investment activities for the purpose of reducing volatility and risk while attempting to preserve capital and provide positive investment returns under all market conditions. At December 31, 2022 and 2021, the Foundation's holdings in hedge funds total approximately 7.4% and 6.4%, respectively, of the total carrying value of all investments.

NOTE 3 UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are expected to be collected in the following period at December 31:

	2022	2021
Pledges Due in Less Than One Year	$ 22,000	$ 71,900
Total Pledges	22,000	71,900
Allowance for Uncollectible Pledges	-	(22,387)
Discount to Record Promises to Give at Present Value	-	-
Total	$ 22,000	$ 49,513

A discount rate of 2% was used to record unconditional promises to give at the present value of the future cash flows at December 31, 2022 and 2021.

NOTE 4 CONTRIBUTIONS RECEIVABLE – CHARITABLE LEAD TRUSTS

The following is a schedule of the gross minimum payments to be received from charitable lead trusts at December 31, 2022:

Year Ending December 31,	Amount
2023	$ 81,075
2024	31,075
2025	31,075
2026	31,075
2027	31,075
Thereafter	93,225
Total	298,600
Discount to Record Charitable Lead Trusts at Present Value	(35,895)
Total	$ 262,705

Discount rates ranging from 3.25% to 5.75% were used to record contributions receivable under charitable lead trusts at the present value of the future cash flows at December 31, 2022 and 2021.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2022	2021
Leasehold Improvements	$ 1,370,444	$ 1,370,444
Computers	561,691	545,139
Office Furniture and Equipment	225,839	223,164
Total	2,157,974	2,138,747
Less: Accumulated Depreciation	(1,061,722)	(943,259)
Total	$ 1,096,252	$ 1,195,488

NOTE 6 GRANTS PAYABLE

Grants payable by fund are as follows at December 31:

	2022	2021
Discretionary	$ 10,000	$ 50,000
Designated	2,777,780	-
Donor Advised	14,270,375	11,507,774
Supporting Organization	965,000	1,280,000
Field of Interest	4,042,295	5,992,450
Total Grants Payable	$ 22,065,450	$ 18,830,224

NOTE 6 GRANTS PAYABLE (CONTINUED)

Grants authorized but unpaid at year-end are reported as liabilities. Management has evaluated grants payable and determined that recording a discount for grants to be paid in more than one year would be immaterial to the financial statements as a whole. The following is a summary of grants authorized and payable at December 31, 2022:

Year Ending December 31,	Amount
2023	$ 8,542,429
2024	5,738,106
2025	4,018,771
2026	2,263,257
2027	1,498,138
Thereafter	4,749
Total	$ 22,065,450

NOTE 7 FAIR VALUE MEASUREMENT AND NET ASSET VALUE

The Foundation uses fair value measurement to record fair value adjustments to certain financial assets and financial liabilities that are measured on a recurring basis. The fair values of significant financial assets and liabilities that are measured on a recurring basis at December 31, 2022 are as follows:

	Total at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Common Stock	$ 99,364,097	$ 99,364,097	$ -	$ -
Mutual Funds	157,726,107	157,726,107	-	-
Corporate Bonds	99,924,082	99,924,082	-	-
U.S. Government Obligations	12,649,320	12,649,320	-	-
Hedge Funds	8,689,745	8,689,745	-	-
Investment in Limited Partnership	111,656	-	111,656	-
Investment in Limited Liability Companies	610,965	-	-	610,965
Total	379,075,972	$ 378,353,351	$ 111,656	$ 610,965
Investments Held at Net Asset Value or its Equivalent	21,381,023			
Closely Held Shares Held at Cost	16,976,056			
Total Investments	$ 417,433,051			
Contributions Receivable - Charitable Lead Trusts	$ 262,705	$ -	$ 262,705	$ -
Gift Annuity Obligations	$ (260,978)	$ -	$ (260,978)	$ -

NOTE 7 FAIR VALUE MEASUREMENT AND NET ASSET VALUE (CONTINUED)

The fair values of significant financial assets and liabilities that are measured on a recurring basis at December 31, 2021 are as follows:

	Total at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Common Stock	$ 140,371,993	$ 140,371,993	$ -	$ -
Mutual Funds	175,589,394	175,589,394	-	-
Corporate Bonds	112,129,066	112,129,066	-	-
U.S. Government Obligations	26,086,385	26,086,385	-	-
Hedge Funds	9,247,267	9,247,267	-	-
Investment in Limited Partnership	162,604	-	162,604	-
Investment in Limited Liability Companies	547,180	-	-	547,180
Total	464,133,889	$ 463,424,105	$ 162,604	$ 547,180
Investments Held at Net Asset Value or its Equivalent	21,835,947			
Closely Held Shares Held at Cost	1,732,111			
Total Investments	$ 487,701,947			
Contributions Receivable - Charitable Lead Trusts	$ 330,618	$ -	$ 330,618	$ -
Gift Annuity Obligations	$ (365,953)	$ -	$ (365,953)	$ -

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and financial liabilities valued using Level 2 inputs are based on inputs other than quoted prices (interest rates) that are observable for the financial asset or liability. Financial assets valued using Level 3 inputs are based on unobservable inputs for the asset or liability used to measure fair value that rely on the reporting entity's own assumptions based on the best information available under the circumstances. Inputs under fair value measurement guidance refer broadly to the assumptions that market participants would use in pricing the asset or liability.

The amount of total gains (losses) for the period is included in changes in net assets within the combined statements of activities. All assets have been valued using a market approach. There have been no changes in valuation approaches or techniques.

NOTE 7 FAIR VALUE MEASUREMENT AND NET ASSET VALUE (CONTINUED)

Investments using Level 3 inputs are as follows:

	Investments in LLCs
December 31, 2020	$ 543,741
Total Gains	12,779
Purchases/Contributions	1,144
Sales	(10,484)
December 31, 2021	547,180
Total Gains	63,785
December 31, 2022	$ 610,965

Investments in certain entities that calculate net asset value per share (or its equivalent) as of December 31, 2022 and 2021, that have limits as to redemption frequency or notification period are as follows:

	2022 Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge Funds	$ 16,410,957	None	At the Fund's Discretion	n/a
Social Impact Investment	$ 4,970,066	$ 624,160	Illiquid	n/a

	2021 Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Hedge Funds	$ 81,360	None	In Liquidation as Available	In Liquidation
Hedge Funds	$ 16,701,096	None	At the Fund's Discretion	n/a
Social Impact Investment	$ 5,053,491	$ 624,160	Illiquid	n/a

NOTE 7 FAIR VALUE MEASUREMENT AND NET ASSET VALUE (CONTINUED)

Fair value measurement policy includes:

Common stock and mutual funds are invested in domestic and international companies. These assets provide full disclosure of the underlying holdings and are valued using fair value methods that have quoted values observable on a daily basis.

Corporate bonds and U.S. government bonds are valued daily using fair value market methods and are observable daily. These assets provide full disclosure of the underlying holdings whereby the Foundation is able to verify its account balances daily if necessary.

Hedge funds are invested in a diverse portfolio of long/short funds, event-driven funds, turnaround situation funds, and other strategies. These are valued utilizing observable fair market methods available on a daily basis along with unobservable inputs used to determine the fair value, in which case the valuation used is the most current data available estimated at our fiscal year-end or may be based on their net asset value.

Investment in limited partnership consists of investments in domestic and international companies, as well as corporate and government bond funds. These assets provide full disclosure of the underlying holdings and are valued using fair value methods that have quoted values observable on a daily basis.

Social impact investments consist of investments in funds whose strategy is to provide a financial return and generate a measurable, beneficial social impact. The assets are valued using pricing inputs that are unobservable and reflect the reporting entity's own assumptions.

Closely held shares are assets consisting of closely held private interests. These assets are valued using pricing inputs that are unobservable and reflect the reporting entity's own assumptions. The assets are valued at December 31, 2022 and 2021, using independent appraisals, subsequent sales values, original carrying cost, or company financial statements.

NOTE 8 NET ASSETS

Net assets with donor restriction are available for the following purpose at December 31:

	2022	2020
Charitable Lead Trust - Timing Restriction	$ 262,705	$ 330,618

Net assets were released from donor-imposed restrictions as follows for the years ended December 31:

	2022	2021
With Donor Restriction:		
Charitable Lead Trust - Timing Restriction	$ 81,075	$ 81,075

NOTE 9 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 sheet date, comprise the following:

	2022	2021
Cash and Cash Equivalents	$ 51,348,014	$ 64,318,593
U.S. Treasury Bills	48,459	18,962,256
Short-Term Investments	417,384,592	468,739,691
Accounts Receivable and Other Assets	127,744	201,937
Total	$ 468,908,809	$ 552,222,477

The assets above include $314,134,797 and $371,640,797 in donor-advised funds as of December 31, 2022 and 2021, respectively. The Foundation generally uses these assets for grant making based on donor recommendations.

Endowment funds consist of board-designated endowments. As described in Note 10, the Foundation's board-designated endowments are subject to an annual spending rate. For the year ended December 31, 2022, this rate was 4.00% and $3,224,878 of appropriation from the board-designated endowments was available for the March 2023 annual distributions. For the year ended December 31, 2021, the rate was also 4.00% and $3,150,159 of appropriation from the board-designated endowments was available for the March 2022 annual distributions. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated per the board's annual spending rate approval), because of the variance power held by the board, these amounts could be made available if necessary, so are included in the liquidity above.

As part the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Foundation invests cash in excess of daily requirements in short-term investments and money market funds.

NOTE 10 ENDOWMENT NET ASSETS

The endowment consists of individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As stated in Note 1, under the Foundation's gift instrument agreements, the board of directors has the authority to remove a donor restriction, thus at December 31, 2022 and 2021, endowment net assets consist of only funds designated by the board of directors to function as endowments.

NOTE 10 ENDOWMENT NET ASSETS (CONTINUED)

Return Objectives and Risk Parameters

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 designated that the organization holds in perpetuity or for a specified time period(s). Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results, over time, to outperform a weighted, blended market index, based on the target allocations established for the portfolio after adjusting for an estimated rate of inflation and net of investment management and custody fees while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term, rate-of-return objectives, the endowment 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 endowment targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of establishing its spending policy annually. A spending policy rate of 4.0% was established for the years ended December 31, 2022, and 2021. The spending policy rate of 4.0% was based on a 16-quarter trailing average. In establishing this policy, the endowment considered the long-term expected return on its endowment. This is consistent with the organization'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.

Endowment net asset composition by type of net asset at December 31:

	2022	2021
Net Assets Without Donor Restriction - Board-Designated Endowment Funds	$ 107,051,081	$ 128,941,094

NOTE 10 ENDOWMENT NET ASSETS (CONTINUED)

Changes in the board designated endowment net assets without donor restriction for the years ended December 31:

	2022	2021
Endowment Net Assets - Beginning of Period	$ 128,941,094	$ 90,723,672
Investment Return (Loss):		
Investment Income/Realized/Unrealized Gains	(20,507,405)	18,242,314
Net Transfers	2,850,347	23,782,464
Total Investment Return (Loss)	(17,657,058)	42,024,778
Other Revenue	1,019	129,966
Contributions	1,501,165	1,571,783
Expenses:		
Charitable Grants, Fees and Administrative Expenses	5,735,139	5,509,105
Total Expenses	5,735,139	5,509,105
Endowment Net Assets - End of Period	$ 107,051,081	$ 128,941,094

NOTE 11 RETIREMENT PLAN

The Foundation maintains a tax-qualified 403(b) deferred compensation plan. Under this plan, employees may elect to defer a percentage of their salary subject to IRS limits. After one year of service, the Foundation will contribute on behalf of the employee 2.5% of the employee’s salary plus matching contributions equal to the employee’s contributions to the 403(b) plan up to 4% of the employees’ compensation. The Foundation’s expense for the 403(b) plan totaled $173,406, and $162,118, for the years ended December 31, 2022 and 2021, respectively.

NOTE 12 FUNCTIONAL EXPENSES

The following is a detail of expenses by functional classification for the year ended December 31, 2022:

	Program Services	Supporting Services			
	Program Services	Management and General	Fund Raising - Operations	Total Support Services	Total Expenses
Salaries and Related Expenses	$ 3,134,264	$ 553,104	$ -	$ 553,104	$ 3,687,368
Salaries for Fiscal Sponsorships	181,897	32,100	-	32,100	213,997
Grants and Project Expenses	97,326,303	-	-	-	97,326,303
Legal and Accounting	27,104	75,329	-	75,329	102,433
Miscellaneous	6,148	-	-	-	6,148
Fundraising	-	-	9,912	9,912	9,912
Office Supplies	5,904	311	-	311	6,215
Data Processing	140,560	25,100	1,673	26,773	167,333
Professional Services	198,753	35,492	2,366	37,858	236,611
Advertising and Marketing	216,038	38,578	2,572	41,150	257,188
Occupancy	54,571	9,745	650	10,395	64,966
Other	649,132	115,916	7,728	123,644	772,776
Business Taxes and Fees	36,951	-	-	-	36,951
Rent	13,076	-	-	-	13,076
Depreciation and Amortization	99,509	17,770	1,185	18,955	118,464
Total Expenses	$ 102,090,210	$ 903,445	$ 26,086	$ 929,531	$ 103,019,741

The following is a detail of expenses by functional classification for the year ended December 31, 2021:

	Program Services	Supporting Services			
	Program Services	Management and General	Fund Raising - Operations	Total Support Services	Total Expenses
Salaries and Related Expenses	$ 2,892,515	$ 510,444	$ -	$ 510,444	$ 3,402,959
Salaries for Fiscal Sponsorships	151,500	26,735	-	26,735	178,235
Grants and Project Expenses	103,382,272		-	-	103,382,272
Legal and Accounting	23,258	75,413	-	75,413	98,671
Miscellaneous	20,300	3,626	242	3,868	24,168
Fundraising	-		8,458	8,458	8,458
Office Supplies	3,675	193	-	193	3,868
Data Processing	157,892	28,195	1,880	30,075	187,967
Professional Services	33,267	5,941	396	6,337	39,604
Advertising and Marketing	24,660	33,516	165,266	198,782	223,442
Occupancy	59,623	10,647	710	11,357	70,980
Other	454,744	81,204	5,414	86,618	541,362
Business Taxes and Fees	603	-	-	-	603
Rent	9,933	-	-	-	9,933
Depreciation and Amortization	96,081	17,157	1,144	18,301	114,382
Total Expenses	$ 107,310,323	$ 793,071	$ 183,510	$ 976,581	$ 108,286,904

NOTE 13 LEASE COMMITMENTS

In 2016, the Foundation entered into a new lease agreement for its new principal office space. The duration of the lease is 25 years with a 10-year renewal option and is rent-free. The lease included a stipulation that building improvements outlined in the construction contract be partially paid by the Foundation, with the remainder being paid by the landlord. At December 31, 2022 and 2021, these building improvements related to the lease totaled approximately $1,633,000 of which approximately $1,266,000 was paid for by the Foundation. Building improvements and general upkeep of the building is maintained by the Foundation and provides a reasonable estimate of conditions required on a lease with specific rent requirements, accordingly, the estimated in-kind rent expense or in-kind receivable is deemed immaterial.

The Foundation elected to apply the provisions of the FASB Accounting Standards Codification (ASC) 842 to the beginning of the period of adoption but no material right-of-use asset or liability existed as of December 31, 2021. Additionally, no right-of-use asset or lease liability was recorded in 2022 due to immateriality to the financial statements. The Foundation leases a copier and fax machine under an operating lease which expires in May 2023. The expense associated with this lease totaled $9,610 and $9,112 for the years ended December 31, 2022 and 2021, respectively.

NOTE 14 INCOME TAXES

The Foundation has adopted ASC 740-10, *Income Taxes*, as it relates to uncertain tax positions and has evaluated their tax positions taken for all open tax years. The Foundation is not currently under audit nor has the Foundation been contacted by the IRS.

Based on the evaluation of the Foundation’s tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded at December 31, 2022 and 2021.

NOTE 15 SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 25, 2023, that date that the financial statements were available for issue.