AUSTIN COMMUNITY FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

As of and for the Years Ended December 31, 2021 and 2020

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Board of Governors
Austin Community Foundation
Austin, Texas

Opinion

We have audited the accompanying consolidated financial statements of Austin Community Foundation (the "Foundation") which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the* Consolidated *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 audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 7 to the consolidated financial statements, the consolidated financial statements include Level 3 assets and additional assets valued using the net asset value as a practical expedient which totaled $50,434,767 (12% of total assets) and $42,069,433 (12% of total assets) as of December 31, 2021 and 2020, respectively, whose fair values have been estimated by management using assumptions or inputs that are supported by limited market activity in the absence of readily determinable fair values. Our opinion is not modified with respect to this matter.

Responsibility of Management for the Consolidated Financial Statements

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

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.
- Conclude whether, in our judgment, 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 controls related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating schedule of financial position information and consolidating schedule of activities and changes in net assets information on pages 25 and 26 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Cherry Bekaert LLP

Austin, Texas
August 24, 2022

AUSTIN COMMUNITY FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents (Note 3)	$ 46,766,558	$ 27,558,979
Certificates of deposit	3,557,489	5,031,700
Programmatic loans and investments (Note 4)	7,487,756	8,848,826
Investments, at Fair Value:		
Marketable securities (Note 5)	327,110,955	270,995,265
Real estate and other investments (Note 6)	3,869,905	5,664,744
Hedge funds and private equity (Note 7)	44,853,813	34,740,367
Split-interest agreements (Note 7)	1,711,049	1,664,322
Accounts receivable	404,738	74,782
Property and equipment, net (Note 10)	74,513	47,927
Other assets	501,034	141,533
Total Assets	$ 436,337,810	$ 354,768,445
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts and grants payable	$ 2,044,489	$ 1,568,471
Notes payable (Note 8)	4,825,469	5,027,439
Charitable remainder trusts and gift annuities	1,456,505	1,361,403
Funds held for others - agency	50,184,523	31,406,391
Total Liabilities	58,510,986	39,363,704
Net Assets:		
Without Donor Restrictions:		
Board designated (Note 11)	6,044,592	5,316,049
Undesignated	333,888,810	276,706,590
	339,933,402	282,022,639
With Donor Restrictions	37,893,422	33,382,102
Total Net Assets	377,826,824	315,404,741
Total Liabilities and Net Assets	$ 436,337,810	$ 354,768,445

The accompanying notes to the consolidated financial statements are an integral part of these statements.

AUSTIN COMMUNITY FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support:			
Contributions	$ 81,297,541	$ -	$ 81,297,541
Less contributions to agency funds	(15,161,497)	-	(15,161,497)
Net Contributions	66,136,044	-	66,136,044
Net investment return	39,020,052	6,279,962	45,300,014
Paycheck Protection Program grant	327,362	-	327,362
Other income, net	136,251	-	136,251
Net assets released from restrictions	1,768,642	(1,768,642)	-
Total Revenues and Support	107,388,351	4,511,320	111,899,671
Expenses:			
Program Services:			
Community grant funding	41,211,459	-	41,211,459
Less grants from agency funds	(1,539,677)	-	(1,539,677)
Net Community Grant Funding	39,671,782	-	39,671,782
Program expense	9,027,073	-	9,027,073
Total Program Services	48,698,855	-	48,698,855
Supporting Services:			
Management and general	643,225	-	643,225
Fundraising and development	135,508	-	135,508
Total Supporting Services	778,733	-	778,733
Total Expenses	49,477,588	-	49,477,588
Change in net assets	57,910,763	4,511,320	62,422,083
Net assets, beginning of year	282,022,639	33,382,102	315,404,741
Net assets, end of year	$ 339,933,402	$ 37,893,422	$ 377,826,824

AUSTIN COMMUNITY FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support:			
Contributions	$ 71,059,212	$ 25	$ 71,059,237
Less contributions to agency funds	(4,740,498)	-	(4,740,498)
Net Contributions	66,318,714	25	66,318,739
Net investment return	22,639,035	3,913,468	26,552,503
Other income, net	202,329	-	202,329
Net assets released from restrictions	2,221,471	(2,221,471)	-
Total Revenues and Support	91,381,549	1,692,022	93,073,571
Expenses:			
Program Services:			
Community grant funding	38,780,130	-	38,780,130
Less grants from agency funds	(495,781)	-	(495,781)
Net Community Grant Funding	38,284,349	-	38,284,349
Program expense	15,478,028	-	15,478,028
Total Program Services	53,762,377	-	53,762,377
Supporting Services:			
Management and general	1,207,915	-	1,207,915
Fundraising and development	724,160	-	724,160
Total Supporting Services	1,932,075	-	1,932,075
Total Expenses	55,694,452	-	55,694,452
Change in net assets	35,687,097	1,692,022	37,379,119
Net assets, beginning of year	246,335,542	31,690,080	278,025,622
Net assets, end of year	$ 282,022,639	$ 33,382,102	$ 315,404,741

The accompanying notes to the consolidated financial statements are an integral part of these statements.

AUSTIN COMMUNITY FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Grant Funding	Program Expense	Management and General	Fundraising and Development	Total
Grants	$ 39,671,782	$ -	$ -	$ -	$ 39,671,782
Program expense	-	3,220,074	-	-	3,220,074
Professional fees	-	65,904	159,224	-	225,128
Building rent	-	139,238	19,819	8,902	167,959
Credit card processing	-	82,567	-	1,685	84,252
Personnel	-	1,769,570	251,881	113,133	2,134,584
Depreciation and amortization	-	23,770	176,585	1,520	201,875
Technology and equipment	-	113,786	16,196	7,275	137,257
Public awareness	-	69,773	11,600	-	81,373
Development	-	11,021	1,569	704	13,294
Other expenses	-	91,983	6,351	2,289	100,623
Disposition of supporting organizations	-	3,439,387	-	-	3,439,387
Total Expenses	$ 39,671,782	$ 9,027,073	$ 643,225	$ 135,508	$ 49,477,588

The accompanying notes to the consolidated financial statements are an integral part of these statements.

AUSTIN COMMUNITY FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Grant Funding	Program Expense	Management and General	Fundraising and Development	Total
Grants	$ 38,284,349	$ -	$ -	$ -	$ 38,284,349
Program expense	-	11,537,690	-	-	11,537,690
Professional fees	-	57,896	137,080	-	194,976
Building rent	-	134,321	19,397	7,920	161,638
Credit card processing	-	96,860	-	1,598	98,458
Personnel	-	3,280,760	864,379	702,625	4,847,764
Depreciation and amortization	-	16,315	157,491	962	174,768
Technology and equipment	-	167,841	14,919	3,731	186,491
Public awareness	-	50,790	8,444	-	59,234
Development	-	18,640	2,692	1,099	22,431
Other expenses	-	116,915	3,513	6,225	126,653
Total Expenses	$ 38,284,349	$ 15,478,028	$ 1,207,915	$ 724,160	$ 55,694,452

The accompanying notes to the consolidated financial statements are an integral part of these statements.

AUSTIN COMMUNITY FOUNDATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 62,422,083	$ 37,379,119
Adjustments to reconcile change in net assets to net cash flows from operations:		
Depreciation	28,674	19,633
Amortization of oil and gas leaseholds	173,202	155,135
Noncash contributions received	(16,796,681)	(22,631,411)
Appreciation on investments	(32,412,776)	(25,395,442)
Change in operating assets and liabilities:		
Accounts receivable	(329,956)	409,287
Other assets	(359,501)	53,990
Accounts payable and grants payable	476,018	(1,486,623)
Charitable remainder trusts and gift annuities	95,102	113,589
Funds held for others - agency	18,778,132	7,734,666
Net cash flows from operating activities	32,074,297	(3,648,057)
Cash flows from investing activities:		
Purchase of fixed assets	(55,260)	(7,630)
Purchase of investments	(78,735,696)	(76,395,599)
Proceeds from sale of investments	66,126,208	71,463,991
Net cash flows from investing activities	(12,664,748)	(4,939,238)
Cash flows from financing activities		
Proceeds from notes payable	-	4,938,000
Payments on notes payable	(201,970)	(23,319)
Net cash flows from financing activities	(201,970)	4,914,681
Net change in cash and cash equivalents	19,207,579	(3,672,614)
Cash and cash equivalents at beginning of year	27,558,979	31,231,593
Cash and cash equivalents at end of year	$ 46,766,558	$ 27,558,979
Supplemental disclosure:		
Noncash contributions received	$ 16,796,681	$ 22,631,411

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Note 1—Organization and summary of significant accounting policies

Organization

Austin Community Foundation (the "Foundation") is a Texas not-for-profit corporation chartered in 1977, whose primary mission is to receive gifts, bequests, and donations to be administered in charitable, scientific, literary, educational, social, and public welfare activities for the benefit of Central Texas. The Austin Community Foundation is exempt from federal income tax under the Internal Revenue Code ("IRC") Section 501(c)(3) for income related to its exempt purpose and is classified by the Internal Revenue Service ("IRS") as an organization other than a private foundation.

Austin Community Foundation manages approximately 1,300 charitable funds, established by individual donors, corporations, and not-for-profit agencies, and invests some funds for growth so they can flow back into the community to support a wide range of charitable efforts, including grants and scholarships. Austin Community Foundation's grants, whether from specific charitable funds or from its discretionary funds, support health, human services, arts and culture, the environment, community development and community service, education and training, recreation, and animal-related services. Austin Community Foundation has a spectrum of fund types to help donors meet their philanthropic goals and provides leadership around community issues.

ACF Associates, LLC was formed in July 2008 as a limited liability company subsidiary with Austin Community Foundation being the sole member, to hold certain investments.

ACF Bright Leaf Preserve (a not-for-profit corporation) was formed in October 1991 under the original name "Charitable Holdings", as a support organization to hold title to the 216-acre Bright Leaf Preserve. On July 13, 2021, a state of Texas Probate Court approved the gift of the Bright Leaf Preserve from the Foundation's support organization, ACF Bright Leaf Preserve, to the city of Austin to be operated under the Wildlands Conservation Division of Austin Water and its Balcones Canyonlands Preserve Program. The transaction was completed on August 17, 2021.

Charitable Holdings II (a not-for-profit corporation) was formed in December 2010 as a support organization to receive real property donations.

CH II Charitable Properties, LLC was formed in December 2013 as a limited liability company subsidiary with Charitable Holdings II being the sole member to receive real property donations.

Schweitzer Family Foundation was formed in April 2001 as a support organization to further the charitable mission of the Austin Community Foundation. On December 31, 2021, the Schweitzer Family Foundation ceased to be a support organization of the Foundation and transitioned to support another Texas community foundation. The departure was accounted for as a disposition of a segment and the Foundation's net assets were reduced by $357,250.

Notley Fund (a not-for-profit corporation) was formed in September 2015 as a support organization to further the charitable mission of the Austin Community Foundation. On January 1, 2021, the Notley Fund ceased to be a support organization of the Foundation and was converted to a private operating foundation. The departure was accounted for as a disposition of a segment and the Foundation's net assets were reduced by $3,082,137. The disposition included the net assets of both the Notley Fund and its controlled public charity initiatives, Philanthropitch, Catalyst Games, HomeFront, and BEAM.

Texas Clinic Emergency Loan Fund LLC, TXCELF LLC was formed in July 2020 as a limited liability company subsidiary with Austin Community Foundation being the sole member to hold the assets and activities for a fiscally sponsored project to further the charitable mission of the Austin Community Foundation.

Austin Community Foundation Charitable Trust was formed in March 5, 2021 as a charitable trust in the state of Texas to receive certain donations of appreciated assets.

All activity within the subsidiaries, support organizations and initiatives have been consolidated in the accounts of the Austin Community Foundation.

Note 1—Organization and summary of significant accounting policies (continued)

Summary of Significant Accounting Policies

Basis of Presentation – The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

Consolidation – The consolidated financial statements include the accounts of Austin Community Foundation and its subsidiaries, ACF Associates, LLC and TXCELF LLC, Austin Community Foundation Charitable Trust, and its support organizations, Charitable Holdings II and its subsidiary CH II Charitable Properties, LLC; Schweitzer Family Foundation; ACF Bright Leaf Preserve; and Notley Fund and its initiatives (collectively, the "Foundation"). All intercompany transactions have been eliminated in combination.

Net Asset Classifications – In accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit Entities,* the Foundation is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

> *Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be used for any purpose or designated for specific purposes by the Foundation.
>
> *Net Assets With Donor Restrictions* – Net assets that are restricted by gift instruments as to use or period of time that do not acknowledge the Foundation's "variance power". This occurs mostly when funds are transferred in a donor's will/bequest without use of a fund agreement or where there is a specific legal contract such as in the case of charitable gift annuities and charitable trusts. When donor restrictions expire, either when a stipulated time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

The Board of Governors, with the advice of legal counsel, determines whether the Foundation's net assets meet the definition of endowments under the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). For those not meeting the requirements of a UPMIFA-defined endowment, the Foundation intends many of its funds to be permanent and manages them accordingly. Further references to "endowment", "endowment fund", or "endowed assets" in these notes relate to those intentions of the Foundation.

The board of the Foundation has interpreted UPMIFA as preserving the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor restrictions to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation is governed by its articles of incorporation and bylaws and further by its adopted investment policy as well as individual gift instruments and agreements. Although the Foundation's desire is to build endowed assets, the Foundation has variance power as stated in its articles of incorporation. Variance power is the ability to modify any restriction or condition on the distribution of assets, if circumstances warrant.

Note 1—Organization and summary of significant accounting policies (continued)

As a result of the ability to distribute corpus, all contributions not classified as net assets with donor restrictions are classified as net assets without donor restrictions for financial statement purposes.

Cash and Cash Equivalents – For purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash held in bank deposit accounts and short-term, highly-liquid investments with original maturities of 90 days or less.

Contributions – Contributions received (including unconditional promises to give) are recorded as revenues without donor restrictions in the period received unless their use is restricted by explicit donor stipulation or by law. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support within net assets without donor restrictions. Contributions received which are part of the Foundation's ongoing major or central activities are recognized as revenue. Conditional promises to give to the Foundation are recognized as the conditions upon which they depend are substantially met. Promises to give are recognized as revenue only if sufficient evidence exists in the form of verifiable documentation that a promise was made and received. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions in the reporting period in which the support is recognized. Donated assets are recorded at their estimated fair values at the date of receipt.

The Foundation reports contributions of land, buildings, and equipment as revenues without donor restrictions, unless explicit donor restrictions specify how the donated assets must be used. Gifts of assets with explicit restrictions that specify how the assets are to be used are accounted for as restricted support. The Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed Services – Donated services are recognized as contributions if the services (1) create or enhance non-financial assets, or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the years ended December 31, 2021 and 2020, the value of contributed services meeting the requirements for recognition in the consolidated financial statements was not material and no amounts have been recorded. Although individuals volunteer their time and perform a variety of tasks that assist the Foundation, these services do not meet the criteria for recognition as contributed services.

Property and Equipment – Furniture, equipment, software, and vehicles are capitalized at cost. Property and equipment is depreciated over estimated useful lives of three to five years using the straight-line method. Software licenses are amortized over the life of the contract or its useful life of the asset. Leasehold improvements are amortized over the lesser of the life of the lease or the useful life of the asset.

Income Taxes – The Foundation is exempt from federal income taxes under Section 501(c)(3) of the IRC. Unrelated business income, of which the Foundation had no significant amounts for the years ended December 31, 2021 and 2020, is subject to federal income taxes. Accordingly, there is no provision or liability for federal income taxes in the accompanying consolidated financial statements. The Foundation recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the taxing authorities, based on the technical merits of the positions. As of December 31, 2021, there were no uncertain tax positions taken on significant estimates. The tax benefits recognized in the consolidated financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The Foundation files informational returns in the U.S. federal jurisdiction. With few exceptions, the Foundation is no longer subject to U.S. federal tax examinations by tax authorities for the three previous tax years for which filings have been made.

Note 1—Organization and summary of significant accounting policies (continued)

Use of Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Functional Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain expenses are allocated between functional categories based on management's estimates. Expenses relating to more than one function are allocated to grant funding, program expense, management and general, and fundraising and development costs based on employee time estimates. Allocations to grant funding and program services are for activities that result in services being distributed to beneficiaries, donors, or others that fulfill the mission of the Foundation. Allocations to management and general expenses include accounting, general management and oversight, audit, budgeting, human resources, legal, and admin support of the Board of Directors. Allocations for fundraising are primarily for fundraising activities for operations. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide overall support and direction of the Foundation.

Charitable Remainder Trusts, Charitable Lead Trusts, and Charitable Gift Annuities – The Foundation has entered into irrevocable agreements with donors whereby, in exchange for the gift from the donor, the Foundation is obligated to provide annual distributions to a designated beneficiary.

A charitable remainder unitrust pays a fixed percentage of the net fair value of the trust's assets value at least annually. A charitable remainder annuity trust pays a fixed dollar amount that will not vary from year to year. Each trust is a separate legal entity. At the end of the trust term, the remainder interest is paid to the beneficiary. The portion of the trust attributable to the future interest of the Foundation is recorded in the consolidated statements of activities as contributions with donor restrictions in the period the trust is established. Assets held in the charitable remainder trust are recorded at fair value, which is based on the present value of the future distributions expected to be received over the term of the agreements, in the Foundation's consolidated statements of financial position. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using discount rates provided by the IRS and applicable mortality tables.

The Foundation is the beneficiary of a charitable remainder trust administered by a third party trustee with a fair value of $150,309 and $146,715 as of December 31, 2021 and 2020, respectively. The Foundation serves as the trustee for a charitable remainder unitrust but is not the charitable beneficiary. A liability has been established for this beneficiary and this obligation totaled $583,125 and $521,510 as of December 31, 2021 and 2020, respectively. The Foundation serves as the trustee and is the beneficiary of a charitable remainder annuity trust with a fair value of $137,244 and $158,132 as of December 31, 2021 and 2020, respectively. The Foundation received noticed in 2021 that it is the beneficiary of an additional charitable remainder trust administered by a third party trustee with a fair value of $355,617 as of December 31, 2021.

A charitable lead annuity trust pays a set dollar amount to a charity for the term of the trust. At the end of the trust term, the remaining trust assets are paid to the beneficiary recipients. When the Foundation is the lead beneficiary and not the trustee, its interest in the trust assets and specified future distributions is recorded as a beneficial interest in split-interest agreements. Assets are initially recorded as contributions at the present value of the projected, future cash flows using actuarial assumptions and discount rates based on market conditions in effect when the trusts were established. The Foundation is the lead beneficiary of a charitable lead trust administered by a third party trustee with a fair value of $1,205,124 and $1,517,607 as of December 31, 2021 and 2020, respectively. The Foundation serves as a trustee for a charitable lead annuity trust and is the lead beneficiary. A liability has been established for these beneficiaries and these obligations totaled $575,401 and $514,090 as of December 31, 2021 and 2020, respectively.

Note 1—Organization and summary of significant accounting policies (continued)

A charitable gift annuity pays a fixed dollar amount for the life of the beneficiary. The assets gifted by the donor become the assets of the Foundation at the time of the gift. Unlike the charitable remainder trusts, the annuities are private contracts between the charity and the donor. The assets received from the donor are recorded at fair value. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The Foundation has recorded a liability of $160,736 and $167,671 as of December 31, 2021 and 2020, respectively, which represents the estimated present value of the future annuity obligations. The liability has been determined using discount rates as provided by the IRS and applicable mortality tables.

Funds Held for Others - Agency – The Foundation accepts contributions from various donors, including not-for-profit organizations. If a not-for-profit organization establishes with its own funds a fund at the Foundation for its own benefit, even though variance power is explicitly stated in the gift instrument, the transfer of assets to the Foundation is not contribution revenue and is accounted for as a liability. The Foundation reports the funds as an asset; however, it is required by FASB ASC Topic 985-605 (formerly FASB 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raised or Holds Contributions for Others*) to establish a liability for the fair value, representing the present value of the future payments expected to be made to the not-for-profit organization. The liability is reflected under funds held for others on the accompanying consolidated statements of financial position. In addition, related amounts received and distributed are presented separately in the accompanying consolidated statements of activities.

Grants Payable – The Foundation recognizes grants payable at the time the Foundation has an unconditional obligation to transfer promised assets in the future. If payments of the unconditional promise to give are to be made to a recipient over several fiscal periods and the recipient is subject only to routine performance requirements, the Foundation recognizes a liability and an expense for the entire amount payable.

Recent Accounting Pronouncement – In February 2016, FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. For non-public companies, the ASU is effective for years beginning after December 15, 2021. Early adoption is permitted. The Foundation is currently evaluating the impact of ASU 2016-02 on its consolidated financial statements.

Management's Review – The Foundation evaluates events that occur subsequent to the consolidated statement of financial position date of periodic reports, but before financial statements are issued for periods ending on such dates, for possible adjustment to such financial statements or other disclosure. This evaluation generally occurs through the date at which the Foundation's consolidated financial statements are available for issuance. For the consolidated financial statements for the year ended December 31, 2021, this date was August 24, 2022.

Note 2—Liquidity and availability of resources

As part of the Foundation's liquidity management, financial assets are structured to be available as 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 2—Liquidity and availability of resources (continued)

The following table reflects the Foundation's financial assets as of December 31, 2021 and 2020, reduced by amounts unavailable for grants and other expenses within one year. Financial assets are considered unavailable when they are illiquid, unable to be converted to cash within one year, include funds held for others, or are net asset with donor restrictions:

	2021	2020
Cash and cash equivalents	$ 46,766,558	$ 27,558,979
Certificates of deposit	3,557,489	5,031,700
Programmatic loans and investments	7,487,756	8,848,826
Investments, at fair value:		
Marketable securities	327,110,955	270,995,265
Real estate and other investments	3,869,905	5,664,744
Hedge funds and private equity	44,853,813	34,740,367
Split-interest agreements	1,711,049	1,664,322
Accounts receivable	404,738	74,782
Total financial assets	435,762,263	354,578,985
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(37,893,422)	(33,382,102)
Funds held for others	(50,184,523)	(31,406,391)
Certificates of deposit maturing beyond one year	(2,057,489)	(1,500,000)
Programmatic loans and investments	(6,809,256)	(8,064,326)
Limited marketable investments	(48,723,718)	(40,405,111)
Split-interest agreements	(1,407,049)	(1,336,323)
Financial assets available to meet operating and grantmaking expenditures over the next 12 months	$ 288,686,806	$ 238,484,732

Programmatic loans and investments not available to be used within one year were reduced in 2021 by five loans totaling $678,500 due within one year and were reduced in 2020 by five notes totaling $784,500 that matured in 2021. Hedge funds, private equity, real estate, and other investments are considered to be limited marketable investments given the existence of lock up terms, specified withdrawal periods, and less liquid markets

The Foundation believes the financial assets available to meet operating and grantmaking expenditures is sufficient capital to fund the anticipated growth of the Foundation over the next 12 months as well as any unanticipated contingencies and losses.

Note 3—Cash and cash equivalents

Cash and cash equivalents consisted of the following as of December 31:

	2021	2020
Cash	$ 26,386,004	$ 13,738,846
Money market funds	20,380,554	13,820,133
	$ 46,766,558	$ 27,558,979

Note 4—Programmatic loans and investments

The Foundation has made programmatic loans and equity investments for the purpose of the Foundation's mission. The Foundation also partners with donors to make investments. The Foundation records program-related investments at cost when the investments are made. These investments are evaluated for changes to their fair value based on relevant financial information and adjusted, if appropriate. Interest on loan receivables is generally charged at below market rates. Maturities of loans receivable held at December 31, 2021 are at dates ranging from 2022 to 2026, or upon the occurrence of certain events. Management has reviewed the collectability of the notes receivable and equity investments and has determined an allowance for impairment is not necessary as of December 31, 2021 or 2020. The Foundation had programmatic loans and investments as of December 31, 2021 and 2020 totaling $7,487,756 and $8,848,826, respectively.

Note 5—Marketable securities

Marketable securities are stated at fair value based on quoted market prices and consisted of the following as of December 31:

	2021	2020
U.S. government securities	$ 10,091,579	$ 10,460,172
Fixed income securities	4,969,091	5,487,954
Equity securities	312,050,285	255,047,139
	$ 327,110,955	$ 270,995,265

Note 6—Real estate investments and other investments

Real estate and other investments consisted of the following as of December 31:

	2021	2020
Land	$ 3,015,750	$ 4,637,387
Oil and gas leasehold	854,155	1,027,357
	$ 3,869,905	$ 5,664,744

Effective September 1, 2006, Charitable Holdings (now ACF Bright Leaf Preserve) received the ownership interest in approximately 216 acres of land. The 216 acres is required to be maintained as a wildlife park and nature preserve under the donor's will and the deed from the Texas Parks and Wildlife Department and cannot be sold by ACF Bright Leaf Preserve. Under the court order allowing the Texas Parks and Wildlife Department to convey the property to ACF Bright Leaf Preserve, the Foundation has the responsibility to manage access and programs and maintain the property in accordance with the terms of the will and the deed.

In a judgment issued July 13, 2021, a state of Texas Probate Court approved the gift of the Bright Leaf Preserve from the Foundation's support organization ACF Bright Leaf Preserve to the city of Austin to be operated under the Wildlands Conversation Division of Austin Water and its Balcones Canyonlands Preserve Program. The transaction was completed on August 17, 2021, resulting in the transfer of land totaling $209,762.

Note 7—Fair value of financial instruments

The estimated fair value amounts of the Foundation's financial instruments have been determined by the Foundation, using the following methods and assumptions for each class of financial instruments:

- The carrying amount of cash equivalents approximates fair value because of the short-term nature and liquidity of the consolidated financial instrument.
- Fixed income securities are based on the present value of the stream of cash flows it is expected to generate, and the active market of similar bonds being traded in the marketplace.
- Publicly-traded equities and other similar instruments are valued at the closing price on the last business day of the year.
- Fair value of beneficial interest in a charitable remainder trust is calculated by determining the present value of the estimated future cash flows.
- Fair value of the oil and gas royalties are estimated using the trailing 60 months of net revenue, an industry accepted valuation method.
- Fair value of hedge funds and private equity investments in the ACF pools are based on audited consolidated financial statements in compliance with U.S. GAAP.
- Fair value of business interests and privately held stock are calculated based on the underlying consolidated financial statements and other information relevant to their valuation.
- Programmatic loans and investments are valued based on the present value of the stream of cash flows it is expected to generate and the collectability of the loans and investments.
- Land is valued based on current appraisals or broker's opinions of value. Tax appraisal information is also used to corroborate valuations, where appropriate.
- Insurance policies are valued based on their cash surrender value.

However, considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Foundation could realize in a current market exchange. The use of different market assumptions and estimation methodologies may have a material effect on the estimated fair value amounts. The change in fair value between years along with realized gains or losses are reflected in the consolidated statements of revenues and expenses in the year of the change.

For investments that are remeasured at fair value on a recurring basis, the Foundation discloses the hierarchy of the valuation based on the inputs used to determine the valuation. Financial instruments are considered Level 1 when their values are determined using quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1, such as quoted prices for similar assets in active or inactive markets, inputs other than quoted prices that are observable for the asset, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques, and at least one significant model assumption or input is unobservable. Level 3 financial instruments also include those for which the determination of fair value requires significant management judgment or estimation.

The carrying amount of cash and cash equivalents, notes receivable, other assets, accounts and grants payable, and funds held for others approximated fair value at December 31, 2021 and 2020, because of their relatively short maturity and market terms.

Note 7—Fair value of financial instruments (continued)

The following tables represent the Foundation's fair value hierarchy for its investments measured at fair value on a recurring basis as of December 31, 2021 and 2020:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
December 31, 2021				
Marketable securities	$ 322,141,864	$ 4,969,091	$ -	$ 327,110,955
Real estate and other investments	-	-	3,869,905	3,869,905
Hedge funds and private equity *	-	-	-	44,853,813
Split-interest agreements	-	-	1,711,049	1,711,049
	$ 322,141,864	$ 4,969,091	$ 5,580,954	$ 377,545,722

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
December 31, 2020				
Marketable securities	$ 265,507,311	$ 5,487,954	$ -	$ 270,995,265
Real estate and other investments	-	-	5,664,744	5,664,744
Hedge funds and private equity *	-	-	-	34,740,367
Split-interest agreements	-	-	1,664,322	1,664,322
	$ 265,507,311	$ 5,487,954	$ 7,329,066	$ 313,064,698

* In accordance with ASC 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 these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The estimated fair values of Level 3 investments were determined by the Foundation as described above based on a number of factors, including the costs of investments to the Foundation as well as the current and projected operating performance. Changes in unrealized appreciation or depreciation of the investments are recognized as unrealized gains and losses in the consolidated statements of activities.

Note 7—Fair value of financial instruments (continued)

The changes in assets measured using significant unobservable inputs for the years ended December 31, 2021 and 2020 were:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Balance, December 31, 2019	$ 5,564,966
Gains or losses (realized/unrealized) included in changes in net assets	318,265
Purchases and contributions, net	1,600,970
Amortization of oil and gas leasehold	(155,135)
Balance, December 31, 2020	7,329,066
Gains or losses (realized/unrealized) included in changes in net assets	228,545
Purchases and contributions, net	355,617
Sale and transfer of investments	(2,159,072)
Amortization of oil and gas leasehold	(173,202)
Balance, December 31, 2021	$ 5,580,954

Hedge funds and private equity investments are recorded at fair value based on net asset value statements from the funds and consisted of the following at December 31:

	2021	2020
Hedge funds	$ 14,887,384	$ 15,657,910
Private equity funds	29,966,429	19,082,457
	$ 44,853,813	$ 34,740,367

The Foundation has commitments to fund private equity investments in the future totaling $3,349,195 and $3,505,708 at December 31, 2021 and 2020, respectively. Regarding the Foundation's investment in private entities, each entity will have its own redemption and notice restrictions. Royalties and bonuses received from oil and gas leaseholds totaled $186,239 and $173,584 at December 31, 2021 and 2020, respectively, and are included in other income, net on the consolidated statements of activities.

Note 8—Notes payable

On July 16, 2020, TXCELF LLC entered into a nonrecourse loan agreement with a health foundation, for the purpose of utilizing the loan funds to make and support secured loans to assist health clinics meet emergency community needs arising as result of the COVID-19 pandemic. The note bears interest at an adjustable annual rate of 0% to 3%. Quarterly principal and interest payments of $172,429 are due beginning July 2021, and will continue until the maturity date of September 30, 2023, at which point, all outstanding and unpaid principal and interest will be due. As of December 31, 2021, the outstanding balance due under the loan agreement was $4,717,100. Additionally, also include in notes payable are other nominal loan agreements totaling $227,439 and $108,369 for the years ended December 31, 2021 and 2020, respectively.

Note 8—Notes payable (continued)

The following schedule shows minimum payments due as of December 31:

Years Ending December 31,		
2022	$	820,656
2023		4,004,813
	$	4,825,469

Note 9—Paycheck Protection Program loan

On April 29, 2020, the Foundation received a forgivable Paycheck Protection Program ("PPP") loan in the amount of $327,362. The loan and accrued interest are forgivable as long as the Foundation uses the loan proceeds for eligible purposes, including payroll, benefits, and utilities and maintains its payroll levels. During the year ended December 31, 2020, the Foundation accounted for the receipt of the loan as an advance of a conditional grant. The PPP loan was forgiven in its entirety on February 26, 2021 and was recorded as Paycheck Protection Program grant revenue and is included in total revenues and support on the accompanying consolidated statement of activities.

Note 10—Property and equipment

The following is a summary of furniture, equipment, and leasehold improvements as of December 31:

		2021		2020
Furniture and equipment	$	293,057	$	259,838
Software		-		99,135
Vehicle		-		29,055
Leasehold improvements		210,453		210,453
		503,510		598,481
Less accumulated depreciation and amortization		(428,997)		(550,554)
Property and equipment, net	$	74,513	$	47,927

Depreciation expense was $28,674 and $19,633 for the years ended December 31, 2021 and 2020, respectively.

Note 11—Net assets

Net assets resulting from contributions whose use by the Foundation is limited by donor-imposed restrictions that are not expected to expire are considered net assets with donor restrictions. An example of a net asset with donor restrictions would be the donation of funds (or other assets) to the Foundation subject to a gift instrument in which the donor imposed a restriction that the funds not be expended, but the Foundation would be permitted to use or expend part or all of the income (or other economic benefit) derived from the donation.

As of December 31, 2021 and 2020, three individual funds made up 78% and 77%, respectively, of the Foundation's net assets with donor restrictions. As of December 31, 2021 and 2020, one fund made up 55% and 54%, respectively, of the Foundation's net assets with donor restrictions.

As of December 31, 2021 and 2020, net assets without donor restrictions of $6,044,592 and $5,316,049, respectively, were specifically designated by the board to be managed similar to endowments.

Note 12—Endowments

The Foundation's endowments consist of more than 384 individual funds established for a variety of purposes. Endowments are defined in Note 1 to the consolidated financial statements. The Foundation considers the following factors in making a determination on the amount, if any, to be available for distribution from each endowment fund:

- The duration and preservation of the fund;
- The purposes of the organization 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 organization;
- The investment policies of the organization.

As of December 31, 2021 and 2020, the endowment assets of the Foundation, as defined by fund type were as follows:

December 31, 2021	Without Donor Restrictions	With Donor Restrictions	Total
UPMIFA-defined endowment funds:			
Discretionary	$ 27,200	$ 804,077	$ 831,277
Field of interest	597,265	4,729,893	5,327,158
Designated	154,477	13,057,300	13,211,777
Scholarship	172,000	1,276,014	1,448,014
Advised endowment	877,412	17,266,410	18,143,822
Charitable trust	-	150,309	150,309
Other endowment funds:			
ACF related	448,372	-	448,372
Discretionary	11,620,714	-	11,620,714
Field of interest	10,295,053	-	10,295,053
Designated	35,983,218	-	35,983,218
Scholarship	7,804,211	-	7,804,211
Advised endowment	55,791,723	-	55,791,723
	$ 123,771,645	$ 37,284,003	$ 161,055,648

Note 12—Endowments (continued)

December 31, 2020	Without Donor Restrictions	With Donor Restrictions	Total
UPMIFA-defined endowment funds:			
Discretionary	$ 25,900	$ 707,502	$ 733,402
Field of interest	520,665	4,109,231	4,629,896
Designated	142,600	11,568,579	11,711,179
Scholarship	154,000	1,108,563	1,262,563
Advised endowment	840,052	15,254,933	16,094,985
Charitable trust	-	146,715	146,715
Other endowment funds:			
ACF related	395,574	-	395,574
Discretionary	10,161,359	-	10,161,359
Field of interest	8,907,789	-	8,907,789
Designated	26,716,988	-	26,716,988
Scholarship	6,824,403	-	6,824,403
Advised endowment	46,873,976	-	46,873,976
	$ 101,563,306	$ 32,895,523	$ 134,458,829

Funds with Deficiencies – From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law. At December 31, 2021 and 2020, there were no funds with deficiencies.

The summary of changes in endowment assets during the year ended December 31, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets as of December 31, 2019	$ 90,366,780	$ 30,990,407	$ 121,357,187
Contributions	3,304,647	25	3,304,672
Transfers	458,049	(1,874,035)	(1,415,986)
Investment returns, net	10,876,556	3,779,126	14,655,682
Grants or scholarships	(3,442,726)	-	(3,442,726)
Endowment assets as of December 31, 2020	101,563,306	32,895,523	134,458,829
Contributions	7,128,288	-	7,128,288
Transfers	526,414	(1,737,098)	(1,210,684)
Investment returns, net	18,188,269	6,125,578	24,313,847
Grants or scholarships	(3,634,632)	-	(3,634,632)
Endowment assets as of December 31, 2021	$ 123,771,645	$ 37,284,003	$ 161,055,648

Note 12—Endowments (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 assets while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Governors, the endowment assets are invested in a manner that is intended to produce total investment returns that preserve the endowment’s purchasing power while still meeting the Foundation’s spending policy, investment and administrative expenses, and inflation over a long-time horizon, while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

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

Spending Policy and How the Investment Objectives Relate to Spending Policy – The Foundation has a policy of appropriating for distribution each year approximately 4% of its endowment funds average fair value over the prior 20 quarters through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. 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.

Note 13—Retirement plan

The Foundation has contracted with a professional employment agency to provide employment services and a 401(k) plan for its eligible employees. For the years ended December 31, 2021 and 2020, the Foundation contributed $63,756 and $64,226, respectively, to the plan.

Note 14—Credit risk

Certain financial instruments potentially subject the Foundation to concentrations of credit risk. These financial instruments consist primarily of cash and cash equivalents, investments, and notes receivable. The cash policy of the Foundation limits the amount of credit exposure, and requires that cash be placed with high credit quality financial institutions. Credit risk on investments is limited due to wide diversification of the investment portfolio.

The Foundation maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are generally guaranteed by the Federal Deposit Insurance Corporation up to $250,000. The Foundation has not experienced any losses in such accounts. The Foundation also maintains accounts with multiple brokerage firms, which include industry-grade money market funds, mutual funds, equities, government obligations, and other asset classes. Balances in qualifying accounts are insured up to $500,000 (with a limit of $250,000 for cash) by the Securities Investor Protection Corporation. At times, balances within these accounts may exceed the insured limits. Management believes the Foundation is not exposed to any significant risk with respect to its cash and cash equivalents.

An allowance for uncollectible accounts is provided based on management’s evaluation of potential uncollectible accounts and notes receivable at year-end. As of December 31, 2021 and 2020, there was no allowance for uncollectible accounts.

Note 15—Concentrations

During the year ended December 31, 2021, the Foundation recorded contributions from four donors that amounted to 34% of total contributions. During the year ended December 31, 2020, the Foundation recorded contributions from four donors that amounted to 32% of total contributions.

As of December 31, 2021 and 2020, one fund totaled 51% and two individual funds totaled 34%, respectively, of the Foundation's agency funds held for others.

Note 16—Related party transactions

The Notley Fund entered into a shared services agreement with Notley Ventures, LLC, a Texas limited liability company ("Notley Ventures") owned by one of the Foundation's board members, effective January 1, 2017. Under the agreement, Notley Fund uses employees of Notley Ventures for the performance of accounting, development, finance, legal, marketing, and other general management services. For the year ended December 31, 2020, the Notley Fund paid $1,352,515 in expenses to Notley Ventures. Since Notley Fund ceased to be a support organization of the Foundation on January 1, 2021, there were no related party transactions in 2021.

Note 17—Lease commitments

In October 2012, the Foundation extended the original lease for its primary office for five years beginning in November 2012 and expiring in October 2017. In October 2017, the Foundation entered into a second amendment which extended the lease for an additional five years beginning in November 2017 and expiring in October 2022. The second amendment includes a clause that the lease may be canceled by the Foundation with a six months' notice to the landlord. In July 2022, the Foundation entered into a third amendment which extended the lease for an additional five years beginning in November 2022 and expiring in October 2027. The third amendment includes the same terms and conditions as the previous lease amendment. Rent expense was $159,030 and $154,398 for the years ended December 31, 2021 and 2020, respectively.

Minimum future rentals for the office space lease as of December 31, 2021 are as follows:

Years Ending December 31,		
2022	$	183,294
2023		189,467
2024		195,678
2025		202,222
2026		202,114
2027		163,659
	$	1,136,434

Note 18—Life insurance policies and life annuity contracts

In 2003 and 2004, the Foundation participated in life insurance policies and life annuity contracts or "LILAC" transactions. In LILAC transactions, an unrelated entity forms a statutory business trust as a vehicle for paying the proceeds of life annuity contracts and life insurance policies to investors and charities. After the business trust is formed, the trust obtains life insurance and life annuities on the lives of consenting individuals, sells equity securities to investors, and issues a second class of securities to the charitable organization designated by the consenting individuals, such as the Foundation. The trust uses the life annuity payments to pay the life insurance premiums and to provide a return to the investors.

Note 18—Life insurance policies and life annuity contracts (continued)

As consenting individuals die, the trust will distribute the majority of the death benefit proceeds to the investors and distribute the remaining proceeds, if any, to the Foundation. The organizers of the LILAC transactions have projected that the death benefits to be received by the Foundation are estimated to be approximately $28.2 million with $11.7 million remaining in the future. The Foundation will pay-out the primary portion of the death benefits to other charities by the insured.

For financial accounting purposes, the Foundation will recognize any proceeds from the LILAC transactions as they are received. The Foundation received and recognized $2,975,000 and $750,000 in proceeds for the years ended December 31, 2021 and 2020, respectively. Of the $2,975,000 received in 2021, the Foundation distributed $2,826,300 in charitable grants and retained $37,500 as an administrative fee. Of the $750,000 received in 2020, the Foundation distributed $712,500 in charitable grants and retained $37,500 as an administrative fee.

SUPPLEMENTARY INFORMATION

AUSTIN COMMUNITY FOUNDATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

DECEMBER 31, 2021

	Austin Community Foundation	ACF Associates, LLC	TXCELF, LLC	ACF Bright Leaf Preserve	Charitable Holdings II	Total	Elimination Entries	Consolidated
ASSETS								
Cash and cash equivalents	$ 46,571,167	$ -	$ 111,422	$ 73,225	$ 10,744	$ 46,766,558	$ -	$ 46,766,558
Certificates of deposit	3,557,489	-	-	-	-	3,557,489	-	3,557,489
Programmatic loans and investments	2,770,656	-	4,717,100	-	-	7,487,756	-	7,487,756
Investments, at Fair Value:	-	-	-	-	-			
Marketable securities	327,110,955	-	-	-	-	327,110,955	-	327,110,955
Real estate and other investments	854,155	-	-	-	3,015,750	3,869,905	-	3,869,905
Hedge funds and private equity	43,967,021	886,792	-	-	-	44,853,813	-	44,853,813
Split-interest agreements	1,711,049	-	-	-	-	1,711,049	-	1,711,049
Accounts receivable	1,229,516	-	76,432	-	-	1,305,948	(901,210)	404,738
Property and equipment, net	74,513	-	-	-	-	74,513	-	74,513
Other assets	126,034	-	-	375,000	-	501,034	-	501,034
Total Assets	$ 427,972,555	$ 886,792	$ 4,904,954	$ 448,225	$ 3,026,494	$ 437,239,020	$ (901,210)	$ 436,337,810
LIABILITIES AND NET ASSETS								
Liabilities:								
Accounts and grants payable	$ 1,974,076	$ 886,792	$ 84,831	$ -	$ -	$ 2,945,699	$ (901,210)	$ 2,044,489
Notes payable	108,369	-	4,717,100	-	-	4,825,469	-	4,825,469
Charitable remainder trusts	1,456,505	-	-	-	-	1,456,505	-	1,456,505
Funds held for others - agency	50,184,523	-	-	-	-	50,184,523	-	50,184,523
Total Liabilities	53,723,473	886,792	4,801,931	-	-	59,412,196	(901,210)	58,510,986
Net Assets:								
Without Donor Restrictions:								
Board designated	6,044,592	-	-	-	-	6,044,592	-	6,044,592
Undesignated	330,311,068	-	103,023	448,225	3,026,494	333,888,810	-	333,888,810
	336,355,660	-	103,023	448,225	3,026,494	339,933,402	-	339,933,402
With Donor Restrictions	37,893,422	-	-	-	-	37,893,422	-	37,893,422
Total Net Assets	374,249,082	-	103,023	448,225	3,026,494	377,826,824	-	377,826,824
Total Liabilities and Net Assets	$ 427,972,555	$ 886,792	$ 4,904,954	$ 448,225	$ 3,026,494	$ 437,239,020	$ (901,210)	$ 436,337,810

AUSTIN COMMUNITY FOUNDATION
CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Austin Community Foundation	ACF Associates, LLC	TXCELF, LLC	ACF Bright Leaf Preserve	Charitable Holdings II	CH II Charitable Properties, LLC	Schweitzer Family Foundation	Notley Fund	Notley Initiative - Philanthropitch	Notley Initiative - BEAM	Notley Initiative - HomeFront	Total	Elimination Entries	Consolidated
Revenues and Support:														
Contributions	$ 87,606,066	$ -	$ 150,000	$ 540,000	$ 1,588,290	$ -	$ -	$ -	$ -	$ -	$ -	$ 89,884,356	$ (8,586,815)	$ 81,297,541
Less contributions to agency funds	(15,161,497)	-	-	-	-	-	-	-	-	-	-	(15,161,497)	-	(15,161,497)
Net Contributions	72,444,569	-	150,000	540,000	1,588,290	-	-	-	-	-	-	74,722,859	(8,586,815)	66,136,044
Net investment income	43,915,790	171,616	12,043	-	1,117,765	-	82,800	-	-	-	-	45,300,014	-	45,300,014
Paycheck Protection Program grant	327,362	-	-	-	-	-	-	-	-	-	-	327,362	-	327,362
Other income, net	162,878	9,785	-	36,413	-	-	-	-	-	-	-	209,076	(72,825)	136,251
Total Revenues and Support	116,850,599	181,401	162,043	576,413	2,706,055	-	82,800	-	-	-	-	120,559,311	(8,659,640)	111,899,671
Expenses:														
Program Services:														
Community grant funding	45,205,082	196,915	-	284,762	2,529,640	1,581,875	-	-	-	-	-	49,798,274	(8,586,815)	41,211,459
Less grants from agency funds	(1,539,677)	-	-	-	-	-	-	-	-	-	-	(1,539,677)	-	(1,539,677)
Net Community Grant Funding	43,665,405	196,915	-	284,762	2,529,640	1,581,875	-	-	-	-	-	48,258,597	(8,586,815)	39,671,782
Program expense	5,501,881	-	106,262	45,763	5,514	-	358,340	2,905,917	(40,835)	43,094	173,962	9,099,898	(72,825)	9,027,073
Total Program Services	49,167,286	196,915	106,262	330,525	2,535,154	1,581,875	358,340	2,905,917	(40,835)	43,094	173,962	57,358,495	(8,659,640)	48,698,855
Supporting Services:														
Management and general	628,895	-	-	9,890	896	-	3,544	-	-	-	-	643,225	-	643,225
Fundraising and development	135,508	-	-	-	-	-	-	-	-	-	-	135,508	-	135,508
Total Supporting Services	764,403	-	-	9,890	896	-	3,544	-	-	-	-	778,733	-	778,733
Total Expenses	49,931,689	196,915	106,262	340,415	2,536,050	1,581,875	361,884	2,905,917	(40,835)	43,094	173,962	58,137,228	(8,659,640)	49,477,588
Increase (decrease) in net assets	66,918,910	(15,514)	55,781	235,998	170,005	(1,581,875)	(279,084)	(2,905,917)	40,835	(43,094)	(173,962)	62,422,083	-	62,422,083
Net assets at beginning of year	307,330,172	15,514	47,242	212,227	2,856,489	1,581,875	279,084	2,905,917	(40,835)	43,094	173,962	315,404,741	-	315,404,741
Net assets at end of year	$ 374,249,082	$ -	$ 103,023	$ 448,225	$ 3,026,494	$ -	$ -	$ -	$ -	$ -	$ -	$ 377,826,824	$ -	$ 377,826,824