

**Community Foundations of
the Hudson Valley**

Financial Statements

June 30, 2024 and 2023

Independent Auditors' Report

Board of Trustees Community Foundations of the Hudson Valley

Opinion

We have audited the accompanying financial statements of the Community Foundations of the Hudson Valley (the "Foundations") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundations as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundations 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 Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundations' 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 the Foundations' 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.

PKF O'Connor Davies, LLP

Newburgh, New York
November 21, 2024

Community Foundations of the Hudson Valley

Statements of Financial Position

	June 30,	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 3,776,556	\$ 2,548,485
Investments	114,497,452	100,276,295
Interest and other receivables	222,327	171,351
Pledges receivable	33,000	35,500
Prepaid expenses and other assets	151,634	140,081
Beneficial interest - life insurance policy	239,719	251,165
Investments held for charitable remainder annuity trusts	2,025,156	-
Property and equipment, net	35,443	48,074
Right-of-use asset - operating lease	769,767	865,223
	\$ 121,751,054	\$ 104,336,174
LIABILITIES AND NET ASSETS		
Liabilities		
Agency funds	\$ 10,423,099	\$ 9,989,158
Grants and scholarships payable	399,664	524,116
Accounts payable and other liabilities	54,448	73,797
Deferred revenue	69,957	64,583
Liabilities for charitable remainder annuity trusts	1,181,825	-
Operating lease liability	782,097	871,388
Total Liabilities	12,911,090	11,523,042
Net Assets		
Without donor restrictions		
Donor advised	42,302,232	38,971,123
Donor designated	30,339,673	22,318,403
Field of interest	14,506,609	12,404,939
Board designated	10,262,740	9,328,766
Scholarship	8,359,151	7,933,275
Project	1,576,780	1,139,247
Pass through	409,729	466,214
Total without donor restrictions	107,756,914	92,561,967
With donor restrictions	1,083,050	251,165
Total Net Assets	108,839,964	92,813,132
	\$ 121,751,054	\$ 104,336,174

See notes to financial statements

Community Foundations of the Hudson Valley

Statement of Activities Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions and grants	\$ 25,994,920	\$ 871,856	\$ 26,866,776
Management fees	146,454	-	146,454
Contributed nonfinancial assets and services	125,615	-	125,615
Special events, net of direct donor benefits of \$75,411	158,975	-	158,975
Investment income, net	10,172,652	-	10,172,652
Net assets released from restriction	28,525	(28,525)	-
Total Revenue and Support	36,627,141	843,331	37,470,472
EXPENSES			
Program services	20,367,790	-	20,367,790
Special events	67,848	-	67,848
Management and general	991,746	-	991,746
Fundraising	4,810	-	4,810
Total Expenses	21,432,194	-	21,432,194
Excess of Revenue and Support Over Expenses	15,194,947	843,331	16,038,278
Change in value of beneficial interest - life insurance policy	-	(11,446)	(11,446)
Change in Net Assets	15,194,947	831,885	16,026,832
NET ASSETS			
Beginning of year	92,561,967	251,165	92,813,132
End of year	\$ 107,756,914	\$ 1,083,050	\$ 108,839,964

See notes to financial statements

Community Foundations of the Hudson Valley

Statement of Activities Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions and grants	\$ 11,850,395	\$ 28,525	\$ 11,878,920
Management fees	103,883	-	103,883
Contributed nonfinancial assets and services	119,897	-	119,897
Special events, net of direct donor benefits of \$88,852	98,109	-	98,109
Investment income, net	7,327,806	-	7,327,806
Net assets released from restriction	<u>28,525</u>	<u>(28,525)</u>	<u>-</u>
Total Revenue and Support	<u>19,528,615</u>	<u>-</u>	<u>19,528,615</u>
EXPENSES			
Program services	11,788,201	-	11,788,201
Special events	41,105	-	41,105
Management and general	741,521	-	741,521
Fundraising	<u>16,410</u>	<u>-</u>	<u>16,410</u>
Total Expenses	<u>12,587,237</u>	<u>-</u>	<u>12,587,237</u>
Excess of Revenue and Support Over Expenses	6,941,378	-	6,941,378
Change in value of beneficial interest - life insurance policy	<u>-</u>	<u>(6,277)</u>	<u>(6,277)</u>
Change in Net Assets	6,941,378	(6,277)	6,935,101
NET ASSETS			
Beginning of year	<u>85,620,589</u>	<u>257,442</u>	<u>85,878,031</u>
End of year	<u>\$ 92,561,967</u>	<u>\$ 251,165</u>	<u>\$ 92,813,132</u>

Community Foundations of the Hudson Valley

Statement of Functional Expenses
Year Ended June 30, 2024

	<u>Program Services</u>	<u>Special Events</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants and scholarships	\$ 19,497,455	\$ -	\$ -	\$ -	\$ 19,497,455
Salaries	427,146	33,468	434,379	3,107	898,100
Payroll taxes	36,558	2,864	37,176	266	76,864
Employee benefits	68,949	5,402	70,117	501	144,969
Public relations and donor cultivation	53,562	4,805	2,798	-	61,165
Occupancy	57,961	-	58,941	422	117,324
Office expense	64,539	962	70,189	468	136,158
Professional fees	136,619	-	156,487	-	293,106
Dues and conferences	18,761	-	4,142	-	22,903
Depreciation	6,240	-	6,345	46	12,631
Insurance	-	536	15,088	-	15,624
Event food, beverage, and entertainment	-	52,724	-	-	52,724
Event venue rent	-	32,658	-	-	32,658
Contributed nonfinancial assets					
Investment fees	-	-	109,301	-	109,301
Legal fees	-	-	6,060	-	6,060
Maintenance	-	-	414	-	414
Event venue rent, gift bags, and honoree paintings	-	9,840	-	-	9,840
Other	-	-	20,309	-	20,309
 Total Expenses Before Direct Donor Benefits	 20,367,790	 143,259	 991,746	 4,810	 21,507,605
 Direct Donor Benefits	 -	 (75,411)	 -	 -	 (75,411)
 Total Expenses	 <u>\$ 20,367,790</u>	 <u>\$ 67,848</u>	 <u>\$ 991,746</u>	 <u>\$ 4,810</u>	 <u>\$ 21,432,194</u>

See notes to financial statements

Community Foundations of the Hudson Valley

Statement of Functional Expenses
Year Ended June 30, 2023

	<u>Program Services</u>	<u>Special Events</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants and scholarships	\$ 10,764,334	\$ -	\$ -	\$ -	\$ 10,764,334
Salaries	442,200	36,713	294,660	10,519	784,092
Payroll taxes	39,156	3,251	26,091	931	69,429
Employee benefits	64,092	5,321	42,706	1,525	113,644
Public relations and donor cultivation	89,264	6,423	2,319	-	98,006
Occupancy	77,002	-	51,309	1,832	130,143
Office expense	60,535	1,595	74,568	1,440	138,138
Professional fees	221,300	-	77,205	-	298,505
Dues and conferences	23,487	-	2,873	-	26,360
Depreciation	6,831	-	4,552	163	11,546
Insurance	-	-	16,541	-	16,541
Event food, beverage, and entertainment	-	48,826	-	-	48,826
Event venue rent	-	23,828	-	-	23,828
Contributed nonfinancial assets					
Investment fees	-	-	106,845	-	106,845
Legal fees	-	-	8,500	-	8,500
Maintenance	-	-	552	-	552
Event venue rent, gift bags, and honoree paintings	-	4,000	-	-	4,000
Other	-	-	32,800	-	32,800
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expense Before Direct Donor Benefits	11,788,201	129,957	741,521	16,410	12,676,089
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Direct Donor Benefits	-	(88,852)	-	-	(88,852)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 11,788,201</u>	<u>\$ 41,105</u>	<u>\$ 741,521</u>	<u>\$ 16,410</u>	<u>\$ 12,587,237</u>

See notes to financial statements

Community Foundations of the Hudson Valley

Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 16,026,832	\$ 6,935,101
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	12,631	11,546
Amortization of right-of-use asset - operating lease	95,456	92,916
Realized and unrealized gains on investments	(7,310,187)	(4,136,285)
Change in fair value of beneficial interest - life insurance policies	11,446	6,277
Contributions from charitable remainder annuity trusts	(843,331)	-
Change in operating assets and liabilities		
Interest and other receivables	(50,976)	(11,273)
Pledges receivable	2,500	(35,500)
Prepaid expenses and other assets	(11,553)	35,563
Agency funds	433,941	627,612
Grants and scholarships payable	(124,452)	(222,240)
Accounts payable and other liability	(19,349)	(44,496)
Deferred revenue	5,374	64,583
Operating lease liability	(89,291)	(86,751)
Net Cash from Operating Activities	8,139,041	3,237,053
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	-	(30,443)
Purchase of investments	(33,759,053)	(29,336,171)
Proceeds from sale of investments	26,848,083	25,942,863
Net Cash from Investing Activities	(6,910,970)	(3,423,751)
Net Change in Cash and Cash Equivalents	1,228,071	(186,698)
CASH AND CASH EQUIVALENTS		
Beginning of year	2,548,485	2,735,183
End of year	\$ 3,776,556	\$ 2,548,485

See notes to financial statements

Community Foundations of the Hudson Valley

Notes to Financial Statements
June 30, 2024 and 2023

1. Organization and Income Tax Status

Community Foundations of the Hudson Valley's (the "Foundations") mission is to strengthen our community by offering donors the means to establish charitable legacies, by making grants, and by providing leadership to address community needs in a manner that is responsible, responsive and lasting. Partnering with its generous donors, the Foundations address current and emerging community needs through effective grantmaking to improve the quality of live for all, and by offering technical assistance to help nonprofits operate more effectively. Since its origin as the Area Fund in 1969, the Foundations has expanded to include Dutchess, Ulster, and Putnam counties.

The Foundations has been granted tax-exempt status under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal and state income taxes has been recognized in the accompanying financial statements. The Foundations has been classified as an organization that is not a private foundation under Section 509(a) and has been designated as a publicly supported organization under Section 170(b)(1)(A)(vi). Contributions to the Foundations are tax-deductible within the limitations prescribed by the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Foundations is required to report information regarding its financial position and activities into net asset categories established according to nature and purpose. Accordingly, the Foundations' net assets and changes therein are classified and reported as follows:

Without donor restrictions – These net assets are defined as assets that are free of donor-imposed restrictions or are subject to the Foundations' variance power and the power to invade corpus and includes all investment income and appreciation not subject to donor-imposed restrictions. Included in net assets without donor restrictions are the following:

Donor Advised – funds which allow the donor advisors to make recommendations to the Board of Trustees regarding grants to charities.

Donor Designated – funds which allow donors to support specific organizations they identify in their fund agreements.

Field of Interest – funds which support a specific charitable interest or geographic region.

Board Designated – funds which allow the Foundations' Board of Trustees to use its discretion to authorize an amount for operating expenditures and award grants that respond to either critical community needs or needs within a particular area of charitable interest.

Scholarship – funds that provide financial assistance to support students' educational needs.

Community Foundations of the Hudson Valley

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies *(continued)*

Basis of Presentation (continued)

Project – funds which support short-term charitable purpose projects, often led by non-charitable entities.

Pass through – funds that are used for one-time grants for specific charitable purposes.

With donor restrictions – These net assets include contributions, unconditional promises to give and other inflows of assets whose use by the Foundations is limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled by actions of the Foundations. This classification includes investment income and appreciation/(depreciation), which can be expended when the applicable restrictions are met. Included in net assets with donor restrictions is the cash surrender value of one life insurance policy and contributions that are restricted for time and purpose. This classification also includes accumulated investment income and gains/(losses) on donor-restricted endowment assets that have not been appropriated for expenditure.

Due to its variance power, the Foundations does not have any net assets to be maintained in perpetuity as a result of donor restrictions.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash balances held in bank accounts and highly liquid debt instruments with maturities of three months or less at the time of purchase, except for those cash equivalents which are included in the Foundations' investment portfolio which are held for investment purposes.

Fair Value Measurements

The Foundations follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Community Foundations of the Hudson Valley

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (*continued*)

Investments Valuation

Investments are carried at fair value.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Investment gains and losses, both realized and unrealized, are reported in the statements of activities as increases or decreases in net assets without donor restrictions.

Property and Equipment

Property and equipment is stated at cost when purchased and at fair value when donated. Depreciation is provided on the straight-line method over the estimated useful lives of the assets which range from three to seven years. The Foundations capitalizes property and equipment with a cost in excess of \$2,000 and a useful life longer than one year.

Deferred Revenue

Revenue received for specific activities, programs or events that have not yet occurred are reported as deferred revenue.

Agency Funds

Agency funds represent assets held for investments on behalf of other unrelated organizations. Because the funds are custodial and pooled and invested along with the Foundations' investments on behalf of such organizations, a liability is recorded equal to the underlying assets. The additions, expenses, gains, and losses are not reported in the statements of activities.

Grants and Scholarships Payable

Unconditional promises to give to others ("grants and scholarships payable"), are reported as expenses and as a liability in the period the promise is made. Grants and scholarships to be paid in more than one year are discounted to reflect present value. Amortization of discounts on grants and scholarships payable is reported in the statements of activities in program services and as grants and scholarships in the statements of functional expenses.

Leases

The Foundations leases office space and determines if an arrangement is a lease at inception. The operating lease is included in right-of-use ("ROU") assets - operating lease and operating lease liability on the accompanying statement of financial position.

Community Foundations of the Hudson Valley

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies *(continued)*

Leases (continued)

The ROU asset represents the right to use an underlying asset for the lease term and the lease liability represents the obligation to make lease payments arising from the lease. The operating lease ROU asset and related liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease does not provide an implicit borrowing rate. The Foundations use a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The ROU asset - operating lease 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 Foundations will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Foundations' lease agreement does not contain any material residual value guarantees or material restrictive covenants.

The Foundations has a lease agreement with lease and non-lease components, which are generally accounted for separately. Variable lease components in the lease are real estate taxes and are recognized in operating expenses in the period in which the obligation is incurred.

Endowment Fund Management and Variance Power

To ensure observation of limitations and restrictions placed on the use of resources available to the Foundations, the funds are managed as individual charitable funds, according to their nature and purpose. Endowment funds are subject to the restriction of the gift instruments. The bylaws of the Foundations include a variance provision giving the Board of Trustees the power, whenever any restriction or condition on the distribution of funds becomes, in effect, unnecessary or incapable of fulfillment, to modify any restriction or condition placed on the distribution of funds and to apply the whole or any part of the principal or income of funds as in its judgment is necessary to serve more effectively the charitable and educational purposes of the Foundations in line with the original donor's intent.

Contributions

Contributions, including unconditional promises to give, are reported as revenues in the period received. Unconditional promises to give that are due beyond one year are reflected at fair value discounted to the present value of future cash flows using a risk adjusted discount rate assigned in the year the respective pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. Conditional promises to give are recognized when the conditions upon which they depend have been substantially met.

Community Foundations of the Hudson Valley

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (*continued*)

Contributions (continued)

Contributions are recorded as net assets with donor restrictions and revenue and support if they are received with donor imposed restrictions that limit their use. Donor restrictions expire by either the passage of stipulated time or the accomplishment of the stated purpose. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Grants and Scholarships

All grants and scholarships made are in accordance with the terms of the various governing instruments and are subject to the approval of the Board of Trustees and are recorded when approved.

Contributed Nonfinancial Assets and Services

A number of the members of the Board of Trustees of the Foundations has contributed significant amounts of their time to the affairs of the Foundations; however, these services, if not professional in nature, have not been reflected in the financial statements unless the services provided represent the value of services provided by an otherwise salaried employee.

Contributed nonfinancial assets and services used in operations are reflected in the statements of activities at their estimated fair value on the date of receipt.

Functional Expense Allocation

The costs of providing various program and supporting activities have been summarized on a functional basis in the statements of activities and in detail on the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services. Salaries, payroll taxes, employee benefits, occupancy, office expense, and depreciation expense are allocated based on a time and effort study. All other expenses are specifically identified by function.

Accounting for Uncertainty in Income Taxes

The Foundations recognize the effect of income tax positions only when they are more likely than not to be sustained. Management has determined that the Foundations had no uncertain tax positions that would require financial statement recognition and/or disclosure. The Foundations is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to June 30, 2021.

Community Foundations of the Hudson Valley

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (*continued*)

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date these financial statements were available to be issued, which date is November 21, 2024.

3. Concentrations of Credit Risk

Financial instruments that potentially subject the Foundations to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions and investments held at financial institutions. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation (“FDIC”) are insured up to \$250,000 for each depositor. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation (“SIPC”) are insured up to \$500,000 (\$250,000 for cash holdings). At times, cash balances may exceed the FDIC and/or the SIPC limit. Management has reduced the risk through use of IntraFi Network Deposits, which allows a business to invest in certificates of deposits held by many different FDIC insured banking institutions so it can achieve full FDIC coverage for the total sum. In addition to SIPC insurance, certain brokerage firms that hold the Foundations’ investments offer excess SIPC through private insurers. At June 30, 2024, the Foundations’ uninsured cash and cash equivalents totaled approximately \$1,146,000 and at June 30, 2023, the Foundations’ cash and cash equivalents were fully insured. At June 30, 2024 the Foundations’ investment holdings were fully insured and at June 30, 2023, the Foundations’ uninsured investment holdings totaled approximately \$7,929,000.

Concentration of credit risk with respect to investments is reduced by the diversification, professional management, and limited exposure to any single investment.

For the year ended June 30, 2024, approximately 77% of contributions and grants were provided from two donors and for the year ended June 30, 2023, approximately 40% of contributions and grants were provided from one donor.

4. Liquidity and Availability

The following table reflects the Foundations’ financial assets as of June 30, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable for general expenditure when not liquid or not convertible to cash within one year, when approved for grant and scholarship payments, assets held for others, net assets without donor restrictions and board designated assets for community projects and charitable interests. The Foundations’ board designated net assets include approximately 49 and 53 unrestricted funds at June 30, 2024 and 2023. The Foundations has chosen not to take a payout from these funds during the years ended June 30, 2024 and 2023. Additional support from these board designated net assets could be drawn through a board resolution should the Board of Trustees deem that necessary.

Community Foundations of the Hudson Valley

Notes to Financial Statements
June 30, 2024 and 2023

4. Liquidity and Availability *(continued)*

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 3,776,556	\$ 2,548,485
Investments	114,497,452	100,276,295
Interest and other receivables	222,327	171,351
Pledge receivable	33,000	35,500
	118,529,335	103,031,631
Less those unavailable for general expenditure within one year:		
Agency funds	10,423,099	9,989,158
Grants and scholarships payable	399,664	524,116
Net assets without donor restrictions, excluding		
Board designated net assets	97,494,174	83,233,201
Board designated net assets for community projects and charitable interest	7,523,926	7,368,453
	115,840,863	101,114,928
Financial assets available to meet general expenditures over the next twelve months	\$ 2,688,472	\$ 1,916,703

As part of the Foundations' liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Foundations invest cash in excess of daily requirements in cash and cash equivalents. Net assets without donor restrictions, excluding board designated net assets, are not classified as net assets with donor restrictions based on a variance provision in the bylaws of the Foundations. This variance provision permits changes to a fund to carry out the donor's intent, rather than to make the assets available for general expenditures.

Community Foundations of the Hudson Valley

Notes to Financial Statements
June 30, 2024 and 2023

5. Investments and Investment Return

The following are the major categories of investments measured at fair value on a recurring basis categorized by the fair value hierarchy at June 30, 2024:

Description	Level 1	Level 2	Total
Equities			
Mutual funds	\$ 44,766,492	\$ -	\$ 44,766,492
Exchanged traded funds	12,650,509	-	12,650,509
Indexed funds	1,220,063	-	1,220,063
Common stock	15,648,970	-	15,648,970
Preferred stock	-	719,282	719,282
REITs	73,744	-	73,744
Fixed income			
Corporate bonds	-	16,789,329	16,789,329
Government bonds	11,327,731	-	11,327,731
Total investments at fair value	<u>\$ 85,687,509</u>	<u>\$ 17,508,611</u>	103,196,120
Cash and cash equivalents			11,145,785
Certificates of deposit			<u>155,547</u>
Total investments			<u>\$ 114,497,452</u>

The following are the major categories of investments measured at fair value on a recurring basis categorized by the fair value hierarchy at June 30, 2023:

Description	Level 1	Level 2	Total
Equities			
Mutual funds	\$ 50,074,831	\$ -	\$ 50,074,831
Exchanged traded funds	5,433,672	-	5,433,672
Indexed funds	1,304,395	-	1,304,395
Common stock	7,674,044	-	7,674,044
Preferred stock	-	416,785	416,785
REITs	73,688	-	73,688
Fixed income			
Corporate bonds	-	16,202,496	16,202,496
Government bonds	9,341,438	-	9,341,438
Total investments at fair value	<u>\$ 73,902,068</u>	<u>\$ 16,619,281</u>	90,521,349
Cash and cash equivalents			9,606,194
Certificates of deposit			<u>148,752</u>
Total investments			<u>\$ 100,276,295</u>

Community Foundations of the Hudson Valley

Notes to Financial Statements
June 30, 2024 and 2023

5. Investments and Investment Return (*continued*)

Investments consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Endowment funds	\$ 63,119,678	\$ 51,425,220
General investments	40,954,675	38,861,917
Agency funds	<u>10,423,099</u>	<u>9,989,158</u>
	<u>\$ 114,497,452</u>	<u>\$ 100,276,295</u>

The investments in corporate bonds are valued using a market approach using pricing models maximizing the use of observable inputs for similar securities, this includes basing value on yields currently available on comparable securities of issues with similar credit ratings. There has been no change in this methodology used at June 30, 2024 and 2023.

The Foundations utilizes a total return investment approach with its asset allocation diversified over multiple asset classes. Investments are managed by independent fund managers under guidelines established by the Board of Trustees and executed by the Foundations' Investment Committee.

No single investment represented 7% or more of the Foundations' investments at June 30, 2024. At June 30, 2023, concentration of the Foundations' investments included one publicly traded mutual fund representing approximately 10% of the Foundations' investments.

Investment income consists of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Realized gains	\$ 2,759,184	\$ 2,338,491
Unrealized gains	4,551,003	1,797,794
Interest and dividends	2,543,779	2,048,946
Capital gain distributions	551,012	1,302,142
Investment fees	<u>(232,326)</u>	<u>(159,567)</u>
	<u>\$ 10,172,652</u>	<u>\$ 7,327,806</u>

6. Beneficial Interest - Life Insurance Policy

The Foundations is the beneficiary of one life insurance policy as of June 30, 2024 and 2023. The donor has been making annual gifts to cover the amount of the annual premiums due on this policy which is recorded at the current cash surrender value. The policy is recorded as an asset and contribution revenue in the year the policy transferred to the Foundations. The recorded value of this policy is subsequently revalued at the end of each fiscal year.

Community Foundations of the Hudson Valley

Notes to Financial Statements
June 30, 2024 and 2023

7. Charitable Remainder Annuity Trusts

During the year ended June 30, 2024, the Foundations is a beneficiary of two irrevocable charitable remainder annuity trusts (the "Trusts") in which the Foundations is also the trustee. Under the Trusts, assets have been donated to the Foundations and the Foundations makes fixed annual payments on a quarterly basis to the beneficiaries over their remaining lives. Upon the death of the beneficiaries, the remaining assets of the Trusts will be distributed to an endowment fund named by the donor, which the Foundations controls.

Assets related to the Trusts are recorded at their fair value when received, and an annuity payment liability is recognized at the present value of future cash flows expected to be paid to the beneficiaries over their remaining lives. At the time of the gift, the Foundations recognizes contribution income for the remainder interest in an amount equal to the difference between the fair value of the assets received and the annuity liability. Discount rates and actuarial assumptions used to determine the annual liability are based on factors such as applicable federal interest rates and the life expectancies of the beneficiaries, as determined by mortality tables published by the IRS. The discount rate used to calculate the liability was 5.0%. The liability under split-interest agreements is valued each year.

During the year ended June 30, 2024, the Foundations recognized contributions of \$843,331 for the two split-interest agreements.

The fair value of the assets of the Trusts are as follows at June 30:

	2024	2023
Charitable remainder annuity trusts	\$ 2,025,156	\$ -

The following are the major categories of the investments held in the Trusts measured at fair value on a recurring basis categorized by the fair value hierarchy at June 30, 2024:

Description	Level 1	Level 2	Total
Equities			
Exchanged traded funds	\$ 706,735	\$ -	\$ 706,735
Fixed income			
Government bonds	1,254,694	-	1,254,694
Total investments at fair value	\$ 1,961,429	\$ -	1,961,429
Cash and cash equivalents			63,727
Total investments			\$ 2,025,156

Community Foundations of the Hudson Valley

Notes to Financial Statements
June 30, 2024 and 2023

8. Property and Equipment, net

Property and equipment, net consists of the following at June 30:

	2024	2023
Furniture	\$ 22,417	\$ 22,417
Equipment	74,610	80,619
	97,027	103,036
Accumulated depreciation	(61,584)	(54,962)
	\$ 35,443	\$ 48,074

9. Agency Funds

The following is a reconciliation of the activity in the agency funds for the years ended June 30:

	2024	2023
Agency funds, beginning of year	\$ 9,989,158	\$ 9,361,546
Additions to funds	510,497	657,468
Net investment gains/(losses)	1,092,556	892,046
Grant expense	(1,020,986)	(803,774)
Fees	(148,126)	(118,128)
Agency funds, end of year	\$ 10,423,099	\$ 9,989,158

10. Grants and Scholarships Payable

Grants and scholarships payable consists of the following at June 30:

	2024	2023
Donor advised funds	\$ 7,991	\$ 150,228
Scholarships	297,875	246,210
Project	7,000	21,300
Designated funds	47,000	37,200
Field of interest	25,580	45,013
Agency	5,400	12,190
Pass-through	7,318	11,975
Unrestricted	1,500	-
	\$ 399,664	\$ 524,116

Community Foundations of the Hudson Valley

Notes to Financial Statements
June 30, 2024 and 2023

10. Grants and Scholarships Payable *(continued)*

Grants and scholarships payable are summarized as follows as of June 30:

	2024	2023
To be paid in one year	\$ 269,064	\$ 466,266
To be paid in two years	85,800	34,300
To be paid in three years	43,300	23,550
To be paid in four years	1,500	-
	\$ 399,664	\$ 524,116

For the years ended June 30, 2024 and 2023, a discount was not recorded because management determined that it was not material to the financial statements.

11. Lease Commitments

The Foundations has an operating lease for office space. The operating lease has a remaining lease term of 7 years and 2 months at June 30, 2024.

The components of lease cost were as follows for the year ended June 30, 2024:

	2024	2023
Lease expense		
Operating lease cost	\$ 119,190	\$ 119,190

Information associated with the measurement of the Foundations' operating lease obligation as of June 30, 2024 is as follows:

	2024	2023
Weighted-average remaining lease term in years for the operating lease	7.17	8.17
Weighted-average discount rate for the operating lease	2.89%	2.89%

Community Foundations of the Hudson Valley

Notes to Financial Statements
June 30, 2024 and 2023

11. Lease Commitments *(continued)*

As of June 30, 2024, maturities for the operating lease liability was as follows:

2025		\$ 113,025
2026		113,025
2027		122,444
2028		124,328
2029		124,328
Thereafter		<u>269,379</u>
Total future minimum lease payments		866,529
Less imputed interest		<u>(84,432)</u>
Total operating lease liabilities		<u>\$ 782,097</u>

Supplemental cash flow information related to operating leases was as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Cash paid for amounts included in the measurement of operating lease liabilities	<u>\$ 113,025</u>	<u>\$ 113,025</u>
ROU asset recognized upon adoption of new lease guidance	<u>\$ -</u>	<u>\$ 958,139</u>

12. Endowment

The Foundations maintains various unrestricted funds functioning as endowment funds and donor-restricted endowment funds whose purpose is to provide long-term support for its charitable programs and operations. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Law

The Board of Trustees has interpreted the New York State Uniform Prudent Management of Institutional Funds Act (“NYPMIFA”) as allowing the Foundations to appropriate for expenditures or accumulate as much of the various unrestricted funds functioning as endowment funds and donor-restricted endowment funds as the Foundations determine is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established, subject to the intent of the donors as expressed in their gift instruments. The assets in the endowment funds are classified as net assets without donor restrictions until appropriated for expenditure by the Board of Trustees. Net assets associated with endowment funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Community Foundations of the Hudson Valley

Notes to Financial Statements
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12. Endowment *(continued)*

Interpretation of Law (continued)

Various unrestricted funds functioning as endowment funds and donor-restricted endowment funds subject to the limited invasion of corpus over time may be an endowment fund within the meaning of NYPMIFA, but are not a permanent endowment fund subject to classification within net assets to be held in perpetuity. A significant portion of the Foundations' endowment funds, as authorized under the Foundations' governing documents and gift instruments, are held subject to both variance power and limited invasion of corpus power and, as such, are classified as net assets without donor or board restrictions.

Return Objectives and Risk Parameters

The Foundations has adopted investment and spending policies that provide a predictable stream of funding for its programs while seeking to maintain the purchasing power of the endowment assets. The long term management goal is to maintain the purchasing power of the portfolio so that support for the operating budget remains consistent in real terms over time (i.e. inflation-adjusted). The primary goal of the investment portfolio is to preserve and increase its value by earning a rate of return, net of fees, consistent with the investment portfolio's benchmarks. The secondary objective is to provide current income to support the Foundations' mission. Asset allocation between equities and fixed income instruments is one method of diversification of investments of endowment funds. The Foundations' Investment Committee will review the allocation policy from time to time, and the investment manager will suggest ranges, target averages, and benchmarks for each asset class. Currently, the managed funds asset allocation is set at 70% equities and 30% fixed income. The portfolio is subject to various risks, including volatility of asset prices, liquidity risk, and risk of failing to meet return thresholds.

Spending Rate Methods

Endowment appropriations and distributions on endowment funds are governed by a gift instrument and are based on pre-determined percentages (spending rates) of the market value of the endowment, using the average market value over the prior twenty-quarter period ended March 31st of the prior fiscal year. Spending rates are limited to 4% of such market value of the endowment. Specific rates are recommended annually by the Foundations' Investment Committee, and final rates are approved each fiscal year by the Board of Trustees.

Community Foundations of the Hudson Valley

Notes to Financial Statements
June 30, 2024 and 2023

12. Endowment (continued)

The following is a reconciliation of the activity in the endowment funds for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance June 30, 2023	\$ 51,174,055	\$ 251,165	\$ 51,425,220
Contributions	7,424,643	-	7,424,643
Investment income, net	3,697,463	-	3,697,463
Capital appreciation	2,615,172	-	2,615,172
Appropriation for expenditures	(2,031,374)	-	(2,031,374)
Change in value of:			
Life insurance policy	-	(11,446)	(11,446)
Balance June 30, 2024	\$ 62,879,959	\$ 239,719	\$ 63,119,678

The following is a reconciliation of the activity in the endowment funds for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance June 30, 2022	\$ 46,573,653	\$ 257,442	\$ 46,831,095
Contributions	2,205,528	-	2,205,528
Investment income, net	3,755,865	-	3,755,865
Capital appreciation	845,217	-	845,217
Appropriation for expenditures	(2,206,208)	-	(2,206,208)
Change in value of:			
Life insurance policy	-	(6,277)	(6,277)
Balance June 30, 2023	\$ 51,174,055	\$ 251,165	\$ 51,425,220

13. Net Assets

Net assets with donor restrictions are as follows at June 30:

	2024	2023
Beneficial interest-life insurance policy	\$ 239,719	\$ 251,165
Investments held for charitable remainder annuity trusts	843,331	-
	\$ 1,083,050	\$ 251,165

Community Foundations of the Hudson Valley

Notes to Financial Statements
June 30, 2024 and 2023

13. Net Assets (continued)

Board designated net assets are as follows at June 30:

	2024	2023
Board authorized for operating expenditures	\$ 2,738,814	\$ 1,960,313
Board designated for community projects and charitable interest	7,523,926	7,368,453
	\$ 10,262,740	\$ 9,328,766

Net assets were released from donor restrictions as follows for the years ended June 30:

	2024	2023
Premiums paid:		
Beneficial interest-life insurance policy	\$ 28,525	\$ 28,525

14. Contributed Nonfinancial Assets and Services

The Foundations' policy related to contributed nonfinancial assets and services is to utilize the assets received to carry out the mission of the Foundations. If an asset is received that does not allow the Foundations to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

Contributed nonfinancial assets and services are included in management and general and in special events in the statements of activities for the years ended June 30, 2024 and 2023. Contributed nonfinancial assets and services consisted of the following for the years ended June 30:

	2024	2023
Management and general		
Investment fees	\$ 109,301	\$ 106,845
Legal fees	6,060	8,500
Maintenance	414	552
Special events		
Beverages and giveaways	9,840	4,000
	\$ 125,615	\$ 119,897

The Foundations is provided a portion of its investment management services at no cost for the general management of its investment portfolio in accordance with its mission. Contributed investment services are valued and reported at the estimated fair value in the financial statements based on current rates for similar investment services.

Community Foundations of the Hudson Valley

Notes to Financial Statements
June 30, 2024 and 2023

14. Contributed Nonfinancial Assets and Services (*continued*)

The Foundations was provided legal services related to general operations at no cost. Contributed legal services are valued and reported at the estimated fair value in the financial statements based on current rates for similar legal services.

The Foundations received donated maintenance services related to general operations. Contributed maintenance services are valued and reported at the estimated fair value in the financial statements based on current rates for maintenance services.

The Foundations received beverages and giveaways at no cost or reduced cost for the garden party that the Foundations hosted for the year ended June 30, 2024. These contributions are valued and reported at the estimated fair value in the financial statements based on current rates for the items received.

All contributed nonfinancial assets received by the Foundations for the years ended June 30, 2024 and 2023 were considered to be without donor restrictions and are able to be used by the Foundations as determined by the Board of Trustees and management.

15. Related Parties

In 2015, the Foundations formed Community Foundation Real Estate, LLC ("CFRE") a wholly owned subsidiary, for the purpose of receiving real estate gifts. U.S. GAAP guidance requires the accounts of CFRE to be consolidated with those of the Foundations and material intercompany transactions eliminated. There have been no transactions executed by CFRE through June 30, 2024. Accordingly, consolidated financial statements have not been presented because there are no assets, liabilities, equity, revenue, or expenses for CFRE for the years ended June 30, 2024 and 2023.

The Foundations is a member of the Foundation for Community Health, Inc. ("FCH"), a type I supporting organization of the Foundations and two other local community foundations. FCH maintains a donor advised fund with the Foundations approximating \$972,000 and \$1,218,000 at June 30, 2024 and 2023. FCH is a separate, independent corporation governed by its own board of directors.

A board member of the Foundations, whose term expired in June 2024, is a member of the entity that leases office space to the Foundations.

16. Retirement Plan

The Foundations has a 401(k) retirement plan (the "Plan") for all eligible employees. Under the terms of the Plan, employees may contribute any percentage of their gross pay up to the maximum allowed by Internal Revenue Service guidelines. The Foundations is obligated to make a contribution of 3% of an eligible employee's salary. Retirement expense for the years ended June 30, 2024 and 2023 amounted to \$21,224 and \$20,587.

Community Foundations of the Hudson Valley

Notes to Financial Statements
June 30, 2024 and 2023

17. Subsequent Events

The Foundations is in the process of creating CFHV Supporting Organization, Inc. (a Type I supporting organization) to benefit and support the Foundations grantmaking and non-grantmaking activities.

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