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THE RHODE ISLAND COMMUNITY FOUNDATION, THE RHODE ISLAND CHARITIES TRUST, INC., THE HAFFENREFFER FAMILY FUND, THE DOWNCITY PARTNERSHIP, INC., THE JEWISH FEDERATION FOUNDATION OF GREATER RHODE ISLAND, JUNE ROCKWELL LEVY FOUNDATION, INC. AND WESTERLY HIGHER EDUCATION AND JOB SKILLS CENTER (COLLECTIVELY, THE FOUNDATION)

Consolidated Financial Statements

December 31, 2019 and 2018

(With Independent Auditors' Report Thereon)

THE RHODE ISLAND COMMUNITY FOUNDATION,
THE RHODE ISLAND CHARITIES TRUST, INC.,
THE HAFFENREFFER FAMILY FUND,
THE DOWNCITY PARTNERSHIP, INC.,
THE JEWISH FEDERATION FOUNDATION OF GREATER RHODE ISLAND, AND
JUNE ROCKWELL LEVY FOUNDATION, INC. AND
WESTERLY HIGHER EDUCATION AND JOB SKILLS CENTER
(COLLECTIVELY, THE FOUNDATION)

Consolidated Financial Statements

December 31, 2019 and 2018

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KPMG LLP
Two Financial Center
60 South Street
Boston, MA 02111

Independent Auditors' Report

The Board of Directors
The Rhode Island Community Foundation,
The Rhode Island Charities Trust, Inc.,
The Haffenreffer Family Fund,
The Downcity Partnership, Inc.,
The Jewish Federation Foundation of Greater Rhode Island,
June Rockwell Levy Foundation, Inc. and
Westerly Higher Education and Job Skills Center:

We have audited the accompanying consolidated financial statements of The Rhode Island Community Foundation, The Rhode Island Charities Trust, Inc., The Haffenreffer Family Fund, The Downcity Partnership, Inc., The Jewish Federation Foundation of Greater Rhode Island, June Rockwell Levy Foundation, Inc., and Westerly Higher Education and Job Skills Center (collectively, the Foundation), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Emphasis of Matters

As discussed in note 1(k) to the consolidated financial statements, in 2019 the Foundation adopted Financial Accounting Statements Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* and No. 2016-18, *Statement of Cash Flows: Restricted Cash*. Our opinion is not modified with respect to these matters.

KPMG LLP

June 23, 2020

THE RHODE ISLAND COMMUNITY FOUNDATION,
THE RHODE ISLAND CHARITIES TRUST, INC.,
THE HAFFENREFFER FAMILY FUND,
THE DOWNCITY PARTNERSHIP, INC.,
THE JEWISH FEDERATION FOUNDATION OF GREATER RHODE ISLAND,
JUNE ROCKWELL LEVY FOUNDATION, INC., AND
WESTERLY HIGHER EDUCATION AND JOB SKILLS CENTER
(COLLECTIVELY, THE FOUNDATION)

Consolidated Statements of Financial Position

December 31, 2019 and 2018

Assets		**2019**	**2018**
Cash	$	1,020,155	1,512,696
Investments (note 3)		1,093,155,789	933,228,714
Other assets (notes 5 and 7)		18,709,392	17,175,965
Other receivables, net (note 4)		5,647,851	6,552,451
Fixed assets, net (note 8)		3,737,878	3,835,019
Loans and note receivable (less allowance for doubtful accounts of $483,266 for 2019 and 2018) (note 6)		5,982,362	6,118,694
Total assets	$	1,128,253,427	968,423,539
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses (note 11)	$	1,270,156	1,315,688
Grants payable (note 10)		10,329,961	8,553,320
Charitable trusts (note 7)		6,629,342	6,374,351
Liability for funds held as agency endowments (note 11)		98,662,185	87,705,463
Total liabilities		116,891,644	103,948,822
Commitments and contingencies (note 12)			
Net assets:			
Without donor restrictions:			
Primarily designated for long-term investment (note 17)		972,506,589	829,958,439
With donor restrictions (note 18)		38,855,194	34,516,278
Total net assets		1,011,361,783	864,474,717
Total liabilities and net assets	$	1,128,253,427	968,423,539

See accompanying notes to consolidated financial statements.

THE RHODE ISLAND COMMUNITY FOUNDATION,
THE RHODE ISLAND CHARITIES TRUST, INC.,
THE HAFFENREFFER FAMILY FUND,
THE DOWNCITY PARTNERSHIP, INC.,
THE JEWISH FEDERATION FOUNDATION OF GREATER RHODE ISLAND,
JUNE ROCKWELL LEVY FOUNDATION, INC., AND
WESTERLY HIGHER EDUCATION AND JOB SKILLS CENTER
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Consolidated Statements of Activities

Years ended December 31, 2019 and 2018

		2019	2018
Change in net assets without donor restrictions:			
Revenues and investment activity:			
Contributions	$	40,239,172	49,669,979
Supporting organization contribution (note 1)		—	32,414,261
Net investment return		159,632,005	(40,977,858)
Royalties and other income (notes 5 and 14)		1,923,545	1,444,443
Net assets released from restrictions		3,832,511	4,368,202
Total revenues and investment activity		205,627,233	46,919,027
Expenses:			
Net grants appropriated (notes 10)		51,107,560	54,576,765
Program services (note 15)		3,013,568	2,583,553
Management and General (note 15)		7,298,838	6,607,434
Fundraising (note 15)		1,659,117	1,491,890
Total expenses		63,079,083	65,259,642
Increase (decrease) in net assets without donor restrictions		142,548,150	(18,340,615)
Change in net assets with donor restrictions:			
Contributions		3,154,045	6,311,645
Supporting organization contribution (note 1)		—	19,880,686
Change in value of investments held in trust		871,572	(875,032)
Net investment return		4,145,810	(2,156,588)
Net assets released from restrictions		(3,832,511)	(4,368,202)
Increase in net assets with donor restrictions		4,338,916	18,792,509
Change in net assets		146,887,066	451,894
Net assets, beginning of year		864,474,717	864,022,823
Net assets, end of year	$	1,011,361,783	864,474,717

See accompanying notes to consolidated financial statements.

THE RHODE ISLAND COMMUNITY FOUNDATION,
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Consolidated Statements of Cash Flows

Years ended December 31, 2019 and 2018

		2019	2018
Cash flows from operating activities:			
Change in net assets	$	146,887,066	451,894
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Depreciation		204,181	234,921
Bad debt expense		—	50,000
Supporting organization contribution		—	(52,294,947)
Realized gains on investments		(32,100,978)	(42,296,318)
Net unrealized (gains) losses on investments		(133,713,468)	92,042,849
Change in other assets		(1,533,427)	2,370,020
Change in other receivables		904,600	(2,744,100)
Change in accounts payable and accrued expenses		(45,532)	(788,730)
Change in grants payable		1,776,641	6,357,782
Change in liability as trustee for charitable trusts		254,991	(240,944)
Change in liability for funds held as agency endowments		10,956,722	(5,763,007)
Net cash used in operating activities		(6,409,204)	(2,620,580)
Cash flows from investing activities:			
Purchases of investments		(111,440,521)	(160,163,350)
Proceeds from sales and maturities of investments		117,311,428	161,494,025
Change in cash held in investments		2,273	(257,202)
Principal payment on loans receivable		136,332	1,357,318
Supporting organization cash		—	139,688
Additions to fixed assets		(107,040)	(16,783)
Net cash provided by investing activities		5,902,472	2,553,696
Cash flows from financing activities:			
Contributions restricted for long-term investment		16,464	931
Net cash provided by financing activities		16,464	931
Net change in cash		(490,268)	(65,953)
Cash, beginning of year, as restated (note 1(k))		2,277,181	2,343,134
Cash, end of year	$	1,786,913	2,277,181
Noncash investing transaction, assumption of loans	$	—	6,275,948

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Nature of the Business

The Rhode Island Foundation (the Foundation) is a community foundation formed in 1916 by a group of prominent local leaders in conjunction with Rhode Island Hospital Trust National Bank. The mission of the Foundation is to be a proactive community and philanthropic leader dedicated to meeting the needs of the people of Rhode Island.

The Rhode Island Community Foundation (the Community Foundation) was formed in 1984 as a nonprofit corporation with the same board of directors and management as The Rhode Island Foundation. The Community Foundation has similar charitable purposes as The Rhode Island Foundation, but the Community Foundation has funds that benefit charities both within and outside of Rhode Island.

On April 1, 2000, The Rhode Island Foundation dissolved the trust relationship with BankBoston. The assets of The Rhode Island Foundation were merged with The Rhode Island Community Foundation. The surviving entity is a nonprofit corporation, The Rhode Island Community Foundation, doing business as The Rhode Island Foundation.

The Haffenreffer Family Fund and June Rockwell Levy Foundation, Inc. became supporting organizations of The Rhode Island Community Foundation in 1987 and 2011, respectively. The board of directors of the Rhode Island Community Foundation appoints a majority of the directors of the governing bodies of each organization. These supporting organizations have charitable purposes similar to The Rhode Island Foundation.

In 1991, The Rhode Island Charities Trust, Inc., a not-for-profit corporation, became a supporting organization of The Rhode Island Community Foundation. The board of directors is the same as the membership of the Board for The Rhode Island Community Foundation. The income of The Rhode Island Charities Trust is designated for the United Way of Rhode Island.

In 2001, the Foundation set aside $9,000,000 to invest in the future of Providence’s downcity neighborhoods through a separate nonprofit, The Downcity Partnership, Inc. The mission of The Downcity Partnership, Inc. is focused on the revitalization of downtown Providence (Downcity), acting as a catalyst for development and new initiatives to benefit Downcity neighborhoods. The Downcity Partnership, Inc. will coordinate with other public, private, and nonprofit organizations, acting as the primary impetus for revitalization efforts.

In 2015, the Westerly Higher Education and Job Skill Center became a supporting organization of the Rhode Island Community Foundation. This supporting organization was created with the intent to hold a facility that will provide workforce training in Rhode Island. Currently, it has accepted charitable contributions on behalf and in support of the workforce training project. The board of directors of the Rhode Island Community Foundation appoints a majority of the directors of the governing body of this organization. In December 2018, the supporting organization dissolved and the assets of the organization were transferred to the lessee of the facility to support the workforce training project.

On October 4, 2018, The Jewish Federation Foundation of Greater Rhode Island (JFF) became a supporting organization of The Rhode Island Community Foundation. For the year ended December 31, 2018, the Foundation recorded $60,232,545 of assets and assumed $7,937,598 of liabilities related to JFF becoming a supporting organization. In the statement of activities the Foundation reported $52,294,947 in contributions consisting of $32,414,261 in net assets without donor restrictions and $19,880,686 in net assets with donor restrictions. The board of directors of the Rhode Island Community Foundation appoints a majority of the directors of the governing body of this organization. JFF promotes the welfare of the Jewish community though the support of charitable, cultural, educational and religious organizations, including the Jewish Alliance of Greater Rhode Island.

The accompanying consolidated financial statements as of December 31, 2019 and 2018 include the accounts of The Rhode Island Community Foundation, The Rhode Island Charities Trust Inc., The Haffenreffer Family Fund, The Downcity Partnership, Inc., The Jewish Federation Foundation of Greater Rhode Island effective October 4, 2018, June Rockwell Levy Foundation, Inc. and Westerly Higher Education and Job Skill Center (collectively referred to herein as the Foundation). All material inter-entity activity has been eliminated in the consolidated financial statements.

(b) Net Asset Classification

The Foundation has classified its net assets as follows:

Net assets without donor restrictions are not subject to donor-imposed stipulations but may be designated for specific purposes by the board of directors.

Net assets with donor restrictions consist of charitable gift annuities, pooled income funds, irrevocable charitable trusts, pledges and other contributions with purpose restrictions.

(c) Investments Held in Trust by Others

Investments held in trust by others are recorded at present value of expected net proceeds ultimately payable to the Foundation. These assets are adjusted annually to fair value, and any gain or loss is reflected in the consolidated statements of activities as investment income or losses.

(d) Fixed Assets

Fixed assets include land, building, computer and automotive equipment, furniture and fixtures, and leasehold improvements. The fixed assets are stated at cost. The fixed assets are being depreciated on a straight-line basis and the useful lives of the assets are as follows:

Classification	Useful lives
Computer and automotive equipment	4 years
Furniture, fixtures, and other equipment	7 years
Building and building improvements	4–40 years

(e) Grants Payable

The Foundation records grants as expenses when all conditions stipulated by the grant have been substantially met by the grantee. Grants issued with future payment dates and without substantive conditions are accrued and expensed when approved.

(f) Investments and Investment Income

Investments are reported at fair value. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Financial instruments that are measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and

Level 3 – unobservable inputs are used when little or no market data is available. Significant professional judgment is used in determining the fair value assigned to such assets or liabilities. This category includes financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

(Continued)

(g) Use of Estimates

The management of the Foundation has made a number of estimates and assumptions relating to the reporting of assets and liabilities, and the disclosure of contingent assets and liabilities, to prepare these consolidated financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

(h) Fair Value of Financial Instruments

The fair values of the financial instruments as of December 31, 2019 and 2018, represents management's best estimates of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Foundation based on the best information available in the circumstances.

(i) Agency Endowment Funds

The Foundation follows generally accepted accounting principles (GAAP) regarding the treatment of transactions in which the Foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both to another entity that is specified by the donor.

GAAP requires that if a Not-for-Profit Organization (NPO) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments. The Foundation maintains variance power and legal ownership of agency endowment funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with GAAP, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the NPOs.

(j) Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents, except for long-term investments.

The following table provides a reconciliation of cash within the consolidated statements of financial position that sums to the total of such amounts as shown in the consolidated statements of cash flows as of December 31:

		2019	2018
Cash as reported in the consolidated statements of financial position	$	1,020,155	1,512,696
Cash included in investments on the consolidated statements of financial position		766,758	764,485
Total cash as shown in the consolidated statements of cash flows	$	1,786,913	2,277,181

(k) Recent Accounting Pronouncements

ASU 2014-09, *Revenue from Contracts with Customers*, was issued by the FASB in May 2014 and is intended to improve the financial reporting requirements for revenue from contracts with customers. The ASU establishes a five-step model and application guidance for determining the timing and amount of revenue recognition. The related application guidance in the ASU replaces most existing revenue recognition guidance in GAAP. The ASU became effective for the Foundation for the year ended December 31, 2019. The Foundation's adoption of the ASU did not materially change the timing or amount of revenue recognized by the Foundation.

ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, was issued by the FASB in June 2018. The new ASU is intended to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonexchange transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions subject to other guidance and (2) determining whether a contribution is conditional. The ASU clarifies that a contribution is conditional if the agreement includes one or more barriers that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. The ASU became effective for the Foundation for the year ended December 31, 2019. The Foundation's adoption of the ASU did not have a material effect on its financial statements.

(Continued)

ASU 2016-18, *Statement of Cash Flows: Restricted Cash*, was issued by the FASB in November 2016. The new ASU requires that the consolidated statement of cash flows include the change during the period for total cash and cash equivalents. A summary of the change in the consolidated statement of cash flows presentation resulting from the adoption of ASU 2016-18 as of December 31, 2018 is as follows:

Cash as of December 31, 2017, as previously reported	$	1,321,447
implementation of ASU 2016-18		1,021,687
Cash as of December 31, 2017, as restated	$	2,343,134

(2) Liquidity

As of December 31, 2019, financial assets and liquidity resources available within one year for general expenditure including operating expenses and grant disbursements were as follows:

Financial assets:		
Cash	$	1,020,155
Pledges and other receivables due in one year		1,035,680
Estimated appropriation for spending rate		63,166,333
Total financial assets available within one year	$	65,222,168

The Foundation's Board of Directors approves the annual spending rate from the endowment. Under the provision of the spending rule, for the years ending December 31, 2019 and 2018, the board approved an endowment appropriation ranging from 5% to 6.53%. Additionally, the Foundation has board designated funds of approximately $305,481,314 as of December 31, 2019. Although the Foundation does not intend to spend from its board designated endowment funds other than amounts appropriated for operation, amounts could be made available if necessary. To manage liquidity, the Foundation's investment policy includes a periodic review of total endowment fund liquidity.

(3) Investments

(a) Investments and Spending Policy

The Foundation's portfolio is managed by outside investment managers who invest according to the investment guidelines established by the Investment Committee of the Board. The investment portfolio is allocated approximately 55% equity investments, 40% alternative investments, and 5% fixed income investments. The equity investments are further diversified into domestic, international and emerging markets. The alternative investments are further diversified into private equity, real assets and hedge/absolute return strategies. Additionally, the entire portfolio is diversified across economic sectors, geographic locations and industries.

(b) 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 Investment Committee is responsible for establishing an asset allocation policy. The asset allocation policy is designed to attempt to achieve diversity among capital markets and within capital markets, by investment discipline and management style. The Investment Committee designs a policy portfolio in light of the endowment's needs for liquidity, preservation of purchasing power and risk tolerances. This policy is reviewed on an ongoing basis by the Investment Committee. There is no limitation on the types of investments in which the endowment fund may be invested, and it is intended that the Board of Directors and the Investment Committee have the broadest flexibility as to the selection of investments for the endowment fund.

Realized and unrealized investment gains or losses are determined by comparison of the asset cost basis to net proceeds received at the time of disposition (trade date) on an average cost basis (realized) and comparison of the difference between market values and the cost basis (unrealized), respectively. Dividend and interest income is recognized when earned.

(c) Return Objectives and Risk Parameters

The primary investment objective of management is to maintain and grow the fund's real value by generating average annual real returns that meet or exceed the spending rate, after inflation, management fees and administrative costs. Consistent with this goal, the Board of Directors and the Investment Committee intend that the investments be managed with an intention to: maximize total returns consistent with prudent levels of risk; reduce portfolio risk through asset allocation and diversification. The Foundation manages its investment income spending policy by the "total return" method, which utilizes a Board-approved prudent spending rate percentage applied against a sixteen-quarter average investment portfolio market value. This method allows for the investments to be invested over the long term in order to achieve its primary investment objective. The Foundation's spending rate percentage ranged from 5% to 6.53% in 2019 and 2018.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

(Continued)

Following is a description of the valuation methodologies used for assets at fair value:

Cash and cash equivalents: Money market funds are valued at the net asset value (NAV) reported by the financial institution.

Mutual funds, common stocks and equities: Valued at the closing price reported on an active market on which the individual securities are traded.

Fixed income: The accounts invest principally in fixed income instruments and debt instruments. Account investments are primarily valued using market quotations or prices obtained from independent pricing sources which may employ various pricing methods to value the investments including matrix pricing.

Private equities, hedge funds, and real assets: The estimation of fair value of investments in investment companies for which investment does not have a readily determinable value is made using the NAV per share or its equivalent as a practical expedient.

The Foundation owns interests in alternative investment funds that are generally reported at the net assets value (NAV) reported by the fund managers, unless the fund has a readily determinable fair value, which is used as a practical expedient to estimate the fair value of the Foundation's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. As of December 31, 2019 and 2018, the Foundation had no plans or intentions to sell investments at amounts different from NAV.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables summarize the Foundation's investments, other than those recorded at NAV, by major category within the fair value hierarchy as of December 31, 2019 and 2018.

The following table summarizes Level 1 investments in the fair value hierarchy:

	Level 1 December 31 2019	Level 1 December 31 2018
Short term investments:		
Cash and cash equivalents	$ 29,975,922	83,211,235
Mutual and comingled funds – fixed income	31,347,689	32,667,649
Mutual funds and common trust funds:		
Equity	291,863,518	204,815,520
Real estate	20,444,895	15,838,748
Common stock and bonds:		
Common stock	56,900	—
U.S. Treasury bond	458,213	465,484
International funds – equities and fixed income:		
Emerging markets equity	45,049,387	47,289,561
Developed markets equity	226,243,022	151,258,807
Real estate	17,362,701	15,392,202
Total Level 1 investments, in the fair value hierarchy	$ 662,802,247	550,939,206

The following table summarizes Level 2 investments in the fair value hierarchy:

	Level 2 December 31 2019	Level 2 December 31 2018
Bonds:		
International bonds	$ 1,825,000	1,825,000
U.S. Treasury	18,130,899	20,105,498
Corporate	21,977,309	27,972,982
Asset-backed securities	15,836,135	14,658,051
Municipal	927,344	901,170
Total Level 2 investments, in the fair value hierarchy	$ 58,696,687	65,462,701

The following table reconciles NAV-measured investments to investments reported in the consolidated statements of the Foundation as of December 31, 2019 and 2018.

	Year ended December 31		Redemption	Days'
	2019	**2018**	**or liquidation**	**notice**
Hedge funds/flexible capital:				
Multiple strategies	$ 129,745,969	101,168,154	Quarterly	45–60
Multiple strategies	31,646,597	20,690,725	Quarterly (1)	60–95
Multiple strategies	19,700,543	18,385,232	Quarterly (2)	60
Multiple strategies	46,147,088	57,056,546	Semi-liquid (3)	65–95
Multiple strategies	21,539,020	20,766,511	Annually	45–95
Multiple strategies	69,064	476,622	Illiquid (4)	—
Private equity:				
Private equity and venture capital funds	89,123,808	70,126,277	Illiquid (4)	—
Real assets/inflation hedging:				
Real estate and natural resources	28,700,871	27,092,007	Illiquid (4)	—
Impact investments	4,983,895	1,064,733	Illiquid (4)	—
Total investments measured at NAV	371,656,855	316,826,807		
Investments in the fair value hierarchy	721,498,934	616,401,907		
Total investments	$ 1,093,155,789	933,228,714		

(1) 25% per quarter.

(2) 10% gate, max. 3 consecutive quarters

(3) Redemptions generally available annually. Balances of $1,395,255 and $1,264,611 are illiquid as of December 31, 2019 and 2018, respectively.

(4) Depending on the age of the fund, these funds are expected to liquidate in 1 to 25 years.

(i) Liquidity

Investments as of December 31, 2019 are summarized below based on when they may be redeemed or sold:

Daily	$ 535,058,354
Semi-monthly	53,697,224
Monthly	130,460,144
Quarterly	181,093,108
Annually	68,574,066
Illiquid	124,272,893
Total	$ 1,093,155,789

(4) Other Receivables

Other receivables consist primarily of pledges and the Foundation's remainder interest in charitable remainder trusts where the Foundation is not the trustee.

The Foundation's net interest in charitable remainder trusts as of December 31, 2019 and 2018 was $2,931,103 and $2,687,498, respectively. The Foundation's net interest in these charitable remainder trusts represents the fair value of assets in the trusts less the present value of payments expected to be made to other beneficiaries. Pledge receivables as of December 31, 2019 and 2018 were $2,722,500 and $3,762,955, respectively.

(5) Land

Included in other assets are land and a mining lease held by The Rhode Island Charities Trust Inc., in Sandersville, Georgia. The land is valued at cost and has been under lease to mining companies since 1963. The carrying value of the land at December 31, 2019 and 2018 is $1 and the carrying value of the mining lease is $1. The lease provides for a royalty based on a fixed price, adjusted annually for inflation, per wet ton of crude kaolin mined and removed from the property. The royalty income in 2019 and 2018 was $494,024 and $372,105, respectively.

(6) Loans and Note Receivable

At December 31, loans and notes receivable consisted of the following:

A promissory note dated May 16, 2007 in the amount of $2,360,109 from Rhode Island Public Radio, a nonprofit corporation. The principal balance of this note is due and payable on May 16, 2022. Interest is 0.86% and is payable quarterly. The balance at December 31, 2019 and 2018 was $326,012.

At December 31, 2018, promissory notes receivable from the Providence Revolving Fund, Inc., a nonprofit corporation, matured. Upon maturity, a principal payment of $1,357,318 was received and the underlying loans held by the Providence Revolving Fund, Inc., were assigned over to The Rhode Island Community Foundation. At December 31, 2019 and 2018, the loan balances totaled $6,139,616 and $6,275,948, respectively, with interest rates ranging from 4% to 5.5% and maturity dates ranging from August 2019 through December 2025. Subsequent to year end, amended agreements were executed for the majority of these loans, extending the maturity dates of the loans by 90 days, to provide for a 90 day payment suspension period. Based on the Foundation’s analysis of existing accounting guidance, it appears this insignificant and short term deferral will not require troubled debt restructuring accounting treatment.

The Foundation has established an allowance on the above noted notes receivable totaling $483,266 at December 31, 2019 and 2018.

(7) Charitable Trusts

The fair values of the charitable remainder trusts, charitable gift annuities and pooled income funds are as follows and are included in other assets:

		2019	2018
Charitable remainder trusts	$	3,153,504	3,129,335
Charitable gift annuities		7,179,829	6,592,196
Pooled income funds		7,890,072	7,073,339
Total	$	18,223,405	16,794,870

When the Foundation acts as trustee, a liability is recorded for the amount due to income beneficiaries of charitable gift annuities and charitable remainder trust, and for deferred revenue on pooled income funds. The present value of the estimated future payments to be distributed during the beneficiaries’ expected lives is recorded as a liability using the current discount rate of 2% and 3.6% in 2019 and 2018, respectively.

(Continued)

(8) Fixed Assets

Fixed assets consisted of the following as of December 31:

	2019	2018
Land	$ 450,000	450,000
Building	4,108,201	4,108,201
Building improvements	2,155,928	2,122,232
Furniture and fixtures	513,784	513,784
Equipment	697,602	693,410
	7,925,515	7,887,627
Less accumulated depreciation and amortization	(4,187,637)	(4,052,608)
	$ 3,737,878	3,835,019

Depreciation expense was $204,181 and $234,291 for the years ended December 31, 2019 and 2018, respectively.

(9) Retirement Plan

The Foundation sponsors a defined contribution retirement plan in which contributions are based upon a specified percentage of salary. All employees are eligible after six months of service. There is a 4-year vesting schedule for the employer contribution as follows: 25% after year 1, 50% after year 2, 75% after year 3, and 100% after year 4. Retirement plan expense was $492,574 and $403,287 for 2019 and 2018, respectively. Employees also have the option to contribute to this plan through salary reductions. These funds are managed exclusively by third-party administrators.

(10) Grants

At December 31, 2019 and 2018, grants payable totaled $10,329,961 and $8,553,320, respectively. Grants payable at December 31, 2019 are expected to be to be expended in the following years:

2020	$ 9,045,031
2021	1,284,930
Grants payable at end of year	$ 10,329,961

(11) Liability for Funds Held as Agency Endowments

At December 31, 2019 and 2018, the Foundation held agency endowment funds and certain other designated funds with a combined value of $98,662,185 and $87,705,463, respectively, which it accounts for as a liability. The following summarizes activity in such liability accounts during the years then ended:

		2019	2018
Beginning liability for funds held as agency endowments	$	87,705,463	86,210,017
Contributions		3,778,270	9,918,228
Investment income		1,356,112	969,692
Unrealized and realized gains (losses), net		14,745,049	(5,027,196)
Foundation support fees		(846,293)	(767,069)
Grants		(8,076,416)	(3,598,209)
Ending liability for funds held as agency endowments	$	98,662,185	87,705,463

During 2019 and 2018, the Foundation, as a fiscal agent, received funds designated for specific organizations in the amount of $258,853 and $155,000, respectively. Included in accounts payable and accrued expenses is the Foundation’s net fiscal agent liability from these funds which was $284,600 and $163,995 at December 31, 2019 and 2018, respectively.

(12) Commitments and Contingencies

(a) Investments

Private equity and real asset investments are generally made through limited partnerships. Under the terms of these agreements, the Foundation is obligated to remit additional funding periodically as capital or liquidity calls are exercised by the manager. These partnerships have a limited existence, generally ten years, and such agreements may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund’s strategy, and other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The Foundation cannot anticipate such changes because they are based on unforeseen events, but should they occur they may result in less liquidity or return from the investment than originally anticipated. As a result, the timing and amount of future capital or liquidity calls expected to be exercised in any particular future year is uncertain. The aggregate amount of unfunded commitments associated with private equity and real asset investments as of December 31, 2019 and 2018 were $97,363,368 and $91,904,458.

(b) Loan Guarantees

The Foundation is also a limited liability guarantor of a promissory note from RBS Citizens, National Association to the Rhode Island Philharmonic Orchestra for up to 50% of the principal balance. The guarantee at December 31, 2019 is $1,916,666. This guaranty will remain in effect until June 18, 2023.

The Jewish Federation Foundation is a limited liability guarantor of a promissory note from BankRI to Alliance Realty, Inc. Alliance Realty, Inc. owns the land and building from which the Jewish Alliance operates. The guarantee at December 31, 2019 is $2,492,686. This guaranty will remain in effect until July 21, 2027.

(c) Potential Litigation

The Foundation is involved in miscellaneous general liability suits arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without a material adverse effect on the Foundation’s financial position or results of operations.

(13) Tax Status

Each of the entities comprising the Foundation is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from income taxes pursuant to Section 501(a) of the Code.

The Foundation maintains its tax-exempt status by fulfilling its mission and the vast majority of its operations and revenue are exempt from income tax liability. Management asserts that no such uncertain tax position exists for the Foundation at December 31, 2019.

The Foundation’s long-term investments include alternative investments, such as hedge funds and venture capital funds that generate unrelated business income per Section 514 of the Internal Revenue Code. The Foundation reports applicable unrelated business income by filing the applicable U.S. and state income tax returns.

(14) Leases

The Foundation leases property to others under noncancelable operating leases requiring fixed monthly payments over various terms. For the years ended December 31, 2019 and 2018, the Foundation recognized $283,845 and $282,291, respectively, in lease revenue which is included in other income. At December 31, 2019, future minimum lease receipts are $85,424 for the year ended December 31, 2020.

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(15) Functional Classification of Expenses

For the year ended December 31, 2019, total expenses of the Foundation were classified by function as follows:

	Program Services	Management and general	Fundraising	Total
Salaries	$ 1,532,684	2,419,303	1,097,753	5,049,740
Employee benefits	452,558	962,468	225,212	1,640,238
Marketing	42,720	333,957	90,683	467,360
Conferences and meetings	79,535	74,593	24,013	178,141
Insurance	—	84,208	—	84,208
Purchased services	826,290	1,811,251	209,306	2,846,847
Supplies and general	79,781	673,745	12,150	765,676
Building maintenance	—	735,132	—	735,132
Depreciation	—	204,181	—	204,181
	$ 3,013,568	7,298,838	1,659,117	11,971,523

For the year ended December 31, 2018, total expenses of the Foundation were classified by function as follows:

	Program Services	Management and general	Fundraising	Total
Salaries	$ 1,487,911	2,544,687	944,687	4,977,285
Employee benefits	422,763	826,480	201,405	1,450,648
Marketing	56,388	184,163	56,074	296,625
Conferences and meetings	66,840	61,027	29,726	157,593
Insurance	—	80,406	—	80,406
Purchased services	499,808	1,626,577	249,789	2,376,174
Supplies and general	49,843	345,233	10,209	405,285
Building maintenance	—	703,940	—	703,940
Depreciation	—	234,921	—	234,921
	$ 2,583,553	6,607,434	1,491,890	10,682,877

(Continued)

(16) Endowment

The Foundation's endowment as of December 31, 2019 and 2018, respectively, consists of a number of individual funds established for a variety of purposes. Endowment net assets consist of the following grouped by the fund type that determines how the annual spendable amounts may be utilized:

		Without donor restrictions	With donor restrictions	Total
As of December 31, 2019:				
Discretionary	$	344,349,822	—	344,349,822
Donor designated		253,996,028	—	253,996,028
Donor advised		291,813,632	—	291,813,632
Supporting organizations		63,291,300	20,065,350	83,356,650
Total endowment net assets	$	953,450,782	20,065,350	973,516,132

		Without donor restrictions	With donor restrictions	Total
As of December 31, 2018:				
Discretionary	$	301,403,361	—	301,403,361
Donor designated		217,154,701	—	217,154,701
Donor advised		236,858,063	—	236,858,063
Supporting organizations		57,702,236	16,769,816	74,472,052
Total endowment net assets	$	813,118,361	16,769,816	829,888,177

GAAP provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and requires comprehensive disclosures regarding donor-restricted endowment funds.

(Continued)

The Foundation is incorporated in and subject to the laws of Rhode Island, which contain the provisions outlined in the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA permits the Foundation to appropriate for expenditure or accumulate so much of an endowment fund as the Foundation determines to be prudent for the uses, benefits, purposes and duration for which the endowment fund is established. Seven criteria are to be used to guide the Foundation in its yearly expenditure decisions: 1) duration and preservation of the endowment fund; 2) the purposes of the Foundation and the endowment fund; 3) general economic conditions; 4) possible effects of inflation or deflation; 5) the expected total return from income and the appreciation of investments; 6) other resources of the Foundation; and 7) the investment policy of the Foundation.

As a result of market declines, the fair value of certain endowments with donor restrictions may fall below original contributed value. As of December 31, 2019 and 2018, funds with an original gift value of $500,785 were underwater by $28,946 and $56,637, respectively. These unrealized losses have been recorded as reductions in net assets with donor restrictions.

Changes in endowment net assets for the years ended December 31, 2019 and 2018 are as follows:

		Without donor restrictions	With donor restrictions	Total
Endowment net assets, December 31, 2017:	$	837,549,042	—	837,549,042
Contributions received		47,547,528	931	47,548,459
JFF contribution		13,858,915	19,129,420	32,988,335
Investment returns, net		(33,208,844)	(1,762,158)	(34,971,002)
Grants and transfers		(52,628,280)	—	(52,628,280)
Net assets released from restriction		—	(598,377)	(598,377)
Endowment net assets, December 31, 2018:		813,118,361	16,769,816	829,888,177
Contributions received		39,179,934	1,090,287	40,270,221
Investment returns, net		156,003,344	3,004,433	159,007,777
Grants and transfers		(54,850,858)	—	(54,850,858)
Net assets released from restriction		—	(799,187)	(799,187)
Endowment net assets, December 31, 2019:	$	953,450,781	20,065,349	973,516,130

(17) Net Assets Without Donor Restriction by Organization

Net assets without donor restriction by organization at December 31, 2019 and 2018 consist of:

		2019	2018
The Rhode Island Community Foundation	$	883,633,166	755,199,681
The Rhode Island Charities Trust, Inc., The Haffenreffer Family Fund, The Downcity Partnership, Inc., Westerly Higher Education and Job Skills Center and Jewish Federation Foundation of Greater Rhode Island June Rockwell Levy Foundation, Inc.		88,873,423	74,758,758
Total	$	972,506,589	829,958,439

(18) Net Assets With Donor Restriction by Organization

Net assets with donor restriction by organization at December 31, 2019 and 2018 consist of:

		2019	2018
The Rhode Island Community Foundation:			
Restricted funds, pledges and split-interest agreements	$	18,326,639	17,306,360
The Rhode Island Charities Trust, Inc., The Haffenreffer Family Fund, The Downcity Partnership, Inc., Westerly Higher Education and Job Skills Center and Jewish Federation Foundation of Greater Rhode Island June Rockwell Levy Foundation, Inc.:			
Restricted funds and split-interest agreements		20,528,555	17,209,918
	$	38,855,194	34,516,278

(Continued)

(19) Related Parties

Members of the Foundation's Board of Directors and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the Foundation. The Foundation's conflict of interest policy requires, among other things, that no member of the Board of Directors or its committees can participate in any decision in which he or she (or an immediate family member) has a material financial interest. For members of the Board of Directors and senior management, the Foundation requires an annual disclosure of significant financial interests in, or employment or consulting relationships with, entities doing business with the Foundation. When such relationships exist, measures are taken to address the actual or perceived conflict to ensure the best interests of the Foundation and ensure compliance with relevant conflict of interest laws or policy.

(20) Subsequent Events

The Foundation considers events or transactions that occur after the statement of financial position date, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements were issued on June 23, 2020 and subsequent events have been evaluated through that date.

On March 11, 2020, an outbreak of the novel strain of coronavirus known as COVID-19 was declared a pandemic by the World Health Organization. While much is still being learned, this outbreak is expected to affect the global economy as financial markets have declined. Management is not yet able to quantify the impact but is continuing to monitor returns and investment valuations.