# 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. (COLLECTIVELY, THE FOUNDATION)

Consolidated Financial Statements

December 31, 2020 and 2019

(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.
(COLLECTIVELY, THE FOUNDATION)**

Consolidated Financial Statements

December 31, 2020 and 2019

**Table of Contents**


| | Page(s) |
|---|---|
| Independent Auditors' Report | 1–2 |
| Financial Statements: | |
| Consolidated Statements of Financial Position | 3 |
| Consolidated Statements of Activities | 4 |
| Consolidated Statements of Cash Flows | 5 |
| Notes to Consolidated Financial Statements | 6–24 |

KPMG LLP
One Financial Plaza, Suite 2300
Providence, RI 02903

## 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, and
June Rockwell Levy Foundation, Inc.

### Report on the Financial Statements

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, and June Rockwell Levy Foundation, Inc. (collectively, the Foundation), which comprise the consolidated statements financial position as of December 31, 2020 and 2019, 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 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

KPMG

*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, 2020 and 2019, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2021 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

KPMG LLP

June 16, 2021

**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.**
**(COLLECTIVELY, THE FOUNDATION)**

Consolidated Statements of Financial Position

December 31, 2020 and 2019

| **Assets** | | **2020** | **2019** |
|---|---|---|---|
| Cash | $ | 1,160,387 | 1,020,155 |
| Investments (note 3) | | 1,206,459,140 | 1,093,155,789 |
| Charitable trusts and other assets (notes 5 and 7) | | 18,691,672 | 18,709,392 |
| Other receivables, net (note 4) | | 5,133,543 | 5,647,851 |
| Fixed assets, net (note 8) | | 3,691,648 | 3,737,878 |
| Loans and note receivable (less allowance for doubtful accounts of $483,266 for 2020 and 2019) (note 6) | | 5,887,000 | 5,982,362 |
| Total assets | $ | 1,241,023,390 | 1,128,253,427 |
| **Liabilities and Net Assets** | | | |
| Liabilities: | | | |
| Accounts payable and accrued expenses (note 11) | $ | 1,523,701 | 1,270,156 |
| Grants payable (note 10) | | 4,949,149 | 10,329,961 |
| Charitable trusts (note 7) | | 6,523,616 | 6,629,342 |
| Liability for funds held as agency endowments (note 11) | | 105,044,772 | 98,662,185 |
| Total liabilities | | 118,041,238 | 116,891,644 |
| Commitments and contingencies (note 12) | | | |
| Net assets: | | | |
| Without donor restrictions: | | | |
| Primarily designated for long-term investment (note 16) | | 1,077,250,098 | 972,506,589 |
| With donor restrictions (note 17) | | 45,732,054 | 38,855,194 |
| Total net assets | | 1,122,982,152 | 1,011,361,783 |
| Total liabilities and net assets | $ | 1,241,023,390 | 1,128,253,427 |

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, AND**
**JUNE ROCKWELL LEVY FOUNDATION, INC.**
**(COLLECTIVELY, THE FOUNDATION)**

Consolidated Statements of Activities

Years ended December 31, 2020 and 2019

| | 2020 | 2019 |
|---|---|---|
| Change in net assets without donor restrictions: | | |
| Revenues and investment activity: | | |
| Contributions | $ 47,784,738 | 40,239,172 |
| Net investment return | 125,314,659 | 159,632,005 |
| Royalties and other income (note 5) | 1,632,582 | 1,923,545 |
| Net assets released from restrictions | 13,154,458 | 3,832,511 |
| Total revenues and investment activity | 187,886,437 | 205,627,233 |
| Expenses: | | |
| Net grants appropriated (notes 10) | 71,451,554 | 51,107,560 |
| Program services (note 15) | 3,736,251 | 3,848,077 |
| Management and General (note 14) | 6,420,703 | 6,464,329 |
| Fundraising (note 14) | 1,534,420 | 1,659,117 |
| Total expenses | 83,142,928 | 63,079,083 |
| Increase in net assets without donor restrictions | 104,743,509 | 142,548,150 |
| Change in net assets with donor restrictions: | | |
| Contributions | 10,920,330 | 3,154,045 |
| Grant revenue | 5,270,000 | — |
| Change in value of investments held in trust | 823,775 | 871,572 |
| Net investment return | 3,017,213 | 4,145,810 |
| Net assets released from restrictions | (13,154,458) | (3,832,511) |
| Increase in net assets with donor restrictions | 6,876,860 | 4,338,916 |
| Change in net assets | 111,620,369 | 146,887,066 |
| Net assets, beginning of year | 1,011,361,783 | 864,474,717 |
| Net assets, end of year | $ 1,122,982,152 | 1,011,361,783 |

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, AND**
**JUNE ROCKWELL LEVY FOUNDATION, INC.**
**(COLLECTIVELY, THE FOUNDATION)**

Consolidated Statements of Cash Flows

Years ended December 31, 2020 and 2019

| | 2020 | 2019 |
|---|---|---|
| Cash flows from operating activities: | | |
| Change in net assets | $ 111,620,369 | 146,887,066 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation | 202,994 | 204,181 |
| Realized gains on investments | (29,076,748) | (32,100,978) |
| Net unrealized gains on investments | (102,124,576) | (133,713,468) |
| Change in other assets | 17,720 | (1,533,427) |
| Change in other receivables | 514,308 | 904,600 |
| Change in accounts payable and accrued expenses | 253,545 | (45,532) |
| Change in grants payable | (5,380,812) | 1,776,641 |
| Change in liability as trustee for charitable trusts | (105,726) | 254,991 |
| Change in liability for funds held as agency endowments | 6,382,587 | 10,956,722 |
| Net cash used in operating activities | (17,696,339) | (6,409,204) |
| Cash flows from investing activities: | | |
| Purchases of investments | (121,757,545) | (111,440,521) |
| Proceeds from sales and maturities of investments | 139,654,041 | 117,311,428 |
| Change in cash held in investments | 1,326 | 2,273 |
| Principal payments on loans receivable | 95,362 | 136,332 |
| Additions to fixed assets | (156,764) | (107,040) |
| Net cash provided by investing activities | 17,836,420 | 5,902,472 |
| Cash flows from financing activities: | | |
| Contributions restricted for long-term investment | 1,477 | 16,464 |
| Net cash provided by financing activities | 1,477 | 16,464 |
| Net change in cash | 141,558 | (490,268) |
| Cash, beginning of year | 1,786,913 | 2,277,181 |
| Cash, end of year | $ 1,928,471 | 1,786,913 |

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.

On October 4, 2018, The Jewish Federation Foundation of Greater Rhode Island (JFF) became a supporting organization of The Rhode Island Community Foundation. 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, 2020 and 2019 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, and June Rockwell Levy Foundation, Inc. (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 or time 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.

Investments measured at net asset value as a practical expedient to estimate fair value are not categorized in the fair value hierarchy.

***(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, 2020 and 2019, 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



(Continued)

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:

| | | 2020 | 2019 |
|---|---|---|---|
| Cash as reported in the consolidated statements of financial position | $ | 1,160,387 | 1,020,155 |
| Cash included in investments on the consolidated statements of financial position | | 768,084 | 766,758 |
| Total cash as shown in the consolidated statements of cash flows | $ | 1,928,471 | 1,786,913 |

***(k) Revenue***

- *Revenue from Grants and Contracts*

  Grants and contracts awarded by federal and other sponsors, which generally are considered nonexchange transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred or other conditions under the agreements are met.

- *Revenue from Contributions*

  Contributions, including unconditional promises to give, are recognized at fair value and increase net assets in the period received. Written promises to give that are scheduled to be received after the balance sheet date are shown as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the purpose or time restrictions are met. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are recognized as increases in net assets with donor restrictions. Contributions are considered conditional when the underlying agreement includes a performance barrier and a right of return or a right to release promised assets exists. Conditional promises to give are not recognized as revenue until the performance barrier and the right of return or release have been overcome. Contributions to be received after one year are discounted at rates commensurate with the estimated risk of receipt of the pledge. Amortization of the discount is recorded as additional contribution revenue in the appropriate net asset category.

***(l) Reclassifications***

Certain 2019 amounts have been reclassified to conform to the 2020 reporting format.

**(2) Liquidity**

As of December 31, 2020, financial assets and liquidity resources available within one year for general expenditure including operating expenses and grant disbursements were as follows:

| | | 2020 | 2019 |
|---|---|---|---|
| Financial assets: | | | |
| Cash | $ | 1,160,387 | 1,020,155 |
| Pledges and other receivables due in one year | | 270,014 | 1,035,680 |
| Estimated appropriation for spending rate for upcoming fiscal year | | 74,586,897 | 63,166,333 |
| Total financial assets available within one year | $ | 76,017,298 | 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, 2020 and 2019, the board approved an endowment appropriation ranging from 5% to 6.53%. Additionally, the Foundation has board designated funds of approximately $336,180,685 and $305,481,314 as of December 31, 2020 and 2019, respectively. 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.



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### *(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 2020 and 2019.

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.

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*: Invested principally in fixed income instruments and debt instruments and 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 as reported by the fund manager.

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, 2020 and 2019, 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, 2020 and 2019.

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

| | Level 1 December 31 | |
|---|---|---|
| | **2020** | **2019** |
| Short term investments: | | |
| Cash and cash equivalents | $ 47,154,382 | 29,975,922 |
| Mutual and comingled funds – fixed income | 29,474,671 | 31,347,689 |
| Mutual funds and common trust funds: | | |
| Equity | 298,190,857 | 291,863,518 |
| Real estate | 21,516,251 | 20,444,895 |
| Common stock and bonds: | | |
| Common stock | — | 56,900 |
| U.S. Treasury bond | 446,943 | 458,213 |
| International funds: | | |
| Emerging markets equity | 51,115,641 | 45,049,387 |
| Developed markets equity | 245,761,678 | 226,243,022 |
| Real estate | 17,963,653 | 17,362,701 |
| Total Level 1 investments, in the fair value hierarchy | $ 711,624,076 | 662,802,247 |

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

| | Level 2 December 31 2020 | Level 2 December 31 2019 |
|---|---|---|
| Bonds: | | |
| International bonds | $ 1,875,000 | 1,825,000 |
| U.S. Treasury | 6,503,767 | 18,130,899 |
| Corporate | 23,042,365 | 21,977,309 |
| Asset-backed securities | 18,029,579 | 15,836,135 |
| Municipal | 1,203,425 | 927,344 |
| Total Level 2 investments, in the fair value hierarchy | $ 50,654,136 | 58,696,687 |

The following table reconciles NAV-measured investments to investments reported in the consolidated statements of the Foundation as of December 31, 2020 and 2019.

| | Year ended December 31 | | Redemption | Days' |
|---|---|---|---|---|
| | 2020 | 2019 | or liquidation | notice |
| Hedge funds/flexible capital: | | | | |
| Multiple strategies | $ 146,302,460 | 129,745,969 | Quarterly | 45–60 |
| Multiple strategies | 32,325,153 | 31,646,597 | Quarterly (1) | 60–95 |
| Multiple strategies | 21,231,791 | 19,700,543 | Quarterly (2) | 60 |
| Multiple strategies | 16,884,177 | — | Semi-annually | 90 |
| Multiple strategies | 46,668,879 | 46,147,088 | Semi-liquid (3) | 65–95 |
| Multiple strategies | 24,342,174 | 21,539,020 | Annually | 45–95 |
| Multiple strategies | 12,362 | 69,064 | Illiquid (4) | — |
| Private equity: | | | | |
| Private equity and venture capital funds | 123,916,873 | 89,123,808 | Illiquid (4) | — |
| Real assets/inflation hedging: | | | | |
| Real estate and natural resources | 26,934,168 | 28,700,871 | Illiquid (4) | — |
| Impact investments | 5,562,888 | 4,983,895 | Illiquid (4) | — |
| Total investments measured at NAV | 444,180,925 | 371,656,855 | | |
| Investments in the fair value hierarchy | 762,278,215 | 721,498,934 | | |
| Total investments | $ 1,206,459,140 | 1,093,155,789 | | |

(1) 25% per quarter.

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

(3) Redemptions generally available annually. Balances of $1,991,677 and $1,395,255 are illiquid as of December 31, 2020 and 2019, respectively.

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

## (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, 2020 and 2019 was $4,017,162 and $2,931,103, 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, 2020 and 2019 were $1,046,368 and $2,722,500, respectively.

## (5) Land

Included in charitable trusts and 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, 2020 and 2019 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 2020 and 2019 was $372,670 and $494,024, 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, 2020 and 2019 was $326,012.

Promissory notes receivable from the Providence Revolving Fund, Inc., a nonprofit corporation, matured during 2018. 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, 2020 and 2019, the loan balances totaled $6,044,254 and $6,139,616, respectively, with interest rates ranging from 4% to 5.5% and maturity dates ranging from August 2019 through December 2025.

The Foundation has established an allowance on the above noted notes receivable totaling $483,266 at December 31, 2020 and 2019.

## (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 charitable trusts and other assets:

| | | 2020 | 2019 |
|---|---|---|---|
| Charitable remainder trusts | $ | 3,043,953 | 3,153,504 |
| Charitable gift annuities | | 7,214,412 | 7,179,829 |
| Pooled income funds | | 8,086,918 | 7,890,072 |
| Total | $ | 18,345,283 | 18,223,405 |

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 0.6% and 2% in 2020 and 2019, respectively.

## (8) Fixed Assets

Fixed assets consisted of the following as of December 31:

| | | 2020 | 2019 |
|---|---|---|---|
| Land | $ | 450,000 | 450,000 |
| Building | | 4,108,201 | 4,108,201 |
| Building improvements | | 2,260,244 | 2,155,928 |
| Furniture and fixtures | | 513,784 | 513,784 |
| Equipment | | 750,050 | 697,602 |
| | | 8,082,279 | 7,925,515 |
| Less accumulated depreciation and amortization | | (4,390,631) | (4,187,637) |
| | $ | 3,691,648 | 3,737,878 |

Depreciation expense was $202,994 and $204,181 for the years ended December 31, 2020 and 2019, 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 $477,825 and $492,574 for 2020 and 2019, 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, 2020 and 2019, grants payable totaled $4,949,149 and $10,329,961, respectively. Grants payable at December 31, 2020 are expected to be to be expended in 2021.

## (11) Liability for Funds Held as Agency Endowments

At December 31, 2020 and 2019, the Foundation held agency endowment funds and certain other designated funds with a combined value of $105,044,772 and $98,662,185, respectively, which it accounts for as a liability. The following summarizes activity in such liability accounts during the years then ended:

| | | 2020 | 2019 |
|---|---|---|---|
| Beginning liability for funds held as agency endowments | $ | 98,662,185 | 87,705,463 |
| Contributions | | 4,055,468 | 3,778,270 |
| Investment income | | 902,579 | 1,356,112 |
| Unrealized and realized gains, net | | 10,365,448 | 14,745,049 |
| Foundation support fees | | (893,019) | (846,293) |
| Grants | | (8,047,889) | (8,076,416) |
| Ending liability for funds held as agency endowments | $ | 105,044,772 | 98,662,185 |

During 2020 and 2019, the Foundation, as a fiscal agent, received funds designated for specific organizations in the amount of $525,522 and $258,853, respectively. Included in accounts payable and accrued expenses is the Foundation's net fiscal agent liability from these funds which was $487,597 and $284,600 at December 31, 2020 and 2019, 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, 2020 and 2019 were $106,614,595 and $97,363,368.

***(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, 2020 and 2019 is $1,825,275 and $1,916,666, respectively. 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, 2020 and 2019 is $2,423,794 and $2,492,686, respectively. This guaranty will remain in effect until July 21, 2027.

## (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, 2020.

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) Functional Classification of Expenses

For the year ended December 31, 2020, total expenses of the Foundation were classified by function as follows:

| | Program Services | Management and general | Fundraising | Total |
|---|---|---|---|---|
| Salaries | $ 1,362,983 | 2,646,940 | 1,036,170 | 5,046,093 |
| Employee benefits | 432,176 | 934,757 | 259,159 | 1,626,092 |
| Marketing | 22,100 | 203,604 | 186,504 | 412,208 |
| Conferences and meetings | 62,910 | 15,825 | 5,638 | 84,373 |
| Insurance | — | 81,551 | — | 81,551 |
| Purchased services | 1,652,470 | 892,765 | 33,976 | 2,579,211 |
| Supplies and general | 203,612 | 729,099 | 12,973 | 945,684 |
| Building maintenance | — | 713,168 | — | 713,168 |
| Depreciation | — | 202,994 | — | 202,994 |
| | $ 3,736,251 | 6,420,703 | 1,534,420 | 11,691,374 |

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 | 42,870 | 333,807 | 90,683 | 467,360 |
| Conferences and meetings | 93,880 | 60,247 | 24,013 | 178,140 |
| Insurance | — | 84,208 | — | 84,208 |
| Purchased services | 1,649,320 | 988,222 | 209,306 | 2,846,848 |
| Supplies and general | 76,765 | 676,761 | 12,150 | 765,676 |
| Building maintenance | — | 735,132 | — | 735,132 |
| Depreciation | — | 204,181 | — | 204,181 |
| | $ 3,848,077 | 6,464,329 | 1,659,117 | 11,971,523 |

## (15) Endowment

The Foundation's endowment as of December 31, 2020 and 2019, 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, 2020: | | | |
| Discretionary | $ 369,711,832 | — | 369,711,832 |
| Donor designated | 280,646,934 | — | 280,646,934 |
| Donor advised | 333,332,403 | — | 333,332,403 |
| Supporting organizations | 67,002,238 | 21,498,814 | 88,501,052 |
| Total endowment net assets | $ 1,050,693,407 | 21,498,814 | 1,072,192,221 |

| | 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 |

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.

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, 2020 and 2019, funds with an original gift value of $500,785 were underwater by $13,916 and $28,946, 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, 2020 and 2019 are as follows:

| | Without donor restrictions | With donor restrictions | Total |
|---|---|---|---|
| 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 | 156,003,345 | 3,004,434 | 159,007,779 |
| Grants and transfers | (54,850,858) | — | (54,850,858) |
| Net assets released from restriction | — | (799,187) | (799,187) |
| Endowment net assets, December 31, 2019 | 953,450,782 | 20,065,350 | 973,516,132 |
| Contributions received | 37,395,384 | 6,452 | 37,401,836 |
| Investment returns, net | 121,732,996 | 2,300,354 | 124,033,350 |
| Grants and transfers | (61,885,755) | — | (61,885,755) |
| Net assets released from restriction | — | (873,342) | (873,342) |
| Endowment net assets, December 31, 2020 | $ 1,050,693,407 | 21,498,814 | 1,072,192,221 |

## (16) Net Assets Without Donor Restriction by Organization

Net assets without donor restriction by organization at December 31, 2020 and 2019 consist of:

| | 2020 | 2019 |
|---|---|---|
| The Rhode Island Community Foundation | $ 980,784,540 | 883,633,166 |
| The Rhode Island Charities Trust, Inc., The Haffenreffer Family Fund, The Downcity Partnership, Inc., and Jewish Federation Foundation of Greater Rhode Island June Rockwell Levy Foundation, Inc. | 96,465,558 | 88,873,423 |
| Total | $ 1,077,250,098 | 972,506,589 |

## (17) Net Assets With Donor Restriction by Organization

Net assets with donor restriction by organization at December 31, 2020 and 2019 consist of:

| | 2020 | 2019 |
|---|---|---|
| The Rhode Island Community Foundation: | | |
| Restricted funds, pledges and split-interest agreements | $ 23,846,141 | 18,326,639 |
| The Rhode Island Charities Trust, Inc., The Haffenreffer Family Fund, The Downcity Partnership, Inc., Jewish Federation Foundation of Greater Rhode Island, and June Rockwell Levy Foundation, Inc.: | | |
| Restricted funds and split-interest agreements | 21,885,913 | 20,528,555 |
| | $ 45,732,054 | 38,855,194 |

## (18) 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.

## (19) 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 16, 2021 and subsequent events have been evaluated through that date.