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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of The Greater Cincinnati Foundation (“GCF”) are set forth to facilitate the understanding of data presented in the consolidated financial statements.

Organization

The consolidated financial statements of GCF include the accounts of The Greater Cincinnati Foundation, The HealthPath Foundation of Ohio (“HealthPath Foundation”) and Public Health Fund of Ohio (“Public Health Fund”). All significant inter - organizational balances and transactions have been eliminated for purposes of this presentation.

As the region’s leading community foundation, Greater Cincinnati Foundation connects people with purpose in an eight-county region including Hamilton, Warren, Butler and Clermont counties in Ohio, Campbell, Boone and Kenton counties in Kentucky and Dearborn in Indiana. GCF is leading the charge toward a more vibrant and equitable Greater Cincinnati for everyone – now, and for generations to come.

- As a trusted philanthropic partner, GCF inspires current and future generations to invest in a more vibrant and prosperous Greater Cincinnati for all.
- As a grant maker, GCF awards millions of dollars inspired by our donors each year to organizations regionally and beyond.
- As a community leader, GCF is bringing together donors, not-for-profits, and changemakers to tackle impactful initiatives.

GCF believes the greatest change happens when people come together – in partnership, collaboration and generosity.

The HealthPath Foundation of Ohio is a supporting organization of GCF whose mission is improving the health of Ohio’s communities, primarily in a 36-county region with a current emphasis on oral health, age friendly communities and healthy Ohioans. The majority of the HealthPath Foundation’s Board of Trustees is appointed by GCF’s Governing Board.

Public Health Fund of Ohio is a supporting organization established during 2020 with irrevocable contributions from the Ohio Department of Health. The funds are to be used exclusively for charitable purposes and managed as an endowment fund as defined in Ohio Revised Code Section 1715.51 to 1715.59. Distributions from the fund will be used to promote public health awareness and educational campaigns; offer innovative public-private approaches to our state’s most pressing needs; incubate programs at the local level that can be scalable; and foster evidence-informed approaches in local programming. The majority of Public Health Fund of Ohio’s Board of Directors is appointed by GCF’s Governing Board.

Consolidated financial statement presentation

The consolidated financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

Net assets, revenues, gains and losses are classified based on the absence or existence of donor-imposed restrictions as follows:

- *Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of GCF. These net assets may be used at the discretion of GCF's management and the Governing Board.
- *Net asset with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions that are likely to be met by the actions of GCF or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity and only the related investment income is without donor restriction. GCF did not have any net assets with perpetual restrictions at December 31, 2021 and 2020.

Net asset classifications

GCF applies the Financial Accounting Standards Board ("FASB") 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 of 2006 (UPMIFA). This guidance also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of Ohio adopted UPMIFA effective June 1, 2009. The Governing Board, with the advice of legal counsel, has determined that the majority of GCF's net assets do not meet the definition of endowment under UPMIFA. While not an UPMIFA-defined endowment, GCF intends many of its funds to be perpetual and manages them accordingly. Further reference to "endowment" or "endowed assets" in these notes relates to those intentions of GCF.

GCF is governed subject to its Articles of Incorporation and Bylaws and further by its adopted investment policy as well as individual gift instruments and agreements. Although GCF seeks to build endowed assets, GCF has the ability, as stated in its Articles of Incorporation, to distribute all or any part of its net income, principal, or property, in accordance with determination made by GCF's Governing Board for the purposes set forth in its restated Articles of Incorporation. As a result of the ability to distribute corpus, all contributions not classified with donor restrictions are classified as without donor restrictions for consolidated financial statement purposes.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes

GCF, HealthPath Foundation and Public Health Fund are not-for-profit entities exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. GCF, HealthPath Foundation and Public Health Fund have been classified as organizations other than a private foundation. GCF is subject to unrelated business income tax on a portion of its income. GCF made tax payments of \$15,340 in 2021 for 2020's Form 990-T and no material tax is due for 2021. Management believes HealthPath Foundation and Public Health Fund did not receive revenue subject to unrelated business

income regulations.

GCF's income tax filings are subject to audit by various taxing authorities. GCF's policy with regards to interest and penalties is to recognize interest through interest expense and penalties through other expense. In evaluating GCF's tax provision and tax-exempt status, interpretations and tax planning strategies were considered. GCF believes its estimates are appropriate based on the current facts and circumstances.

Cash and cash equivalents

GCF considers money market funds and all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Concentration of credit risk

GCF maintains its cash in deposit accounts, which, at times, may exceed federally insured limits. GCF has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Investments

Investments in common stocks, bond and demand notes, collective investments and mutual funds are carried at fair value. When available, fair value is determined by quoted market prices in an active market. In situations in which quoted market prices are not available, GCF uses appraised value, net asset value (or its equivalent), or other observable inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data market research publications. GCF also invests in real estate investments and private equity and hedge funds, which are primarily held through limited partnerships or fund of funds. The estimated fair values of these limited partnership investments are based on valuations provided by the external investment managers or general partners, adjusted for cash receipts, disbursements and significant known valuation changes. GCF believes the carrying values of these investments are a reasonable estimate of fair value. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material. (See note 3)

GCF maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts. The amounts held for others are also a component of the pooled investment fund and reflect the funds held by GCF for the benefit of outside parties. Net changes in fair value of investments and realized gains (losses) on investments disposed are accumulated with interest and dividends received net of investment expenses and are reported in the consolidated statements of activities as net investment return.

Program related investments

GCF has program related investments in local entities. These investments include both loans that bear interest at rates from 1% to 3% at December 31, 2021 and 2020 and in limited ownership interests of various companies accounted for on the cost basis. These amounts are expected to be returned to GCF at a later date.

Annuities

GCF has investments in various annuity contracts that are recorded at contract value.

Risks and uncertainties

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

Property and equipment

Property and equipment are stated at historic cost, or at fair value if donated or impaired, less accumulated depreciation. GCF maintains a capitalization threshold of \$10,000 as a group addition with individual items exceeding \$500 and individual additions over \$3,000. Depreciation is determined using the straight-line method based upon the estimated useful lives of the related assets.

Contributions

GCF reports contributions as support without donor restrictions, except for additions to assets held on behalf of others, which are reported as a liability. The Bylaws of GCF include a variance provision and powers modification, giving the Governing Board the power to vary the use of a fund if a restriction is expressed by a donor. Based on these provisions, all contributions received by GCF are reported as support without donor restrictions when an unconditional promise to give is received. Contributions receivable are reported as support with donor restrictions until paid, unless received and paid in the same period. Contributions are recorded at fair value at the date of donation.

A restriction expires when the stipulated time period has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. GCF records contributions, investment and endowment income with donor restrictions that are met in the same period as net assets without donor restrictions in the accompanying consolidated statements of activities.

Unconditional contributions are recorded when the promise to give is received. Grant revenue is recorded when the grant is awarded, unless conditional by nature. Conditional grants are generally received to reimburse eligible expenses. Reimbursement-type grant revenue is recorded as revenues without donor restrictions when the related eligible costs are incurred. Conditional promises to give are not material to the financial statements at December 31, 2021. Cash received under reimbursable grants in advance of the eligible expenses being incurred is recorded as refundable advances. Revenues from sources other than contributions are reported as increases in net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Functional expense allocations

The consolidated financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of GCF. Program operating expenses primarily pertain to the charitable and philanthropic grants GCF provides. Expenses are directly applied when applicable and are otherwise allocated to programs or support services. Expenses have been allocated based upon estimated head counts for each function with the exception of grants to others. These expenses have been classified based upon the actual direct expenditures for natural classes. All fundraising costs are charged to fundraising expenses and thus, there are no joint costs.

Advertising and promotion costs

Advertising and promotion costs are expensed as incurred.

Subsequent events

GCF evaluates events and transactions occurring subsequent to the date of the consolidated financial statements for matters requiring recognition or disclosure in the consolidated financial statements. The accompanying consolidated financial statements consider events through May 23, 2022, the date on which the consolidated financial statements were available to be issued.

2. CONTRIBUTIONS RECEIVABLE:

GCF has received unconditional promises to give that are reported at their net present value. Amounts due greater than one year are discounted at an annual rate between 0.93% - 3.38% to recognize the present value of future cash flows in the year the promise was made. Management believes all amounts due are fully collectible.

The following table summarizes the contributions receivable as of December 31:

	<u>2021</u>	<u>2020</u>
Due within one year	\$ 12,632,243	10,481,217
Due within two to five years	9,983,594	15,545,552
Due over five years	3,584,445	3,365,297
Less discount	<u>(1,178,465)</u>	<u>(1,642,505)</u>
Balance at end of the year	\$ <u>25,021,817</u>	<u>27,749,561</u>

3. FAIR VALUE MEASUREMENTS:

Generally accepted accounting principles defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that GCF has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these items does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the

determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

Valuation policy, techniques, inputs, and process

The Chief Financial Officer (“CFO”), under the supervision of GCF’s Investment Committee, determines the fair value measurement policies and procedures in consultation with Fund Evaluation Group, LLC. These policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information. In determining the reasonableness of the methodology, the CFO and the Investment Committee evaluate a variety of factors including a review of existing agreements, economic conditions, and industry and market developments.

The carrying amounts of financial instruments including cash and cash equivalents, other receivables, accounts payable, and short-term debt approximated fair value as of December 31, 2021 and 2020.

Level 1 assets are valued using fair value methods and assumptions on investments consisting of money market funds, mutual funds, equity and debt securities and are based on the Level 1 market approach.

Level 3 investments consist of beneficial interest in perpetual and remainder trusts. GCF calculates the fair value of its beneficial interests in perpetual and remainder trusts based on the fair value of the underlying assets in the trusts as determined by the third-party trustees multiplied by GCF’s percentage of ownership. The third-party trustees control the investments in the Trust and makes all management and investment decisions. The trust assets are valued at quoted market prices for stocks, bonds, mutual and exchange traded funds. GCF, as the beneficiary, does not have authority to manage these investments; however, the applicable trustee banks follow Ohio Trust Code for prudent asset management and diversification. The value of the beneficial interest in perpetual and remainder trusts will increase or decrease with an increase or decrease in the value of the underlying assets.

GAAP allows for the use of a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by GCF to value alternative investments is the net asset value (NAV) per share, or its equivalent. Because some of these investments are not readily marketable, their estimated value is subject to uncertainty and therefore may be different from the value that would have been used had a ready market for such investments existed. The net asset values provided by fund administrators consider variables such as the financial performance of underlying investments, recent sales prices of underlying investments and other pertinent information. In addition, actual market exchanges at year-end provide additional observable market inputs of the exit price. GCF, relying on the work of its investment consultants, reviews valuations and assumptions provided by fund administrators for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value.

GCF has additional funding commitments related to the alternative investments in the amount of \$25,622,725 and \$28,971,000 as of December 31, 2021 and 2020, respectively.

GCF has a total of nineteen private equity investments. Six of these investments allow for redemption amounts invested with notification of 10 - 65 calendar days prior to the last business day of each quarter. The other investments do not allow for redemptions.

The Greater Cincinnati Foundation
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

The following tables present the assets as of December 31, 2021 and 2020 that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

	December 31, <u>2021</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments:				
Collective investment and mutual funds	\$ 459,461,077	459,461,077	-	-
Bonds and demand notes	83,145,074	83,145,074	-	-
Common stocks	112,486,643	112,486,643	-	-
Beneficial interest in perpetual and remainder trusts	<u>8,391,266</u>	-	-	<u>8,391,266</u>
Total assets in the fair value hierarchy	663,484,060	<u>655,092,794</u>	<u>-</u>	<u>8,391,266</u>
Investments measured at net asset value	<u>202,641,439</u>			
Investments at fair value	\$ <u>866,125,499</u>			
	December 31, <u>2020</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments:				
Collective investment and mutual funds	\$ 384,673,682	384,673,682	-	-
Bonds and demand notes	82,114,922	82,114,922	-	-
Common stocks	104,284,436	104,284,436	-	-
Beneficial interest in perpetual and remainder trusts	<u>7,531,379</u>	-	-	<u>7,531,379</u>
Total assets in the fair value hierarchy	578,604,419	<u>571,073,040</u>	<u>-</u>	<u>7,531,379</u>
Investments measured at net asset value	<u>168,212,223</u>			
Investments at fair value	\$ <u>746,816,642</u>			

4. PROGRAM RELATED INVESTMENTS:

GCF has program related investments as part of its Impact Investing program. Under the program, GCF has made strategic loans and equity investments in certain organizations within the Greater Cincinnati area that will further advance the strategic objectives of GCF.

Total program related investments are summarized as follows at December 31:

	<u>2021</u>	<u>2020</u>
Gross loans receivable	\$ 8,289,401	6,501,735
Less provision for loan losses	<u>(757,600)</u>	<u>(61,000)</u>
Net loans receivable	7,531,801	6,440,735
Equity positions	<u>2,898,541</u>	<u>2,560,785</u>
Balance at end of the year	\$ <u>10,430,342</u>	<u>9,001,520</u>

Loans receivable portion of program related investments

The program related investment loans are originated by GCF which utilizes an evaluation process for each loan under consideration. The process is facilitated by an outside consultant, which completes the due diligence on each loan. Once that process is complete, GCF utilizes a loan review committee, made up of GCF staff, GCF Board members and community volunteers with experience in the lending process, to review the loan package. All loans are originated based on the same underwriting criteria and are considered one asset class. The loan loss assumptions used to determine the allowance for loan losses are based on the loss history from similar loan funds utilized by other third parties. During 2021, GCF adopted a revised policy incorporating a more risk-based approach to calculate the loan loss reserve.

The loans currently bear interest at 1%-3% and are due at various times through December 2030. The source of funds for these investments is from GCF's endowment and certain donor-advised funds. All loans are current, accruing and performing as of December 31, 2021 and thus no loans have been placed on nonaccrual status. All loans were collectively evaluated for impairment. There were no individually impaired loans nor were any loans charged off during 2021 and 2020.

Activity in the allowance for loan losses is as follows for 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Balance at beginning of the year	\$ 61,000	61,000
Provision for loan losses	<u>696,600</u>	<u>-</u>
Balance at end of the year	\$ <u>757,600</u>	<u>61,000</u>

Equity portion of program related investments

GCF has also taken equity positions in various local public-private seed-stage investors whose mission is to strengthen the regional economy by driving talent and capital into scalable companies in the Greater Cincinnati area. These investments are recorded at GCF's original cost to invest less any distributions

and impairment. Management has determined no impairment exists for these investments at December 31, 2021 and 2020.

5. OTHER ASSETS:

Other assets consist primarily of property and insurance policies for which GCF has been named beneficiary and owner. Insurance policies have been valued at the present value of their expected future cash flows with a liability recognized (included in other liabilities) for the amount that will be paid to other organizations upon the death of the donor.

6. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Leasehold improvements	\$ 561,984	548,335
Software	954,353	572,231
Equipment	627,176	799,986
Furniture	<u>374,127</u>	<u>362,330</u>
	2,517,640	2,282,882
Less accumulated depreciation	<u>(1,262,053)</u>	<u>(891,665)</u>
	<u>\$ 1,255,587</u>	<u>1,391,217</u>

7. GRANTS PAYABLE:

Grants payable in the accompanying consolidated statements of financial position are approved for payment and are due as follows at December 31:

	<u>2021</u>	<u>2020</u>
Due within one year	\$ 4,112,270	4,407,764
Due within two to five years	3,722,390	5,008,334
Less discount	<u>(14,890)</u>	<u>(22,114)</u>
	<u>\$ 7,819,770</u>	<u>9,393,984</u>

Amounts due greater than one year are discounted at an annual rate of 0.73% and 0.17% as of December 31, 2021 and 2020 to recognize the present value of future cash flows in the year the payment approval was made.

8. LEASE OBLIGATION:

During 2019, GCF entered into a lease for a new facility which commenced on August 1, 2019 and will terminate in July 2034. The lease includes rent escalation provisions based on an annual inflation adjustment of 2.25% from a monthly base rent of \$18,190. Based on an estimated discount rate of 3.0%,

GCF recognized an operating lease right of use asset and related liability of \$2,436,531 at the lease inception. The lease provides the option to renew for two five-year periods at then market rates. Due to the changing needs of the community GCF serves, it is unknown at this time if the renewal options will be exercised. GCF has elected to implement the practical expedient of not separating lease components from nonlease components.

During 2021 and 2020, GCF charged \$76,795 and \$83,967, respectively, to interest expense under this lease and straight-line rent expense of \$239,051.

Future minimum payments due under this lease are as follows at December 31:

2022	\$ 230,353
2023	235,536
2024	240,835
2025	246,254
2026	251,795
Thereafter	<u>1,394,061</u>
	2,598,834
Less imputed interest	<u>(542,146)</u>
	<u>\$ 2,056,688</u>

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for the following purposes at December 31:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for a specific purpose:		
Purpose restrictions	\$ 7,322,564	7,784,157
Healthcare needs of indigent Ohio citizens	<u>36,784,458</u>	<u>31,667,699</u>
	44,107,022	39,451,856
Subject to the passage of time:		
Contributions receivable	25,021,817	27,749,561
Subject to spending policy and appropriation:		
Beneficial interest in perpetual and remainder trusts	<u>8,391,266</u>	<u>7,531,379</u>
Total net assets with donor restrictions	<u>\$ 77,520,105</u>	<u>74,732,796</u>

10. NET ASSETS RELEASED FROM RESTRICTION:

In 2021 and 2020, respectively, \$10,771,244 and \$4,989,755 of net assets, were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

11. ENDOWMENTS:

GCF has adopted investment and spending policies for board-designated endowment assets. Endowment net asset composition by type of fund is as follows at December 31:

	<u>2021</u>	<u>2020</u>
Endowment Funds:		
Agency	\$ 3,123,977	2,617,710
General purpose	146,516,847	125,587,476
Field of interest	107,813,760	94,989,346
Scholarship	54,130,924	45,712,761
All other designated	<u>185,888,474</u>	<u>158,446,176</u>
Total endowment funds	\$ <u>497,473,982</u>	<u>427,353,469</u>
Non-endowment funds:		
Donor advised	\$ <u>424,330,713</u>	<u>387,730,275</u>

Changes in endowment net assets are as follows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Endowment Funds:		
Endowment net assets-beginning of year	\$ 427,353,469	400,031,758
Net investment returns	61,369,544	31,837,647
Contributions	22,009,724	25,845,335
Amounts appropriated for expenditure	(14,920,489)	(32,482,003)
Other changes	<u>1,661,734</u>	<u>2,120,732</u>
Change in endowment net assets	<u>70,120,513</u>	<u>27,321,711</u>
Total endowment funds	\$ <u>497,473,982</u>	<u>427,353,469</u>

Return objectives and risk parameters

GCF has adopted investment and spending policies for endowment assets that attempt to preserve the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of GCF. The return objective shall be accomplished using a balanced portfolio comprised of equity, fixed income, hedge funds and private capital assets. The performance objectives will be measured against appropriate industry benchmarks such as the Alerian North American Energy Index, HFRX Absolute Return, Thomson One All Private Capital Index, Thomson One Priv. Natural Resource Index, Thomson One Private Real Estate Index, S&P 500 Index, Russell Midcap Index, Russell 2000 Index, MSCI EAFE Index, MSCI Emerging Markets Index, Bloomberg U.S. Aggregate Index, Bloomberg U.S. Corporate HY Index, Bloomberg U.S. TIPS Index, Bloomberg Commodity Index, HFRI FOF: Conservative Index, HFRI FOF: Strategic Index, JPMorgan Non-U.S. GBI

Index, and S&P Developed BMI Property Index. The current long-term return objective is to return 4.75% plus inflation. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives

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

For assets carried at net asset value, the following investment strategies apply: the investment objective for absolute return funds is long-term capital appreciation with less volatile and/or uncorrelated returns. Absolute return funds include non-traditional investment strategies where most of the underlying securities may or may not be traded on public exchanges. This asset class includes a variety of active strategies, including arbitrage, event-driven, market neutral, long-short equity and distressed investing. The investment objective for hedged equity is long-term capital appreciation with lower than market volatility. Hedged equity funds include non-traditional investment strategies where most of the underlying securities are traded on public exchanges. Managers in this class can be long or short in equity positions and utilize options, futures and other derivatives.

Spending policy and how the investment objectives relate to spending policy

GCF has a policy of appropriating for distribution a maximum target amount of the fair value (which is the original contribution plus all recorded dividends and interest and all appreciation realized on the funds' investments) of the funds that fall under the auspices of the Ohio Institutional Trust Funds Act (Act) of 1999. Such Act, with certain limitations, provides for GCF to apply its policy whereby the annual distribution is to be based on a percent (which is currently 4.75%) of the average market value of the invested contributions over a prior number of periods (which is currently determined on a rolling twenty-quarter average). In establishing this policy, GCF considered the long-term expected return on its endowment. Accordingly, this spending policy should, over time, protect the inflation-adjusted value of the endowment and, consequently, allow inflation-adjusted spending to occur into the distant future. This is consistent with GCF's objective to maintain the purchasing power of the endowment assets held into perpetuity or for a specified term as well as to provide additional real growth through new contributions and investment return.

12. ASSETS HELD ON BEHALF OF OTHERS:

Assets held on behalf of others at December 31, 2021 and 2020 of \$3,123,977 and \$2,617,710, respectively, recognized in the accompanying consolidated statements of financial position are for endowments held by GCF on behalf of Cincinnati, Ohio and surrounding area not-for-profit agencies.

13. OTHER LIABILITIES:

Other liabilities are primarily for charitable gift annuity and pooled income fund payments which GCF is expected to pay during the life of the annuitant. Other liabilities also include life insurance policy liabilities for the amount that will be paid to other organizations upon the death of the donor for insurance policies for which GCF has been named beneficiary and/or owner.

14. RETIREMENT PLAN:

GCF has a 401(k) plan that covers substantially all employees. GCF's contributions were \$320,561 and \$306,835 for the years ended December 31, 2021 and 2020, respectively.

15. CONCENTRATION OF CREDIT RISK:

Approximately 49% and 48% of revenue was from one funding source during 2021 and 2020. Approximately 38% of contributions receivable were from two funding sources in 2021 and approximately 51% of contributions receivable were from three funding sources in 2020.

16. LIQUIDITY DISCLOSURES:

GCF is substantially supported by contributions from donors. As part of GCF's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, GCF invests cash in excess of daily requirements in investments as deemed appropriate.

The following table presents the financial assets available to meet cash needs for general expenditures within one year at December 31:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 59,763,803	66,738,901
Contributions receivable	25,021,817	27,749,561
Accrued interest receivable	926,784	358,494
Investments at fair value	<u>866,125,499</u>	<u>746,816,642</u>
Financial assets available at year-end	<u>951,837,903</u>	<u>841,663,598</u>
Less those unavailable for general expenditures within one year due to:		
Contributions receivable due beyond one year	12,389,574	17,268,344
Restricted by donor with purpose restriction	77,520,105	39,451,856
Assets held for the benefit of others	3,123,977	2,617,710
Private equity investments	202,641,439	168,212,223
Beneficial interest in perpetual and remainder trusts	<u>8,391,266</u>	<u>7,531,379</u>
Total limitations on available resources	<u>304,066,361</u>	<u>235,081,512</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 647,771,542</u>	<u>606,582,086</u>