OMAHA COMMUNITY FOUNDATION

Combined Financial Statements

December 31, 2021 and 2020

(With Independent Auditors' Report Thereon)

KPMG LLP
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Independent Auditors' Report

The Board of Directors
Omaha Community Foundation:

Opinion

We have audited the combined financial statements of Omaha Community Foundation and its supporting foundations (collectively, the Foundation), which comprise the combined statements of financial position as of December 31, 2021 and 2020, and the related combined statement of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Combined Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Omaha, Nebraska
June 13, 2022

OMAHA COMMUNITY FOUNDATION

Combined Statements of Financial Position

December 31, 2021 and 2020

(Dollars in thousands)

Assets		**2021**	**2020**
Cash and cash equivalents	$	128,185	186,284
Beneficial interest in charitable lead annuity trust		80,187	96,489
Other assets		14,987	11,702
Investments, at fair value		1,359,457	1,128,994
Investments in real estate		1,447	445
Fixed assets:			
Building and improvements, land, furniture, and fixtures		23,949	23,362
Less accumulated depreciation		(2,934)	(2,516)
Fixed assets, net		21,015	20,846
Total assets	$	1,605,278	1,444,760
Liabilities and Net Assets			
Liabilities:			
Grants payable	$	32,225	70,250
Accounts payable and accrued liabilities		3,027	3,229
Annuities payable		831	932
Funds held for others		63,353	64,410
Total liabilities		99,436	138,821
Net assets:			
Without donor restrictions – undesignated		1,327,535	1,115,179
With donor restrictions		178,307	190,760
Total net assets		1,505,842	1,305,939
Total liabilities and net assets	$	1,605,278	1,444,760

See accompanying notes to combined financial statements.

OMAHA COMMUNITY FOUNDATION

Combined Statement of Activities

Year ended December 31, 2021

(Dollars in thousands)

	Without donor restrictions undesignated	With donor restrictions	Total
Revenue and gains:			
Contributions	$ 148,498	2,405	150,903
Investment return, net	188,797	10,675	199,472
Change in beneficial interest in charitable lead annuity trust	—	(6,253)	(6,253)
Other income	5,320	—	5,320
Rental income	12,779	—	12,779
Net assets released from restrictions	19,280	(19,280)	—
Total revenue and gains	374,674	(12,453)	362,221
Grants, expenses, and losses:			
Grants, net of cancellations	135,468	—	135,468
Administrative	10,346	—	10,346
Property operating costs	15,810	—	15,810
Depreciation	694	—	694
Total grants, expenses, and losses	162,318	—	162,318
Increase (decrease) in net assets	212,356	(12,453)	199,903
Net assets at beginning of year	1,115,179	190,760	1,305,939
Net assets at end of year	$ 1,327,535	178,307	1,505,842

See accompanying notes to combined financial statements.

OMAHA COMMUNITY FOUNDATION

Combined Statement of Activities

Year ended December 31, 2020

(Dollars in thousands)

		Without donor restrictions undesignated	With donor restrictions	Total
Revenue and gains:				
Contributions	$	234,109	2,878	236,987
Investment return, net		68,454	10,673	79,127
Change in beneficial interest in charitable lead annuity trust		—	14,587	14,587
Other income		5,095	—	5,095
Rental income		13,956	—	13,956
Net assets released from restrictions		16,595	(16,595)	—
Total revenue and gains		338,209	11,543	349,752
Grants, expenses, and losses:				
Grants, net of cancellations		164,319	—	164,319
Administrative		14,713	—	14,713
Property operating costs		12,538	—	12,538
Depreciation		708	—	708
Total grants, expenses, and losses		192,278	—	192,278
Increase in net assets		145,931	11,543	157,474
Net assets at beginning of year		969,248	179,217	1,148,465
Net assets at end of year	$	1,115,179	190,760	1,305,939

See accompanying notes to combined financial statements.

OMAHA COMMUNITY FOUNDATION

Combined Statements of Cash Flows

Years ended December 31, 2021 and 2020

(Dollars in thousands)

		2021	2020
Cash flows from operating activities:			
Increase in net assets	$	199,903	157,474
Adjustments to reconcile increase in net assets to net cash used in operating activities:			
Depreciation		694	708
Net unrealized and realized gains on investments		(182,028)	(62,952)
Contributions restricted for long-term investment		(19,280)	(2,878)
Stock contribution		(69,631)	(169,117)
Contribution of property held for sale		(1,172)	—
Change in beneficial interest in charitable lead annuity trust		6,253	(14,587)
Loss on disposal of fixed assets		97	—
Noncash donations included in grant expense		111	1,212
Changes in assets/liabilities:			
Other assets		(1,844)	(16)
Grants payable		(38,025)	1,364
Accounts payable and accrued liabilities		(202)	554
Annuities payable		(101)	(22)
Funds held for others		(1,057)	10,310
Net cash used in operating activities		(106,282)	(77,950)
Cash flows from investing activities:			
Capital expenditures – property donated and included in grant expense		(111)	(1,051)
Purchases of fixed assets		(960)	(167)
Purchases of investments		(284,232)	(241,286)
Sales of investments		305,449	370,608
Proceeds on sale of real estate		149	3,665
Issuance of note receivable		(1,545)	(600)
Repayments of note receivable		104	80
Payment received on beneficial interest in charitable lead annuity trust		10,049	10,048
Net cash provided by investing activities		28,903	141,297
Cash flows from financing activities:			
Repayment on line of credit		—	(86)
Repayment of long-term debt		—	—
Proceeds from contributions restricted for long-term investment		19,280	2,878
Net cash provided by financing activities		19,280	2,792
Net increase (decrease) in cash and cash equivalents		(58,099)	66,139
Cash and cash equivalents at beginning of year		186,284	120,145
Cash and cash equivalents at end of year	$	128,185	186,284
Supplemental disclosures of noncash investing and financing activities:			
Stock contribution	$	69,631	169,117
Noncash donations included in grant expense		111	1,212

See accompanying notes to combined financial statements.

(Dollars in thousands)

(1) Organization

The Omaha Community Foundation (the Foundation) was incorporated on March 22, 1982 under the laws of the State of Nebraska as a nonprofit corporation. The mission of the Foundation is to enhance the quality of life of the citizens of the greater Omaha community by identifying and addressing current and anticipated community needs and raising, managing, and distributing funds for charitable purposes in the areas of civic, cultural, health, education, and social services. Revenue and gains are primarily derived from donations and investment income.

The combined financial statements include the accounts of the Foundation and its affiliated supporting foundations. The supporting foundations are tax-exempt organizations whose sole purpose is to further the mission of the Foundation. All significant intercompany transactions have been eliminated. The supporting foundations and the dates established are as follows:

Supporting foundations	Date established
Suzanne and Walter Scott Foundation	August 27, 1990
Partnership 4 Kids, Inc. and All Our Kids, Inc. Foundation (The Partnership For Our Kids)	December 28, 1992
Mammel Family Foundation	December 31, 1994
Dixon Family Foundation	December 31, 1995
Lori & David Scott Foundation	December 31, 1995
Amy L. Scott Family Foundation	December 31, 1995
Parker Family Foundation	December 31, 1995
Southwest Iowa Foundation	June 18, 1996
Amis Foundation	July 25, 1996
The McGowan Family Foundation	August 22, 1996
The Enrichment Foundation	October 25, 1996
The Nelson Family Foundation	December 16, 1997
William and Ruth Scott Family Foundation	November 17, 1998
The Faith Charitable Trust	December 22, 1999
Maginn Family Foundation	December 15, 2000
Carmen and John Gottschalk Foundation	June 24, 2004
William and Barbara Fitzgerald Family Foundation	October 20, 2005
Building Healthy Futures	April 6, 2012
Annette and Paul Smith Charitable Fund	December 21, 2015
Singer Foundation	April 4, 2017
Blueprint Nebraska	July 16, 2018
Turkey Creek Preserve Charitable Foundation (Turkey Creek)	October 8, 2018
Dreams for the Future Foundation	July 17, 2018
Front Porch Investments	May 17, 2021

During 2021, Blueprint Nebraska, Carmen and John Gottschalk Foundation, and The Faith Charitable Trust were dissolved.

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

These combined financial statements have been prepared to focus on the Foundation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Net assets and related activity are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations available to support the Foundation's operations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. These stipulations may expire with time or may be satisfied and removed by the actions of the Foundation according to terms of the gift or are donor endowment funds subject to the board of directors spending policy (currently 4.5%). These restrictions are released when the specified purposes have been met.

Revenue is reported as increases in net assets without donor restrictions, unless there are donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations. Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donor.

(b) Use of Estimates

The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

(c) Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid instruments with original maturity of three months or less when purchased.

(d) Other Assets

The Foundation's other assets include other equity investments in funds focused on innovation start-ups. The investment funds have various projects focused on science and technology in line with several of the Foundation's scholarship programs.

(Continued)

These equity investments do not have readily determinable fair values and are accounted for at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. No impairment or observable price changes were recorded during 2021 or 2020. Investments in other assets was $6,390 and $4,958 at December 31, 2021 and 2020, respectively.

(e) Investments and Concentration of Credit and Market Risk

Investments are recorded at fair value. Fair value of financial instruments is estimated based upon market conditions and quoted market prices for the same or similar investments. All realized and unrealized gains and losses and income or loss arising from investments are reflected within investment return, net in the combined statements of activities as increases and decreases to net assets without donor restrictions unless their use is restricted by explicit donor stipulation.

Investments in securities traded on a national securities exchange are valued at the latest quoted market prices. Investments in certain closely held stock and real estate are estimated based on independent appraisals and information provided by the respective companies. Certain investments in funds that do not have readily determinable fair values, including partnerships and certain mutual funds, are estimated using net asset value per share or its equivalent as a practical expedient to fair value.

The Foundation’s financial instruments consisting of cash and cash equivalents and investments potentially expose the Foundation to concentrations of credit and market risk.

The Foundation maintains its cash and cash equivalents in bank accounts with banks in which the balances sometimes exceed federally insured limits. These banks are insured by the Federal Deposit Insurance Corporation (FDIC) with coverage of at least $250 available to depositors under the FDIC’s general deposit insurance rules.

The Foundation invests in a professionally managed portfolio that contains marketable investment securities. Such investments are exposed to various risks such as credit and market. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonable possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the combined financial statements.

(f) Fixed Assets

Fixed assets are carried at cost, or if donated, at fair value on the date of donation. Repairs and maintenance are charged to expense as incurred. Depreciation is computed by using the straight-line method over an estimated useful life of: three to five years for furniture, fixtures and equipment; 15 years for building improvements; and 39 years for building.

Gifts of long-lived assets, such as land, buildings, or furniture and fixtures, are reported as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as contributions with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed into service.

Upon sale or retirement, the related cost and accumulated depreciation is removed from the accounts and any gain or loss is recognized in the combined statements of activities.

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset, a loss is recognized based on current estimated fair value. There were no fixed assets impaired during 2021 or 2020.

(g) Funds Held for Others

Funds held for others represent funds held in a fiduciary capacity. Contributors are able to deposit funds and subsequently direct discretionary disbursements to charitable organizations as they wish. The Foundation receives a percentage of the interest income from these contributions. The transactions of these funds are not reflected as revenue in the combined statements of activities as the Foundation is acting as an agent for these funds.

(h) Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date of the promise is received. A promise to give is conditional based on whether the agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets. A conditional promise to give becomes an unconditional promise to give when the barriers in the agreement are overcome and is then recorded and reported at fair value. The gifts are reported as increases in net assets without donor restrictions, unless there are donor-imposed restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, a reclassification is made between the applicable classes of net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying combined financial statements.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue.

(i) Rental Revenue

A supporting organization has leases with tenants, which are classified as operating leases. Rents from tenants are recognized in accordance with the lease agreements.

(j) Income Taxes

The Foundation and supporting foundations, have been recognized by the Internal Revenue Service (IRS) as not-for-profit organizations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and, accordingly, are exempt from federal income tax under Section 501(a) of the IRC.

Front Porch Investments was formed as charitable organization exempt from tax under Section 501(a) of the IRC. Front Porch Investments received formal approval in April 2022 to be recognized as not-for-profit organizations as described in Section 501(c)(3) of the IRC.

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. As of December 31, 2021 and 2020, the Foundation had no uncertain tax positions.

(k) Fair Value of Financial Instruments

The Foundation applies the provisions Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements. Fair value is defined 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. ASC Topic 820 also establishes a framework for measuring fair value and provides disclosures about fair value measurements (note 2).

(l) Beneficial Interest in Charitable Lead Annuity Trust

The Foundation is the irrevocable beneficiary of a charitable lead annuity trust and receives annual distributions from the trust, which is administered by a trustee. The beneficial interest in the charitable lead annuity trust is recorded at fair value, which is determined as the present value of the estimated future distributions to be received by the Foundation. The beneficial interest is classified under net assets with donor restrictions and is adjusted annually through the combined statements of activities to reflect estimated fair value at year-end.

(m) Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This ASU is a comprehensive new leases standard that amends various aspects of existing guidance for leases and requires additional disclosures about leasing arrangements. It will require lessees to recognize lease assets and lease liabilities for those leases classified as operating leases under previous U.S. GAAP. Topic 842 retains a distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous lease guidance. The ASU is effective for annual periods beginning after December 15, 2021; earlier adoption is permitted. The Foundation is currently evaluating the potential impact of the adoption of the guidance on the combined financial statement and financial statement disclosures.

(3) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. A three-level hierarchy is established for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. To increase consistency and comparability in fair value measurements and related disclosures, the fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 or 2020.

The fair value of all Level 1 assets is valued at quoted prices in active markets for identical assets.

The fair value of Level 2 real estate represents various properties donated that are valued at fair value based on market comparison prices. The fair value of Level 2 common stock is valued based upon an agreed-upon transaction price; while the fair value of Level 2 corporate bonds, municipal bonds, and U.S. Treasury and Agency securities are valued using pricing models; all of which maximize the use of observable inputs for similar securities. The fair value of Level 2 closely held stock not held in private equity/venture capital funds is valued using actual sales price for sale of shares close to year-end. All other Level 2 assets are valued using quoted prices for similar assets in active markets.

The fair value of Level 3 closely held stock is valued based on recent transaction valuations. The fair value of the beneficial interest in charitable lead annuity trust is determined as the present value of the estimated future distributions to be received by the Foundation.

(Dollars in thousands)

Financial instruments measured at fair value at December 31, 2021 on a recurring and nonrecurring basis are summarized as follows:

	2021			
Description	**Total**	**Level 1**	**Level 2**	**Level 3**
Recurring:				
Cash and cash equivalents	$ 128,185	128,185	—	—
Certificates of deposit	108	—	108	—
U.S. Treasury and Agency securities	42,898	—	42,898	—
Municipal bonds	1,142	—	1,142	—
Corporate bonds	272,475	—	272,475	—
Common stock	727,331	400,343	326,988	—
Preferred stock	222	222	—	—
Closely held stock	64,387	—	62,583	1,804
Mutual funds	199,802	199,802	—	—
Mortgage-backed securities	9,751	—	9,751	—
Foreign equities	3,452	3,452	—	—
Other	147	147	—	—
Beneficial interest in charitable lead annuity trust	80,187	—	—	80,187
Investments in real estate	1,447	—	1,447	—
Partnerships measured net asset value*	37,742			
	$ 1,569,276	732,151	717,392	81,991

(Dollars in thousands)

Assets measured at fair value at December 31, 2020 on a recurring and nonrecurring basis are summarized as follows:

	2020			
Description	**Total**	**Level 1**	**Level 2**	**Level 3**
Recurring:				
Cash and cash equivalents	$ 186,284	186,284	—	—
Certificates of deposit	107	—	107	—
U.S. Treasury and Agency securities	44,514	—	44,514	—
Municipal bonds	610	—	610	—
Corporate bonds	265,835	—	265,835	—
Common stock	423,069	196,405	226,664	—
Preferred stock	3	3	—	—
Closely held stock	51,131	—	39,602	11,529
Mutual funds	299,532	298,103	1,429	—
Mortgage-backed securities	10,786	—	10,786	—
Foreign equities	5,225	5,225	—	—
Other	7,272	7,272	—	—
Beneficial interest in charitable lead annuity trust	96,489	—	—	96,489
Investments in real estate	445	—	445	—
Partnerships measured net asset value*	20,910			
	$ 1,412,212	693,292	589,992	108,018

* Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the combined statements of financial position.

The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, or liquidity associated with investments but rather the amount of estimation uncertainty associated with estimating fair value.

(Continued)

(Dollars in thousands)

The following table presents the Foundation's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2021 and 2020:

		Closely held stock	Beneficial interest in CLAT	Total
Balance at December 31, 2019	$	12,919	91,950	104,869
Purchases		25,251	—	25,251
Unrealized gain		7,126	—	7,126
Change in value of beneficial interest		—	14,587	14,587
Payment received on CLAT		—	(10,048)	(10,048)
Sales		(33,767)	—	(33,767)
Transfers in and out of level 3		—	—	—
Balance at December 31, 2020		11,529	96,489	108,018
Purchases		1,120	—	1,120
Unrealized gain		611	—	611
Change in value of beneficial interest		—	(6,253)	(6,253)
Payment received on CLAT		—	(10,049)	(10,049)
Sales		(11,456)	—	(11,456)
Transfers in and out of level 3		—	—	—
Balance at December 31, 2021	$	1,804	80,187	81,991

The estimated value of certain alternative investments, such as partnerships, was provided by the respective companies. For these alternative investments, the Foundation used the net asset value reported by the underlying fund to estimate the fair value of the investment as a practical expedient in determining fair value. Below is a summary of investments accounted for at net asset value:

		2021 Fair value	2020 Fair value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Private equity/venture capital funds (a)	$	37,735	20,904	13,644	Monthly–N/A	N/A
Other		7	6	—	N/A	N/A
	$	37,742	20,910	13,644	N/A	

(a) This category includes private equity/venture capital funds that invest primarily in private companies at various stages of development and maturity. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the fund will be liquidated over the next two to 10 years.

(Dollars in thousands)

Due to the nature of the alternative investments, changes in market conditions and the economic environment may significantly impact the net asset value and, consequently, the fair value of the Foundation's interests in the investments. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is, therefore, reasonably possible that if the Foundation were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.

(4) Beneficial Interest in Charitable Lead Annuity Trust

The Foundation is the lead beneficiary of a charitable lead annuity trust (the trust). The terms of the trust state that the Foundation will receive a fixed amount, $10,048, each year, over a 20-year period with any remaining trust assets to be paid to the remainder beneficiaries of the trust. The trust assets are held by an independent third-party trustee. The Foundation's interest in the trust was initially recorded at fair value within contributions revenue in the combined statements of activities. During 2021 and 2020, the Foundation recorded a change in beneficial interest in charitable lead trust of $6,253 and $14,587 using a discount rate of 5.90% and 3.70%, respectively.

(5) Grants Payable

Grants are considered liabilities and expense of the Foundation in the period when approved by the board of directors, when grant agreements are executed with grantees, and when the recipients' condition or barrier is overcome. Grants are authorized subject to certain conditions, and failure of the recipients to meet these conditions may result in cancellation or refund of the grant. Grants payable beyond 2021 are recorded at present value assuming the rate of return for the year the grant was declared. All grants are recorded at net present value assuming discount rates ranging from 0.13% to 2.69%. Future payments of approved grants at December 31, 2021 and 2020 are expected to be paid as follows:

		2021	2020
In less than one year	$	14,204	31,457
In one to five years		19,488	31,129
Thereafter		—	11,120
		33,692	73,706
Discount		(1,467)	(3,456)
Total grants payable	$	32,225	70,250

(Continued)

(Dollars in thousands)

(6) Net Assets

Sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of events were as follows:

		2021	2020
Arts, culture, and humanities	$	528	262
Civic and municipalities		584	498
Environment and animals		58	44
Health		395	373
Human services		15,003	11,947
Education and scholarships		839	1,161
Administrative expenses		593	1,138
Time restrictions		1,018	1,005
Religious purposes		174	135
Youth		88	32
Total	$	19,280	16,595

The composition of net assets without donor restrictions is as follows:

		2021	2020
Omaha Community Foundation	$	332,161	267,630
Supporting foundations		995,374	847,549
	$	1,327,535	1,115,179

(Dollars in thousands)

Net assets with donor restrictions are available for the following:

		2021	2020
Purpose restrictions:			
Arts, culture, and humanities	$	84	202
Donor advised		111,327	126,659
Human services		47,264	42,454
Education and scholarships		17,043	19,028
Health		119	114
Youth		—	43
Environmental and animals		106	61
Religious purposes		1,312	1,200
Time restrictions		1,059	999
Total	$	178,314	190,760

Net assets to be held in perpetuity were $21,987 and $21,898 at December 31, 2021 and 2020, respectively.

The composition of net assets with donor restrictions is as follows:

		2021	2020
Omaha Community Foundation	$	171,113	183,864
Supporting foundations		7,201	6,896
	$	178,314	190,760

(7) Endowment

The Foundation holds approximately 195 individual donor-restricted endowment funds (Endowments) for support of its programs and operations. Net assets and the changes therein associated with endowments are classified and reported as net assets with donor restrictions.

The Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) imposes requirements on the management, investment, and spending of donor-restricted endowment funds. The guidance requires the amount classified as net assets with donor restrictions shall be the amount of the donor-restricted endowment fund (a) that must be retained permanently in accordance with explicit donor stipulations or (b) that in the absence of such stipulations, the organization’s governing board determines how they must be retained (preserved) permanently consistent with relevant law. The disclosure below also includes the activities of one supporting organization. At December 31, 2021 and 2020, $6,143 and $5,855, respectively, of the net assets with donor restrictions balance relates to this supporting organizations with endowments.

(Dollars in thousands)

The board of directors of the Foundation has interpreted NUPMIFA as not requiring the preservation of any specific amount of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation also includes in net assets with donor restrictions the accumulated appreciation on donor restricted “true” endowment funds which are available for expenditure in a manner consistent with the standard of prudence prescribed by NUPMIFA, any deficiencies associated with the funds where the value of the fund has fallen below the original value of the gift. In authorizing appropriations from the Endowments, NUPMIFA requires the Foundation to focus on the purposes of the fund, giving priority to the donor’s intent that the fund be maintained permanently. In addition, and in accordance with NUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the endowment fund

(2) The purposes of the Foundation and the donor-restricted endowment fund

(3) General economic conditions

(4) The possible effect of inflation or deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Foundation

(7) The investment policy of the Foundation

		Endowment net asset composition by type of fund		
		December 31, 2021		
		Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$	—	97,065	97,065
Total endowment funds	$	—	97,065	97,065

		Endowment net asset composition by type of fund		
		December 31, 2020		
		Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$	—	93,229	93,229
Total endowment funds	$	—	93,229	93,229

(Dollars in thousands)

		Changes in endowment net assets Year ended December 31, 2021 Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$	—	93,229	93,229
Other income		—	—	—
Investment income, net		—	10,675	10,675
Appropriation of endowment assets for expenditure		—	(7,892)	(7,892)
Contributions		—	1,053	1,053
Endowment net assets, end of year	$	—	97,065	97,065

		Changes in endowment net assets Year ended December 31, 2020 Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$	—	86,219	86,219
Other income		—	—	—
Investment income, net		—	10,673	10,673
Appropriation of endowment assets for expenditure		—	(4,622)	(4,622)
Contributions		—	959	959
Endowment net assets, end of year	$	—	93,229	93,229

(a) Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds to provide an average rate of return of approximately 5% annually.

(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 Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

(Dollars in thousands)

(c) Spending Policy and How the Investment Objectives Relate to Spending Policy

Absent any donor restrictions, the Foundation appropriates for distribution each year 4.5% of its endowment fund's fair value through the calendar year-end that precedes the fiscal year in which the distribution is planned. In establishing its annual budget, the Foundation considers the operations of the Foundation as well as expected investment returns.

(8) Commitments

A supporting foundation leases certain property and then subleases the property under noncancelable operating leases, which expire at various dates. The supporting foundation expects the existing leases to be renewed under similar terms as they expire. Rental income related to these leases was $10,459 and $11,902 in 2021 and 2020, respectively.

As of December 31, 2021, minimum rental commitments to be received under noncancelable operating leases are as follows:

Year ending December 31:		
2022	$	5,762
2023		2,830
2024		1,578
2025		775
2026		107
Thereafter		101
Total minimum lease payments	$	11,153

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (also known as the CARES Act) was signed into law. Among other provisions, the CARES Act provided for payments made to county governments including Douglas County, Nebraska (County). The Foundation entered into an agreement with the County to administer the distribution of $28,000 in CARES Act funds.

The agreement required the foundation to administer the distribution of these funds to eligible recipients as outlined in agreement. All funds were to be distributed by the December 30, 2021 program deadline. Funds disbursed were recorded as a grant expense on the financial statements.

During 2020, the Foundation and supporting organizations received loans in the amount of $1,405 under the Paycheck Protection Program established by the CARES Act. The loans have subsequently been forgiven and the amounts received are reflected in Contributions in the accompanying combining statement of activities.

.The Foundation has notes receivable comprised of below market interest loans to Community Development Financial Institutions and a local non-profit. These loans pay interest rates of 1.75% to 2.25% with interest due quarterly and a balloon principal payment due at end of loan. The loan to a local non-profit is 0% interest and requires quarterly principal only payments.

(Dollars in thousands)

(9) Analysis of Expenses

The Foundation's expenses have been allocated between program services, management and general, and fundraising activities based on estimates made by the Foundation's management of time spent by employees on various activities. Program services expenses pertain to activities furthering the Foundation's exempt purpose. Management and general expense include costs related to managing the Foundation's overall operations and management. Fundraising expenses pertain to activities associated with soliciting cash and noncash contributions to fund the Foundation's programs.

The Foundation's functional expenses, displayed by natural expense classification, for the years ended December 31, 2021 and 2020, were as follows:

	Program services	Management and general	Fundraising	Total expenses
Grants	$ 135,468	—	—	135,468
Administrative	5,806	3,451	1,089	10,346
Property operating costs	12,806	3,004	—	15,810
Depreciation	366	321	7	694
2021 Total	$ 154,446	6,776	1,096	162,318

	Program services	Management and general	Fundraising	Total expenses
Grants	$ 164,319	—	—	164,319
Administrative	9,372	4,118	1,223	14,713
Property operating costs	9,586	2,952	—	12,538
Depreciation	391	312	5	708
2020 Total	$ 183,668	7,382	1,228	192,278

The composition of administrative expenses is as follows:

	2021	2020
Omaha Community Foundation	$ 5,592	7,255
Supporting foundations	4,754	7,458
	$ 10,346	14,713

(Dollars in thousands)

(10) Liquidity

The Foundation's financial assets available within one year of December 31, 2021 and 2020, to meet general expenditures are as follows:

		2021	2020
Cash and cash equivalents	$	128,185	186,284
Accrued interest receivable		3,168	3,055
Total financial assets available within one year		131,353	189,339
Less:			
Amounts unavailable for general expenditures within one year, due to:			
Restricted by donors (purpose)		(14,204)	(31,457)
Annuities payable		(831)	(932)
Total unavailable for general expenditures within one year		(15,035)	(32,389)
Total financial assets available to management for general expenditure within one year	$	116,318	156,950

The Foundation endeavors to structure its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations become due. Investments, except for private funds and closely held stocks that are subject to liquidity restrictions or funds restricted by donors, are available to fund any obligations not covered by liquid funds.

(11) Subsequent Events

The Foundation has evaluated subsequent events from the date of the combined statements of financial position through June 13, 2022, the date at which the combined financial statements were available to be issued, and determined there are no other items to disclose.