



# **Maine Community Foundation and Supporting Organizations**

**Audited Consolidated Financial Statements**

*For the Year Ended December 31, 2022 With Comparative  
Information for the Year Ended December 31, 2021  
With Independent Auditors' Report*

Baker Newman & Noyes LLC

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Maine Community Foundation

### Opinion

We have audited the consolidated financial statements of Maine Community Foundation and Supporting Organizations (the Foundation), which comprise the consolidated statement of financial position as of December 31, 2022, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

### **Report on Summarized Comparative Information**

We have previously audited the Foundation's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 16, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Baker Newman + Noyes LLC*

Portland, Maine  
September 14, 2023

**MAINE COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 31,411,248	\$ 27,240,049
Investments	632,205,916	750,137,735
Prepaid expenses and other receivables	365,317	230,486
Receivable from trusts	3,121,042	5,790,984
Impact investments	1,222,029	1,549,458
Cash surrender value of life insurance	100,478	100,745
Loans receivable	213,980	601,882
Property and equipment, net	<u>1,701,806</u>	<u>1,781,057</u>
 Total assets	 <u>\$ 670,341,816</u>	 <u>\$ 787,432,396</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Grants payable	\$ 2,910,000	\$ 505,000
Accounts payable and accrued expenses	581,698	173,769
Income beneficiaries payable	1,264,882	1,477,845
Funds held as agency funds	<u>126,899,873</u>	<u>134,399,061</u>
 Total liabilities	 131,656,453	 136,555,675
Net assets:		
Without donor restrictions	535,463,843	644,984,992
With donor restrictions	<u>3,221,520</u>	<u>5,891,729</u>
 Total net assets	 <u>538,685,363</u>	 <u>650,876,721</u>
 Total liabilities and net assets	 <u>\$ 670,341,816</u>	 <u>\$ 787,432,396</u>

See accompanying notes.

**MAINE COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS**

CONSOLIDATED STATEMENTS OF ACTIVITIES

Year Ended December 31, 2022 With Summarized Comparative  
Information for the Year Ended December 31, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>2022</u>	<u>2021</u>
Revenue, (loss) gains and other support:				
Contributions	\$ 54,201,838	\$ —	\$ 54,201,838	\$ 62,921,104
Less amounts received from agencies	(15,048,604)	—	(15,048,604)	(9,822,696)
Net investment return	(107,060,109)	—	(107,060,109)	110,903,572
Plus investment loss (less investment return) held for agencies	17,626,919	—	17,626,919	(22,014,138)
Remeasurement of charitable gift annuities and trusts receivable	14,511	(661,153)	(646,642)	812,239
Administrative revenue from amounts held for agencies	1,002,292	—	1,002,292	956,749
Other revenue	<u>3,997</u>	<u>—</u>	<u>3,997</u>	<u>49</u>
	(49,259,156)	(661,153)	(49,920,309)	143,756,879
Net assets released resulting from satisfaction of restrictions	<u>2,009,056</u>	<u>(2,009,056)</u>	<u>—</u>	<u>—</u>
Total revenue, (loss) gains and other support	(47,250,100)	(2,670,209)	(49,920,309)	143,756,879
Grants and expenses:				
Grants	59,124,613	—	59,124,613	57,760,812
Less amounts paid to agencies	(3,885,709)	—	(3,885,709)	(15,036,211)
Prior year grants canceled or returned	(121,710)	—	(121,710)	(78,139)
Administrative expenses:				
Program service	2,029,637	—	2,029,637	2,251,354
Management and general	3,183,309	—	3,183,309	2,432,040
Fundraising	<u>1,940,909</u>	<u>—</u>	<u>1,940,909</u>	<u>1,611,184</u>
Total grants and expenses	<u>62,271,049</u>	<u>—</u>	<u>62,271,049</u>	<u>48,941,040</u>
(Decrease) increase in net assets	(109,521,149)	(2,670,209)	(112,191,358)	94,815,839
Net assets at beginning of year	<u>644,984,992</u>	<u>5,891,729</u>	<u>650,876,721</u>	<u>556,060,882</u>
Net assets at end of year	<u>\$ 535,463,843</u>	<u>\$ 3,221,520</u>	<u>\$ 538,685,363</u>	<u>\$ 650,876,721</u>

See accompanying notes.

**MAINE COMMUNITY FOUNDATION  
AND SUPPORTING ORGANIZATIONS**

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended December 31, 2022 With Summarized Comparative  
Information for the Year Ended December 31, 2021

	<u>2022</u>	<u>2021</u>
Cash flow from operating activities:		
(Decrease) increase in net assets:	\$ (112,191,358)	\$ 94,815,839
Adjustments to reconcile (decrease) increase in net assets to net cash used by operating activities:		
Depreciation	79,251	84,453
Net unrealized and realized investment loss (gain)	104,170,291	(115,557,241)
Decrease (increase) in value of life insurance policies	267	(327)
Increase in prepaid expenses and other receivables	(134,831)	(8,623)
Decrease (increase) in receivable from trusts	2,669,942	(847,453)
Increase (decrease) in grants payable	2,405,000	(3,395,000)
Increase in accounts payable and accrued expenses	407,929	65,127
Decrease in income beneficiaries payable	(212,963)	(37,321)
(Decrease) increase in funds held as agency funds	<u>(7,499,188)</u>	<u>15,847,542</u>
Net cash used by operating activities	(10,305,660)	(9,033,004)
Cash flows from investing activities:		
Purchase of investments	(387,692,741)	(308,363,484)
Proceeds from sale of investments	401,454,269	318,500,769
Proceeds from sale of impact investments	327,429	108,297
Payment received on impact investment loans	-	560,000
Purchase of property and equipment	-	(25,634)
Origination of loans receivable	-	(601,882)
Payment received on loans receivable	<u>387,902</u>	<u>-</u>
Net cash provided by investing activities	<u>14,476,859</u>	<u>10,178,066</u>
Net increase in cash and cash equivalents	4,171,199	1,145,062
Cash and cash equivalents at beginning of year	<u>27,240,049</u>	<u>26,094,987</u>
Cash and cash equivalents at end of year	<u>\$ 31,411,248</u>	<u>\$ 27,240,049</u>

See accompanying notes.

# MAINE COMMUNITY FOUNDATION AND SUPPORTING ORGANIZATIONS

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022 With Summarized Comparative  
Information for the Year Ended December 31, 2021

### 1. **Description of Organization**

The accompanying consolidated financial statements of the Maine Community Foundation (MaineCF) include all accounts of MaineCF and its Type 1 supporting organizations, the Maine Community Supporting Foundation, the Edward H. Daveis Benevolent Fund, and the Vincent B. and Barbara G. Welch Supporting Organization (collectively referred to as the Foundation). MaineCF exercises significant control over the supporting organizations. Accordingly, consolidated financial statements are presented which include MaineCF and its supporting organizations. All significant balances and transactions between the entities have been eliminated in the consolidation.

Founded in 1983, MaineCF is a nonprofit community foundation that works with charitably-minded citizens to strengthen Maine communities by building charitable funds, connecting donors to organizations and programs they care about, making effective grants and providing leadership to address community issues.

Incorporated in 1998, Maine Community Supporting Foundation provides support to MaineCF by receiving gifts of real estate and other unique charitable gifts.

The Edward H. Daveis Benevolent Fund became a supporting organization in 2007. Its purpose is to serve charitable organizations that focus on early childhood and youth leadership in the greater Portland, Maine area.

The Vincent B. and Barbara G. Welch Supporting Organization became a supporting organization in 2009. Its purpose is to support charitable and educational programs, including those assisting youth, education, health care, substance use disorder treatment and rehabilitation, and art and culture in the greater Portland, Maine area.

The total net assets of the three supporting organizations were \$9,204,308 and \$12,035,356 as of December 31, 2022 and 2021, respectively.

### 2. **Summary of Significant Accounting Policies**

#### *Basis of Presentation*

The accompanying consolidated financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires the Foundation's management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**MAINE COMMUNITY FOUNDATION  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022 With Summarized Comparative  
Information for the Year Ended December 31, 2021

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

*Classification of Net Assets*

The Foundation reports information regarding its financial position and activities in two classes of net assets. The Articles of Incorporation of the Foundation include a variance power provision which gives the Board of Directors the power to modify any restriction or condition on the distribution of funds. See Note 7 for further explanation. The net asset classes are as follows:

- Net assets without donor restrictions effectively have no donor-imposed stipulations as to their use. Under the terms of the Governing Documents, the Board of Directors has the ability to distribute as much of the corpus of any separate gift, devise, bequest, or fund as the board in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not classified as net assets with donor restrictions are classified as net assets without donor restrictions for financial statement purposes.
- Net assets with donor restrictions contain donor-imposed stipulations that restrict the use or the timing of expending the donated assets. Net assets with donor restrictions include irrevocable charitable trusts, contributions receivable, and the portion of donor-restricted endowment funds that are deemed to be restricted over the donor-specified period of the endowment by explicit donor stipulation. In addition, investment returns from net assets with donor restrictions are classified as net assets with donor restrictions until appropriated for expenditure. Once appropriated, net assets with donor restrictions are released to net assets without donor restrictions. Such transfers are reported in the statement of activities as “net assets released resulting from satisfaction of restrictions.”

*Spending and Investment Policies*

The Foundation has adopted investment and spending policies for all endowment assets, including board designated endowments (see Note 7) that attempt to provide a predictable stream of funding to organizations, scholarships and other programs supported by the Foundation while seeking to maintain the purchasing power of the endowment assets. The Foundation’s spending and investment policies work together to achieve this objective.

The long-term investment objective of the Foundation is to preserve and enhance the real value of the assets of the Foundation over time in order to provide a sufficient rate of return for fulfilling the philanthropic purposes of the Foundation. To accomplish this objective, endowment assets are invested for growth in principal and income and for protection against inflation, with a goal to achieve a minimum real total return (adjusted for inflation), net of investment management and administrative fees, of 5% over a rolling three to five-year period. The Foundation recognizes that this goal may be easily achieved in some periods but much harder to achieve in other periods. The Foundation has established a policy portfolio with a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives. For more information, see Note 3.



**MAINE COMMUNITY FOUNDATION  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022 With Summarized Comparative  
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**2. Summary of Significant Accounting Policies (Continued)**

The spending policy calculates the amount of money distributed annually from the Foundation's various endowed funds. The annual distribution is used for grant making. The 2022 spending policy is to distribute an amount equal to 4% of the average fund balance measured over a 12-quarter period ending September 30 of the prior year.

For endowed funds that are below their historic gift value (the original value of all endowed gifts into the fund) as of the September 30 measurement date, the spending rate in the next calendar year will be reduced in a manner that will allow the funds to recover the amount below the historic gift value.

Approximately 98% of the assets of the Foundation are subject to an administrative fee that ranges from 0.10% to 1.50%. The actual fee assessed to a specific fund depends on the dollar value of the fund as well as the fund type. The average fee assessed on all funds in 2022 is approximately 0.96% of the Foundation's assets. The administrative fees cover the entire cost of the administration of the Foundation.

*Cash and Cash Equivalents*

Cash and cash equivalents include all highly liquid investments with an initial maturity of three months or less, except for those cash equivalents that are held as part of the investment portfolio.

*Investments*

The investment goal of the Foundation is to invest its assets in a manner that will achieve a total rate of return sufficient to replace the assets spent for grants and expenses and recoup any value lost due to inflation. To manage risk, the Foundation strives to diversify its investments among various financial instruments and asset categories and uses multiple investment strategies and managers. Key investment decisions are made by the Board of Directors' Investment Committee (Investment Committee), which has oversight responsibility for the Foundation's investment program. The Investment Committee's decisions are carried out by the Vice President of Investments and the Chief Financial Officer (CFO). Investments are administered by investment managers chosen by the Vice President of Investments, CFO and the Investment Committee. The investment managers report the assigned values and market values of the investments and are responsible for custody and investment management under supervision of the Investment Committee.

Investment securities are stated at fair value. The fair value of debt securities and marketable equity securities are based on quoted market prices. The fair value of nonmarketable securities for which quoted market prices are not available are determined from information supplied by the investment managers based on the quoted market values of the underlying investments. The Foundation carries alternative investments at estimated fair value as determined by management based upon valuations provided by the respective investment managers. Gains and losses on investments are computed on a specific identification basis. Purchases and sales are recorded on a trade-date basis. Investment income, including realized and unrealized gains or losses, is allocated quarterly to the various funds based on a prorated average value of each fund relative to the entire value of the portfolio.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022 With Summarized Comparative  
Information for the Year Ended December 31, 2021

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

The Foundation has applied the accounting guidance in Accounting Standards Codification (ASC) *Topic 820* which permits the use of net asset value (NAV) or its equivalent reported by each underlying alternative investment fund as a practical expedient to estimate the fair value of certain investments. These investments are generally redeemable or may be liquidated at NAV under the original terms of the subscription agreements or operations of the underlying assets. However, it is possible that these redemption rights may be restricted by the fund manager in the future in accordance with the underlying fund agreements, as applicable. Changes in market conditions, the economic environment, or the funds' liquidity provisions may significantly impact the NAV of the funds and, consequently, the fair value of the Foundation's interest in such funds. Although certain investments may be sold in a secondary market, the secondary market is not public and individual transactions are not necessarily observable. It is therefore possible that if the Foundation were to sell its interest in a fund in the secondary market, the sale could occur at an amount materially different from the reported value.

The Foundation's management is responsible for the fair value measurement of investments reported in the consolidated financial statements. The Foundation has implemented policies and procedures to assess the reasonableness of the fair values provided. Because of the inherent uncertainty of valuation for these investments, the estimate of the fund manager or general partner may differ from actual values, and the differences could be significant. The Foundation believes that reported fair values of its alternative investments at the statement of financial position dates are reasonable.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, liquidity and overall market volatility. Due to the level of risk associated with certain investment securities, it is 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.

Receivable From Trusts

The Foundation is the beneficiary of certain irrevocable trusts. In cases where the Foundation does not act as trustee, the Foundation has recorded an asset at the present value of the estimated revenue to be received from the trusts, re-measured annually, with the change reflected in the statement of activities. The Foundation did not act as trustee on any irrevocable trust at December 31, 2022 or 2021.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. The Foundation's policy is to capitalize expenditures over \$5,000 as major improvements or equipment and charge supplies, maintenance and repairs for expenditures that do not exceed that amount. Depreciation is provided by the straight-line method in a manner which is intended to amortize the cost of the assets over their estimated useful life.

Grants Payable

Grant awards are recorded when approved by the Foundation and the payment of such grant is unconditional.

**MAINE COMMUNITY FOUNDATION  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022 With Summarized Comparative  
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**2. Summary of Significant Accounting Policies (Continued)**

*Income Beneficiaries Payable*

The Foundation has recorded a liability for the amount due to income beneficiaries of charitable gift annuities. The present value of the estimated future payments to be distributed during the beneficiaries' expected lives is recorded as a liability using a discount rate of 5% for the years ended December 31, 2022 and 2021.

*Funds Held as Agency Funds*

ASC 958-605-25, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, requires that if a community foundation accepts a contribution from a not-for-profit organization and the foundation agrees to accept a transfer of those assets, the return on investment of those assets, or both to the not-for-profit organization, then these contributions must be presented as a liability on the foundation's financial statements. The Foundation refers to these funds as agency funds.

The agency fund is reported by the Foundation as an asset on its consolidated statements of financial position offset by a corresponding liability. The not-for-profit organization that transferred the fund continues to report an asset on its statement of financial position.

In order to report all Foundation activity on the consolidated statements of activities, the Foundation includes agency fund activity in total revenue, grants, and expenses and then reduces revenue, grants, and expenses on a separate line for agency activity.

*Net Investment Return*

Net investment return is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized investment gains and losses, less internal and external investment expenses.

*Income Taxes and Other Taxes*

MaineCF and its supporting organization, Maine Community Supporting Foundation, are tax-exempt organizations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are generally exempt from income taxes pursuant to Section 501(a) of the Code and qualify as public charities under Section 170(b)(1)(A)(vi) of the Code. The Edward H. Daveis Benevolent Fund and the Vincent B. and Barbara G. Welch Supporting Organization are exempt from federal income taxes under Section 501(a) of the Code.

MaineCF pays unrelated business income taxes on income from certain types of transactions within investment partnerships. Under Maine State law, the Foundation is not exempt from state sales tax on taxable purchases.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022 With Summarized Comparative  
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**2. Summary of Significant Accounting Policies (Continued)**

In certain circumstances, tax-exempt organizations may be required to record an obligation for income taxes as the result of a tax position they have historically taken on various tax exposure items, including unrelated business income or tax status. Under guidance issued by the Financial Accounting Standards Board (FASB), assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the “more-likely-than-not” threshold, based upon the technical merits of the position.

Management has evaluated the Foundation’s tax positions and concluded that the Foundation has maintained its tax-exempt status, does not have any significant unrelated business income and has taken no uncertain tax positions that require adjustment to the consolidated financial statements.

*Functional Expenses*

Expenses are allocated to both programs and support services. Salaries and wages are allocated based on estimates of time spent by the members of the staff. All other expenses are charged to each functional area based on direct expenditures incurred or based on allocation of staff time by functional area. See Note 11.

*Fair Value Measurements*

As required by ASC Topic 820, the Foundation classifies its investments into:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option-pricing models, discounted cash-flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The levels relate to valuation only and do not necessarily indicate a measure of risk.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022 With Summarized Comparative  
Information for the Year Ended December 31, 2021

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

*New Accounting Pronouncements*

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. The standard, including subsequently issued amendments, collectively referred to as Accounting Standards Codification (ASC) 842, *Leases*, established the principles that lessees and lessors will apply to report useful information to users of financial statements about the amount, timing and uncertainty of cash flows arising from a lease. The Foundation adopted this standard using the modified retrospective transition approach as applied to leases existing as of or entered into after the adoption date (January 1, 2022) in fiscal year 2022. The adoption of the standard did not have a material impact on the Foundation's consolidated financial statements.

*Subsequent Events*

Events occurring after the date of the consolidated statement of financial position are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through September 14, 2023, which is the date the financial statements were available to be issued.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2022 With Summarized Comparative  
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**3. Investments**

The following table summarizes the Foundation's investments within the fair value hierarchy as of December 31, 2022 and 2021:

<u>2022 Investment Hierarchy</u>	Investments Measured at <u>NAV</u>	<u>Investments Classified in Fair Value Hierarchy</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Marketable equities:					
U.S. equities	\$ 6,995,072	\$ 118,598,357	\$16,589,089	\$ –	\$ 142,182,518
Non-U.S. developed markets	55,141,752	7,747,367	20,146,213	–	83,035,332
Emerging markets	<u>35,082,728</u>	<u>1,172,516</u>	<u>–</u>	<u>–</u>	<u>36,255,244</u>
Total marketable equities	97,219,552	127,518,240	36,735,302	–	261,473,094
Marketable alternatives:					
Multi-strategy	107,316,711	–	–	–	107,316,711
Distressed debt	22,531,316	–	–	–	22,531,316
Long/short equities	6,685,802	–	–	–	6,685,802
Global equities	<u>9,870,208</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>9,870,208</u>
Total marketable alternatives	146,404,037	–	–	–	146,404,037
Private equity and venture capital	118,723,561	–	–	–	118,723,561
Real assets:					
Real estate	10,475,486	2,101,185	–	–	12,576,671
Timber	349,493	–	–	–	349,493
Energy	10,406,836	–	–	–	10,406,836
Mining	2,651,673	5,053	–	–	2,656,726
Other	<u>23,344</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>23,344</u>
Total real assets	23,906,832	2,106,238	–	–	26,013,070
Fixed income:					
U.S. Treasuries and Agency bonds	–	2,390,640	27,951,148	–	30,341,788
U.S. TIPs	–	414,469	–	–	414,469
Other	<u>–</u>	<u>23,503,463</u>	<u>–</u>	<u>–</u>	<u>23,503,463</u>
Total fixed income	–	26,308,572	27,951,148	–	54,259,720
Cash and cash equivalents:					
Cash – FDIC insured	–	13,842,267	–	–	13,842,267
Cash – Uninsured	–	6,403,101	–	–	6,403,101
Money market funds	<u>–</u>	<u>4,754,431</u>	<u>332,635</u>	<u>–</u>	<u>5,087,066</u>
Total cash	–	<u>24,999,799</u>	<u>332,635</u>	<u>–</u>	<u>25,332,434</u>
Total investments	<u>\$ 386,253,982</u>	<u>\$ 180,932,849</u>	<u>\$65,019,085</u>	<u>\$ –</u>	<u>\$ 632,205,916</u>

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**3. Investments (Continued)**

<u>2021 Investment Hierarchy</u>	Investments Measured at <u>NAV</u>	<u>Investments Classified in Fair Value Hierarchy</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Marketable equities:					
U.S. equities	\$ 4,744,298	\$ 138,956,061	\$26,258,476	\$ –	\$ 169,958,835
Non-U.S. developed markets	50,909,306	13,634,150	29,304,055	–	93,847,511
Emerging markets	<u>47,743,927</u>	<u>1,540,509</u>	<u>951,458</u>	<u>–</u>	<u>50,235,894</u>
Total marketable equities	103,397,531	154,130,720	56,513,989	–	314,042,240
Marketable alternatives:					
Multi-strategy	128,255,896	–	–	–	128,255,896
Distressed debt	17,365,322	–	–	–	17,365,322
Long/short equities	13,910,847	–	–	–	13,910,847
Global equities	<u>16,986,196</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>16,986,196</u>
Total marketable alternatives	176,518,261	–	–	–	176,518,261
Private equity and venture capital	124,853,246	–	–	–	124,853,246
Real assets:					
Real estate	2,931,614	2,874,968	–	–	5,806,582
Timber	662,659	–	–	–	662,659
Energy	10,982,887	–	–	–	10,982,887
Mining	2,815,583	–	–	–	2,815,583
Other	<u>24,992</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>24,992</u>
Total real assets	17,417,735	2,874,968	–	–	20,292,703
Fixed income:					
U.S. Treasuries and Agency bonds	–	4,700,327	31,850,333	–	36,550,660
U.S. TIPs	–	389,071	–	–	389,071
Other	<u>–</u>	<u>3,252,679</u>	<u>–</u>	<u>–</u>	<u>3,252,679</u>
Total fixed income	–	8,342,077	31,850,333	–	40,192,410
Cash and cash equivalents:					
Cash – FDIC insured	–	32,033,737	–	–	32,033,737
Cash – Uninsured	–	3,330,000	–	–	3,330,000
Money market funds	<u>–</u>	<u>33,430,695</u>	<u>5,444,443</u>	<u>–</u>	<u>38,875,138</u>
Total cash	–	68,794,432	5,444,443	–	74,238,875
Total investments	<u>\$ 422,186,773</u>	<u>\$ 234,142,197</u>	<u>\$93,808,765</u>	<u>\$ –</u>	<u>\$ 750,137,735</u>

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**3. Investments (Continued)**

*Marketable Equities*

The purpose of the equity allocation (broadly defined to include domestic stocks and foreign stocks) is to provide appreciation of principal that more than offsets inflation over the long run. It is recognized that pursuit of this objective could entail the assumption of greater return variability and risk within individual asset classes. However, the diversification benefits of combining various equity components should enhance the overall portfolio risk-return profile. U.S. equity managers are permitted to invest in publicly traded equity securities, both U.S. and non-U.S., and, where appropriate, fixed income securities as equity substitutes. Non-U.S. managers are permitted to hold equity securities traded in non-U.S. developed and emerging markets.

*Marketable Alternative Investments*

The role of marketable alternative (MALT) investments, often referred to as “hedge funds,” is to increase portfolio diversification through offering sources of return that have a lower correlation to traditional equity and fixed income markets. The objective of marketable alternative investments is to provide relatively consistent returns in most markets and principal protection in significantly down equity markets, reducing overall volatility of the portfolio. Investments in the MALT program may take the form of direct investment in a limited partnership of a single manager or fund-of-funds manager. MALT managers may engage in the use of derivatives (options/futures/forwards) as part of their investment strategy. MALT investments are generally less liquid than their traditional equity counterparts. MALT managers have entry/exit terms and capital lockup periods that range from quarterly to five years from the date of the original investment or re-measurement on an anniversary.

*Private Equity and Venture Capital Investments*

The purpose of private equity and venture capital is to provide increased return potential and to reduce overall volatility of the portfolio through greater diversification. These investments can be made either in the form of direct investment, partnerships, or fund-of-funds with an investment manager. These assets are less liquid and require a longer investment horizon. Most require a multi-year commitment of capital for a minimum of ten years.

*Real Assets*

Real assets may include more liquid investments, such as inflation-linked bonds, real estate securities and commodity futures, in addition to nonmarketable investments in real estate, oil and gas producing properties, and timberland, either directly or through fund-of-funds. Investment in real assets is through direct ownership or investment in financial assets, which are related to, or strongly influenced by, the value of the tangible asset.

*Fixed Income Investments*

The purpose of the fixed income allocation is to provide a hedge against deflation, to increase current income relative to an all-equity fund, and to reduce overall volatility of the fund. The purpose of including opportunistic fixed income assets such as, but not limited to, inflation-linked bonds, global and high yield securities in the portfolio is to enhance the overall risk-return characteristics of the fund.



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**3. Investments (Continued)**

*Liquidity*

Following are additional details regarding the liquidity of investments at December 31, 2022 and 2021:

<u>2022</u>	<u>Daily</u>	<u>Monthly</u>	<u>Semi- Monthly</u>	<u>Quarterly</u>	<u>1 to 5 Years</u>	<u>Illiquid</u>	<u>Total</u>	<u>Percentage</u>
Marketable equities:								
U.S. equities	\$ 118,598,357	\$ —	\$ —	\$ 16,589,089	\$ 6,995,072	\$ —	\$ 142,182,518	
Non-U.S. developed markets	12,780,534	—	12,486,939	31,411,474	26,356,385	—	83,035,332	
Emerging markets	<u>1,172,517</u>	<u>—</u>	<u>28,187,116</u>	<u>3,127,242</u>	<u>3,768,369</u>	<u>—</u>	<u>36,255,244</u>	
Total marketable equities	132,551,408	—	40,674,055	51,127,805	37,119,826	—	261,473,094	41%
Marketable alternatives:								
Multi-strategy	—	—	—	78,298,939	29,006,636	11,136	107,316,711	
Distressed debt	—	—	—	—	—	22,531,316	22,531,316	
Long/short equities	—	—	—	6,685,802	—	—	6,685,802	
Global equities	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,547,389</u>	<u>322,819</u>	<u>—</u>	<u>9,870,208</u>	
Total marketable alternatives	—	—	—	94,532,130	29,329,455	22,542,452	146,404,037	23
Private equity and venture capital	—	—	—	—	—	118,723,561	118,723,561	19
Real assets:								
Real estate	2,101,185	—	—	—	—	10,475,486	12,576,671	
Timber	—	—	—	—	—	349,493	349,493	
Energy	—	—	—	—	—	10,406,836	10,406,836	
Mining	5,053	—	—	—	—	2,651,673	2,656,726	
Other	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>23,344</u>	<u>23,344</u>	
Total real assets	2,106,238	—	—	—	—	23,906,832	26,013,070	4
Fixed income:								
U.S. Treasuries and Agency bonds	30,341,788	—	—	—	—	—	30,341,788	
U.S. TIPs	414,469	—	—	—	—	—	414,469	
Other	<u>23,503,463</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>23,503,463</u>	
Total fixed income	54,259,720	—	—	—	—	—	54,259,720	9
Cash and cash equivalents:								
Cash – FDIC insured	13,842,267	—	—	—	—	—	13,842,267	
Cash – Uninsured	6,403,101	—	—	—	—	—	6,403,101	
Money market funds	<u>4,754,431</u>	<u>—</u>	<u>—</u>	<u>332,635</u>	<u>—</u>	<u>—</u>	<u>5,087,066</u>	
Total cash and cash equivalents	24,999,799	—	—	332,635	—	—	25,332,434	4
Total investments	<u>\$ 213,917,165</u>	<u>\$ —</u>	<u>\$ 40,674,055</u>	<u>\$ 145,992,570</u>	<u>\$ 66,449,281</u>	<u>\$ 165,172,845</u>	<u>\$ 632,205,916</u>	<u>100%</u>
Percentage of liquidity per category	<u>34%</u>	<u>0%</u>	<u>6%</u>	<u>23%</u>	<u>11%</u>	<u>26%</u>	<u>100%</u>	

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**3. Investments (Continued)**

<u>2021</u>	<u>Daily</u>	<u>Monthly</u>	<u>Semi- Monthly</u>	<u>Quarterly</u>	<u>1 to 5 Years</u>	<u>Illiquid</u>	<u>Total</u>	<u>Percentage</u>
Marketable equities:								
U.S. equities	\$ 138,956,061	\$ —	\$ —	\$ 26,258,476	\$ 4,744,298	\$ —	\$ 169,958,835	
Non-U.S. developed markets	19,518,890	—	10,650,208	37,573,833	26,104,580	—	93,847,511	
Emerging markets	<u>1,540,509</u>	—	<u>36,944,159</u>	<u>10,856,080</u>	<u>895,146</u>	—	<u>50,235,894</u>	
Total marketable equities	160,015,460	—	47,594,367	74,688,389	31,744,024	—	314,042,240	42%
Marketable alternatives:								
Multi-strategy	—	—	—	79,227,415	31,010,597	18,017,884	128,255,896	
Distressed debt	—	—	—	—	—	17,365,322	17,365,322	
Long/short equities	—	—	—	6,107,022	7,803,825	—	13,910,847	
Global equities	—	—	—	<u>16,986,196</u>	—	—	<u>16,986,196</u>	
Total marketable alternatives	—	—	—	102,320,633	38,814,422	35,383,206	176,518,261	23
Private equity and venture capital	—	—	—	—	—	124,853,246	124,853,246	17
Real assets:								
Real estate	2,874,968	—	—	—	—	2,931,614	5,806,582	
Timber	—	—	—	—	—	662,659	662,659	
Energy	—	—	—	—	—	10,982,887	10,982,887	
Mining	—	—	—	—	—	2,815,583	2,815,583	
Other	—	—	—	—	—	<u>24,992</u>	<u>24,992</u>	
Total real assets	2,874,968	—	—	—	—	17,417,735	20,292,703	3
Fixed income:								
U.S. Treasuries and Agency bonds	36,550,660	—	—	—	—	—	36,550,660	
U.S. TIPs	389,071	—	—	—	—	—	389,071	
Other	<u>3,252,679</u>	—	—	—	—	—	<u>3,252,679</u>	
Total fixed income	40,192,410	—	—	—	—	—	40,192,410	5
Cash and cash equivalents:								
Cash – FDIC insured	32,033,737	—	—	—	—	—	32,033,737	
Cash – Uninsured	3,330,000	—	—	—	—	—	3,330,000	
Money market funds	<u>33,430,695</u>	—	—	<u>5,444,443</u>	—	—	<u>38,875,138</u>	
Total cash and cash equivalents	68,794,432	—	—	5,444,443	—	—	74,238,875	10
Total investments	<u>\$ 271,877,270</u>	<u>\$ —</u>	<u>\$ 47,594,367</u>	<u>\$ 182,453,465</u>	<u>\$ 70,558,446</u>	<u>\$ 177,654,187</u>	<u>\$ 750,137,735</u>	<u>100%</u>
Percentage of liquidity per category	<u>36%</u>	<u>0%</u>	<u>6%</u>	<u>24%</u>	<u>10%</u>	<u>24%</u>	<u>100%</u>	

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**3. Investments (Continued)**

The illiquid investments noted above generally are investments which require a long-term investment commitment, are not publicly traded, and are intended to be held for the life of the investment fund or partnership. Accordingly, any attempt to sell these investments before the end of their investment period could result in the Foundation realizing less than fair value at the time of any early redemptions. The Foundation intends to hold the investments until maturity, which is expected to range from 2023 to 2037.

Commitments

Private equity, venture capital, real estate, natural resource and distressed opportunities investments are generally made through limited partnerships. Under the terms of these agreements, the Foundation is obligated to remit additional funding periodically as capital calls are exercised by the manager. As a result, the timing and amount of future capital calls expected to be exercised in any particular future year is uncertain. These partnerships have a limited existence, generally around ten years and such agreements may provide for annual extensions for the purpose of disposing of 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 term of a fund beyond its originally anticipated existence or may wind down the fund 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 lower return from the investment than originally anticipated.

Unfunded commitments at December 31 were as follows:

	2022 Number of Funds With <u>Commitments</u>	<u>2022</u>	<u>2021</u>
Private equity and venture capital	39	\$31,564,966	\$25,884,002
Real estate	4	282,072	426,211
Natural resources	9	954,500	1,260,500
Distressed opportunities	<u>10</u>	<u>20,722,917</u>	<u>18,094,990</u>
Total unfunded commitments	<u>62</u>	<u>\$53,524,455</u>	<u>\$45,665,703</u>

These amounts are generally payable within ten days of the receipt of a capital call notice. The Foundation has no control as to when a request for funding will be received. It is currently anticipated that the Foundation will be required to fund these commitments within the next three years, but the specific timing is ultimately subject to the discretion of the fund managers.

Capital calls for the unfunded commitments are made from cash and marketable investments in U.S. equities. Capital calls for the unfunded commitments to real estate and natural resources are made from cash.

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**3. Investments (Continued)**

*Net Asset Value (NAV) per Share*

Certain investments are measured at NAV and are redeemable with the funds or limited partnerships at NAV under the original terms of the subscription agreement and/or partnership agreements. The majority of such redemptions require 90 days or less written notice prior to the redemption period. The following table discloses the fair value and redemption frequency of those assets whose fair value is estimated using the net asset value per share at December 31, 2022:

<u>Investment</u>	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
U.S. equities	\$ 3,204,253	\$ —	1 – 5 Years	60 days
U.S. equities	3,790,819	—	1 – 5 Years	180 days
Non U.S. development markets				
Global Equity Funds	12,486,939	—	Monthly	30 days
Emerging markets				
Global Equity Funds	28,187,116	—	Monthly	30 days
Global Equity Funds	2,892,230	—	Quarterly	90 days; 25% limit
Global Equity Funds	235,012	—	Quarterly	60 days
Global Equity Funds	14,444	—	1 – 5 Years	60 days
Global Equity Funds	3,753,926	—	1 – 5 Years	180 days
Non-U.S. developed markets	16,298,428	—	Quarterly	30 days
Non-U.S. developed markets	1,355,841	—	1 – 5 Years	180 days
Non-U.S. developed markets	24,923,272	—	1 – 5 Years <sup>1</sup>	90 days
Non-U.S. developed markets	77,272	—	1 – 5 Years	60 days
Private equity and venture capital	118,723,561	31,564,966	Illiquid	
Alternative investments:				
Marketable alternatives	51,768	—	1 – 5 Years	45 days
Marketable alternatives	13,124,120	—	1 – 5 Years	60 days
Marketable alternatives	15,830,748	—	1 – 5 Years	90 days
Marketable alternatives	322,819	—	1 – 5 Years	180 days
Marketable alternatives	28,453,772	—	Quarterly	60-65 days
Marketable alternatives	48,376,794	—	Quarterly	60 day notice; 25% limit
Marketable alternatives	17,701,563	—	Quarterly	75 days
Marketable alternatives	22,542,453	20,722,917	Illiquid	
Real Asset Funds	<u>23,906,832</u>	<u>1,236,572</u>	Illiquid	
	<u>\$ 386,253,982</u>	<u>\$53,524,455</u>		

<sup>1</sup> After an initial three-year lockout period

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**3. Investments (Continued)**

*Net Investment Return*

The principal components of net investment return consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 2,903,972	\$ 2,820,794
Net realized and unrealized (loss) gain	(104,170,291)	115,557,241
External and direct internal investment expenses	<u>(5,793,790)</u>	<u>(7,474,463)</u>
Net investment return	<u>\$(107,060,109)</u>	<u>\$ 110,903,572</u>

The Foundation had an investment in two indexed products held in a common trust at a single institution as follows:

	<u>Number of Products</u>	<u>Value</u>	<u>Percentage of Assets</u>
December 31, 2022	2	\$32,984,314	5%
December 31, 2021	2	37,735,074	5

**4. Impact Investments**

In 2018, the MaineCF Board of Directors voted to terminate the existing impact investing program and ultimately close the two existing impact investing portfolios after all loan repayments have been received. The last expected loan receipt is due December 31, 2024.

Impact investments were intended to generate targeted social benefit and have less than market return. As of December 31, 2022, four loans are maturing from 2023 through 2024 with an interest rate of 2%.

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**4. Impact Investments (Continued)**

The Foundation had established two impact investment portfolios to focus on Farms, Fishing & Food and Downtown & Business Development. The capital in both portfolios came from Foundation donors who had expressed an interest to participate in those efforts and discretionary funds held by the Foundation. The amounts shown below include cash that will be returned to donor funds based on their end commitment date. The balances in the respective portfolios as of December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Farms, Fisheries & Food portfolio:		
Cash	\$ 213,231	\$ 545,796
Loans receivable	<u>487,208</u>	<u>483,608</u>
	700,439	1,029,404
 Downtown & Business Development portfolio:		
Cash	221,590	219,298
Loans receivable	<u>300,000</u>	<u>300,756</u>
	<u>521,590</u>	<u>520,054</u>
	<u>\$1,222,029</u>	<u>\$1,549,458</u>

**5. Loans Receivable**

Loans receivable relate to investments made to the Foundation's philanthropic program and are anticipated to have a less than market return. At December 31, 2022 and 2021, loans receivable consist of an unsecured loan to one nonprofit organization, in support of its charitable mission. This loan matures in 2024.

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**6. Property and Equipment**

Property and equipment consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Building and building improvements	\$2,030,499	\$2,044,994
Land	71,000	71,000
Furniture and office equipment	172,264	280,002
Computer equipment	5,032	41,579
Vehicles	36,660	65,985
Art	<u>9,410</u>	<u>9,410</u>
	2,324,865	2,512,970
Less accumulated depreciation	<u>(623,059)</u>	<u>(731,913)</u>
	<u>\$1,701,806</u>	<u>\$1,781,057</u>

**7. Net Assets**

In July 2006, The National Conference of Commissioners on Uniform State Laws approved the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). In 2009, the State of Maine passed a version of UPMIFA, effective on July 1, 2009. The Board of Directors of the Foundation has interpreted the Maine UPMIFA as requiring the preservation of the fair value of the endowed gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

The Board of Directors, on the advice of legal counsel, has determined that substantially all of the Foundation’s contributions are received subject to the terms of the Governing Documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation. Under the terms of the gift instruments and the Governing Documents, the Board of Directors has Variance Power, as delineated in the Foundation’s Articles of Incorporation, to:

*Modify, consistent with State law, including seeking approval of the appropriate court or the Attorney General, where applicable, any restriction or condition on the distribution of funds for any specified organization if, in the sole judgment of the Board of Directors (without the necessity of the approval of any participating trustee, custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.*

Because this broad Variance Power gives the Foundation the legal authority to modify “any restriction or condition on the distribution of funds,” institutional funds held by the Foundation are not “endowed funds” as a legal matter, even if the gift instrument specifies that distributions will be made according to a board-designated spending policy or from the fund’s income. Accordingly, there are no donor-restricted endowment funds as of December 31, 2022 or 2021.

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**7. Net Assets (Continued)**

As of December 31, 2022, the Foundation holds 2,202 funds with total assets of approximately \$670 million. The gift instruments on 751 of the funds with total assets of approximately \$224 million include language that refers to “income only spending,” “the Foundation’s board-designated spending policy” or other language that implies the preservation of principal. In virtually all cases, the Foundation has honored the donor’s intention to preserve the principal of these funds that, absent the Variance Power held by the Foundation’s Board of Directors, would be treated as donor-restricted endowment funds. As a result, the Foundation considers these 751 funds to be Board-Designated Endowment Funds. The Foundation has established unique funds to account for the Historic Gift Value and other activity related to the assets contributed to these Board-Designated Endowment Funds since the inception of each fund.

*Board-Designated Endowment Funds*

Board-Designated Endowment Funds are included in net assets without donor restrictions in the consolidated statements of financial position. The following table summarizes the activity in Board-Designated Endowment Funds:

	<u>2022</u>	<u>2021</u>
Number of funds at December 31	751	721
Balance at January 1	\$ 259,616,970	\$ 223,621,895
Adjustments resulting from donor requested changes	<u>(1,843,778)</u>	<u>(57,545)</u>
Adjusted balance at January 1	257,773,192	223,564,350
Contributions and bequests realized	10,006,381	4,376,426
Interest and dividend income	896,782	878,229
Net realized and unrealized (loss) gain on investments	(33,416,625)	41,646,968
Grants and other expenditures	(8,379,886)	(8,266,218)
Administrative fees	<u>(2,578,140)</u>	<u>(2,582,785)</u>
Balance at December 31	<u>\$ 224,301,704</u>	<u>\$ 259,616,970</u>

As of December 31, 2022, there are 43 individual Board-Designated Endowment Funds that are below their Historic Gift Value. The aggregate amount below the Historic Gift Value is approximately \$311,000 on a total Historic Gift Value in excess of \$4,010,000. As of December 31, 2021, there are 5 individual Board-Designated Endowment Funds that are below their Historic Gift Value. The aggregate amount below the Historic Gift Value is approximately \$28,000 on a total Historic Gift Value in excess of \$587,000.



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**7. Net Assets (Continued)**

In addition to language that implies the preservation of capital, the Variance Power language above states that the Board of Directors can modify any restriction or condition included in a gift instrument. Accordingly, as a legal matter, the Foundation does not hold any assets with a purpose restriction. Similar to the funds with implied preservation of capital language in a gift instrument, the Foundation has followed the intended purpose provided in virtually all gift instruments.

The following is a summary of all net assets broken down between Board-Designated Endowment Funds as defined above, all other funds that do not imply endowment spending restrictions, and the broad purposes segregated by major fund type:

	<u>Board-Designated Endowment Funds</u>	<u>Funds with No Implied Endowment Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2022</u>				
Designated funds	\$ 81,600,946	\$ 25,992,821	\$ —	\$ 107,593,767
Donor-advised funds	15,088,333	227,728,194	—	242,816,527
Field of interest funds	82,372,741	11,250,468	—	93,623,209
Scholarship funds	39,792,488	17,159,207	—	56,951,695
Supporting organizations	—	9,204,308	—	9,204,308
Discretionary funds	2,989,507	9,873,606	—	12,863,113
Operations	2,457,689	6,586,249	—	9,043,938
Other funds	—	3,153,306	—	3,153,306
Loans receivable	—	213,980	—	213,980
Trusts and life insurance receivables	<u>—</u>	<u>—</u>	<u>3,221,520</u>	<u>3,221,520</u>
Total	<u>\$ 224,301,704</u>	<u>\$ 311,162,139</u>	<u>\$ 3,221,520</u>	<u>\$ 538,685,363</u>
<u>2021</u>				
Designated funds	\$ 94,127,663	\$ 31,694,719	\$ —	\$ 125,822,382
Donor-advised funds	19,580,076	283,430,065	—	303,010,141
Field of interest funds	92,938,738	14,297,957	—	107,236,695
Scholarship funds	46,554,614	21,562,131	—	68,116,745
Supporting organizations	—	12,035,356	—	12,035,356
Discretionary funds	3,542,925	11,777,440	—	15,320,365
Operations	2,872,954	7,325,756	—	10,198,710
Other funds	—	2,642,716	—	2,642,716
Loans receivable	—	601,882	—	601,882
Trusts and life insurance receivables	<u>—</u>	<u>—</u>	<u>5,891,729</u>	<u>5,891,729</u>
Total	<u>\$ 259,616,970</u>	<u>\$ 385,368,022</u>	<u>\$ 5,891,729</u>	<u>\$ 650,876,721</u>

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**7. Net Assets (Continued)**

*Net Asset Fund Types*

The Foundation maintains the following types of funds within its net assets:

*Designated Funds* are established by a donor(s) to support the work of a specific nonprofit organization(s). Gifts provide the selected organization with funding and the benefit of the Foundation's investment oversight. If the selected nonprofit organization ceases to exist, the Foundation's Board of Directors will identify another nonprofit whose purpose most closely resembles the original charitable intent of the donor.

*Discretionary Funds* are established to provide broad charitable support for community well-being in a wide variety of areas of interest. They provide the most flexibility in meeting the changing needs of our communities by allowing the Foundation to direct grants or other financial support where they will have the greatest impact. MaineCF Board has full discretion regarding distribution of funds, including grants. In addition the Board sets parameters regarding purpose, selection criteria, and process.

*Donor-Advised Funds* are an economical, flexible vehicle for individual and family philanthropy. An attractive alternative to private foundations, advised funds enable donors to recommend grants to qualified nonprofit organizations in their areas of interest, in Maine or anywhere in the country. Donor advisors can consult with MaineCF staff about their grantmaking.

*Supporting Organizations* are an alternative to Donor-Advised funds or private foundations established to support public charity of the charitable activities of a 501(c)(4), (5), or (6) organization(s). MaineCF audited financial statements include all affiliated Supporting Organizations. The Foundation currently controls three Type 1 Supporting organizations.

*Field-of-Interest Funds* connect charitable investments with a specific area of interest or concern, such as a geographic location, higher education, the environment, arts, health and community well-being. The donor identifies interests, and the Foundation awards grants to community organizations and programs that are making a difference in those fields. Included in field of interest funds are Community Building, County, and Regional Funds which address a broad spectrum of issues and needs in Maine. Gifts provide flexibility for the Foundation to respond to future challenges and opportunities.

*Scholarship Funds* are established to award scholarships that help students achieve their educational aspirations. They provide access to educational opportunities for a wide variety of students. A scholarship fund may benefit a particular community, a particular educational institution, or a particular field of study.

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**8. Retirement Plans**

On January 1, 2008, the Foundation established a 401(k) plan which covers all employees. New employees are eligible to participate in the plan starting with the first pay period of the month following employment. No minimum hours of service are required. The Foundation's contribution to the 401(k) plan in 2022 and 2021 was 6% of each employee's eligible compensation. Effective January 1, 2013, the Foundation offered a 50% match to employee contributions up to 6%. The total Foundation contributions in 2022 and 2021 were \$349,410 and \$316,725, respectively. Employees may elect to contribute a percentage of their compensation up to the maximum amount allowed by the Internal Revenue Code.

In 2011, the Foundation adopted a deferred compensation plan. The purpose of this plan is to provide supplemental retirement income and to assist in retention of key employees by offering benefits comparable with similar organizations. Annual contributions to the plan are approved each year by the Board of Directors. The cost is expensed in the year in which the contributions are approved. Although the plan was approved in 2011, it was not established until 2012, at which time a new feature was added to the existing 401(k) plan. Total compensation, including deferred compensation, is evaluated and approved annually by the Board. There was no deferred compensation in 2022 and 2021.

**9. Concentration of Credit Risk**

The Foundation maintains cash and cash equivalents with several banks and broker-dealers. Accounts at each institution are insured by either the Securities Investor Protection up to \$500,000 or through a sweep program, which invests certain amounts in other Federal Deposit Insurance Corporation (FDIC) insured institutions up to the FDIC insured limit. At December 31, 2022 approximately \$6.4 million of the Foundation's cash and cash equivalent balances were held in uninsured accounts at an A- (Standard & Poor's) credit rated financial institution.

**10. Grants Payable**

Expected grant payable payments for grants approved by the Foundation and recognized as a liability as of December 31, 2022 are as follows:

2023	\$1,470,000
2024	1,120,000
2025	120,000
2026	100,000
2027	<u>100,000</u>
	<u>\$2,910,000</u>

**11. Functional Expense**

The Foundation provides support to charitable and educational programs across Maine communities.

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**11. Functional Expense (Continued)**

Expenses related to providing these services are as follows for the years ended December 31:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
<u>2022</u>				
Grants	\$55,117,194	\$ —	\$ —	\$55,117,194
Salaries and wages	1,250,065	1,715,441	1,124,524	4,090,030
Employees benefits	310,380	425,929	279,209	1,015,518
Professional services	165,546	449,586	124,077	739,209
Payroll taxes	90,367	124,009	81,292	295,668
Occupancy	68,290	94,233	61,197	223,720
Information technology	60,071	82,434	54,038	196,543
Meetings	3,346	39,072	31,655	74,073
Communications and marketing	16,765	14,138	110,335	141,238
Office expenses	17,481	62,347	20,248	100,076
Travel	9,148	39,506	24,739	73,393
Insurance	20,882	28,656	18,785	68,323
Depreciation	—	79,251	—	79,251
Training and development	13,591	12,358	7,377	33,326
Other	<u>3,705</u>	<u>16,349</u>	<u>3,433</u>	<u>23,487</u>
Total	<u>\$57,146,831</u>	<u>\$3,183,309</u>	<u>\$1,940,909</u>	<u>\$62,271,049</u>
	<u>91.8%</u>	<u>5.1%</u>	<u>3.1%</u>	<u>100.0%</u>
<u>2021</u>				
Grants	\$42,646,462	\$ —	\$ —	\$42,646,462
Salaries and wages	1,270,957	1,301,219	953,652	3,525,828
Employees benefits	325,598	333,350	244,310	903,258
Professional services	347,907	300,076	64,843	712,826
Payroll taxes	98,794	101,147	74,129	274,070
Occupancy	77,026	80,371	57,200	214,597
Information technology	62,980	64,480	47,257	174,717
Meetings	2,387	14,566	3,092	20,045
Communications and marketing	15,423	9,312	111,892	136,627
Office expenses	18,454	74,941	33,449	126,844
Travel	2,335	25,186	3,415	30,936
Insurance	21,713	22,229	16,292	60,234
Depreciation	—	84,453	—	84,453
Training and development	7,245	9,389	1,251	17,885
Other	<u>535</u>	<u>11,321</u>	<u>402</u>	<u>12,258</u>
Total	<u>\$44,897,816</u>	<u>\$2,432,040</u>	<u>\$1,611,184</u>	<u>\$48,941,040</u>
	<u>92.0%</u>	<u>5.0%</u>	<u>3.0%</u>	<u>100.0%</u>

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**12. Liquidity and Availability**

Financial assets available for general expenditure within one year of the statement of financial position date consist of the following at December 31, 2022:

	Cash and Cash <u>Equivalents</u>	<u>Investments</u>	<u>Total</u>
Discretionary funds	\$ 418,533	\$12,663,868	\$13,082,401
Reserve funds	3,302,111	3,956,912	7,259,023
Operating funds	<u>385,733</u>	<u>—</u>	<u>385,733</u>
Total	<u>\$4,106,377</u>	<u>\$16,620,780</u>	<u>\$20,727,157</u>

The Foundation has certain board-discretionary and other assets whose use is limited which are available for general expenditure within one year in the normal course of operations. The Foundation has other investments and assets whose use is limited for donor and board-restricted purposes. These investments and assets whose use is limited are not reflected in the amounts above.

**13. Contribution Concentrations**

For the years ended December 31, 2022 and 2021, 40% and 31% of contribution revenues were made from two sources, respectively.