Community Foundation of the Napa Valley and Subsidiary

Consolidated Financial Statements

June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Foundation of the Napa Valley and Subsidiary
Napa, California

We have audited the accompanying consolidated financial statements of Community Foundation of the Napa Valley and Subsidiary (a California nonprofit corporation) (the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of the Napa Valley and Subsidiary as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Armanino LLP

ArmaninoLLP
San Francisco, California

November 30, 2021

Community Foundation of the Napa Valley and Subsidiary
Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and equivalents	$ 2,359,519	$ 2,783,995
Investments	49,463,167	37,567,882
Contributions receivable	3,058,464	2,766,198
Beneficial interest in split-interest agreements	29,240	29,240
Other receivables	19,161	23,489
Receivable from grantees	1,018,802	-
Property and equipment, net	2,361,428	2,478,217
Total assets	$ 58,309,781	$ 45,649,021
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 199,369	$ 91,622
Grants payable, net	410,866	334,936
Funds held as agent	2,446,838	2,058,746
Notes payable	122,155	294,151
Total liabilities	3,179,228	2,779,455
Net assets		
Without donor restrictions	17,478,355	13,660,829
With donor restrictions	37,652,198	29,208,737
Total net assets	55,130,553	42,869,566
Total liabilities and net assets	$ 58,309,781	$ 45,649,021

The accompanying notes are an integral part of these consolidated financial statements.

Community Foundation of the Napa Valley and Subsidiary
Consolidated Statement of Activities
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contribution revenue	$ 8,839,343	$ 6,901,453	$ 15,740,796
Government grants	172,500	928,400	1,100,900
Interest and dividend income	214,570	412,782	627,352
Realized and unrealized investment gains, net	1,689,701	5,051,925	6,741,626
Rental income	215,063	-	215,063
Administrative fee income	21,597	-	21,597
Net assets released from restriction	4,851,099	(4,851,099)	-
Total revenues, gains, and other support	16,003,873	8,443,461	24,447,334
Functional expenses			
Program	11,506,313	-	11,506,313
Support services			
Management and general	425,983	-	425,983
Fundraising	254,051	-	254,051
Total support services	680,034	-	680,034
Total functional expenses	12,186,347	-	12,186,347
Change in net assets	3,817,526	8,443,461	12,260,987
Net assets, beginning of year	13,660,829	29,208,737	42,869,566
Net assets, end of year	$ 17,478,355	$ 37,652,198	$ 55,130,553

Community Foundation of the Napa Valley and Subsidiary
Consolidated Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contribution revenue	$ 4,088,520	$ 2,014,789	$ 6,103,309
Interest and dividend income	267,636	540,009	807,645
Realized and unrealized investment gains, net	(28,132)	(56,186)	(84,318)
Rental income	190,907	-	190,907
Administrative fee income	19,664	-	19,664
Net assets released from restriction	4,745,067	(4,745,067)	-
Total revenues, gains, and other support	9,283,662	(2,246,455)	7,037,207
Functional expenses			
Program	8,114,000	-	8,114,000
Support services			
Management and general	392,813	-	392,813
Fundraising	389,184	-	389,184
Total support services	781,997	-	781,997
Total functional expenses	8,895,997	-	8,895,997
Change in net assets	387,665	(2,246,455)	(1,858,790)
Net assets, beginning of year	13,273,164	31,455,192	44,728,356
Net assets, end of year	$ 13,660,829	$ 29,208,737	$ 42,869,566

The accompanying notes are an integral part of these consolidated financial statements.

Community Foundation of the Napa Valley and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program	Management and General	Fundraising	Total
Staffing				
Salaries	$ 549,539	$ 281,775	$ 164,108	$ 995,422
Payroll taxes	41,147	21,097	12,288	74,532
Employee benefits	53,558	23,767	16,027	93,352
Retirement plan contributions	14,146	7,228	3,881	25,255
Worker's compensation	1,981	1,016	592	3,589
Staff training and recruitment	450	992	450	1,892
Total staffing	660,821	335,875	197,346	1,194,042
Grant expenses	10,318,682	-	-	10,318,682
Depreciation	116,551	127	112	116,790
Events and meetings	1,273	1,381	2,804	5,458
Legal services	91,279	-	-	91,279
Accounting services	-	42,680	-	42,680
Office expense	14,138	6,513	5,731	26,382
Repairs and maintenance	41,101	-	-	41,101
Utilities	21,296	-	-	21,296
Landscaping	1,782	-	-	1,782
Computer and web maintenance	36,468	16,077	14,147	66,692
Liability insurance	8,683	817	719	10,219
Dues and subscriptions	10,728	4,344	4,152	19,224
Telephone	7,754	3,342	2,941	14,037
Consulting	171,157	14,415	1,727	187,299
Travel	-	28	8	36
Marketing and communications	804	-	23,811	24,615
Property taxes	1,026	-	-	1,026
Postage and shipping	814	384	553	1,751
Interest expense	1,956	-	-	1,956
	$ 11,506,313	$ 425,983	$ 254,051	$ 12,186,347

Community Foundation of the Napa Valley and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program	Management and General	Fundraising	Total
Staffing				
Salaries	$ 451,814	$ 246,895	$ 211,475	$ 910,184
Payroll taxes	32,735	17,888	15,321	65,944
Employee benefits	46,442	15,063	20,375	81,880
Retirement plan contributions	12,756	6,676	5,957	25,389
Worker's compensation	1,701	930	796	3,427
Staff training and recruitment	2,996	1,637	1,403	6,036
Total staffing	548,444	289,089	255,327	1,092,860
Grant expenses	6,910,507	-	-	6,910,507
Depreciation	104,573	122	91	104,786
Events and meetings	6,615	7,836	30,673	45,124
Legal services	64,658	-	-	64,658
Accounting services	-	43,345	-	43,345
Office expense	12,713	5,261	3,945	21,919
Repairs and maintenance	46,750	-	-	46,750
Utilities	25,544	-	-	25,544
Landscaping	4,944	-	-	4,944
Computer and web maintenance	88,132	36,468	27,352	151,952
Liability insurance	9,711	706	530	10,947
Dues and subscriptions	10,750	4,449	3,336	18,535
Telephone	8,558	3,541	2,656	14,755
Consulting	102,930	-	-	102,930
Travel	294	1,809	692	2,795
Marketing and communications	-	-	64,441	64,441
Property taxes	985	-	-	985
Postage and shipping	453	187	141	781
Interest expense	3,838	-	-	3,838
Other program expenses	159,417	-	-	159,417
In-kind expense	4,184	-	-	4,184
	$ 8,114,000	$ 392,813	$ 389,184	$ 8,895,997

The accompanying notes are an integral part of these consolidated financial statements.

Community Foundation of the Napa Valley and Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

		2021		2020
Cash flows from operating activities				
Change in net assets	$	12,260,987	$	(1,858,790)
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation		116,790		104,786
Realized and unrealized gains on investments		(6,844,090)		(11,414)
Forgiveness of PPP loan		(168,400)		-
Loss on disposal of asset		-		845
Changes in operating assets and liabilities				
Contributions receivable		(292,266)		4,451,419
Receivable from grantees		(1,018,802)		-
Other receivables		4,327		12,430
Accounts payable and accrued expenses		107,746		(35,693)
Grants payable		75,930		16,724
Funds held as agent		388,092		16,421
Net cash provided by operating activities		4,630,314		2,696,728
Cash flows from investing activities				
Purchases of investments		(18,004,993)		(12,266,376)
Proceeds from sales of investments		12,953,799		11,877,023
Purchase of property and equipment		-		(583,522)
Principal payments on loan payable		(3,596)		(4,490)
Proceeds from PPP loan		-		168,400
Net cash used in investing activities		(5,054,790)		(808,965)
Net increase (decrease) in cash		(424,476)		1,887,763
Cash and cash equivalents, beginning of year		2,783,995		896,232
Cash and cash equivalents, end of year	$	2,359,519	$	2,783,995

Supplemental disclosure of cash flow information

Cash paid during the year for interest	$	1,956	$	3,838

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

The Community Foundation of the Napa Valley (the "Foundation"), DBA Napa Valley Community Foundation, is a nonprofit corporation organized in 1994 under the laws of the State of California. The mission of the Foundation is to mobilize resources, promote philanthropy and provide leadership on vital community issues in Napa County. The Foundation looks for charitable projects that make a lasting difference. The Foundation commits their resources to these projects, and inspire others to do so as well. The Foundation believes there is strength in numbers—that by working together, they can help more people more quickly than any one donor acting alone. It multiplies the impact of individual givers, pooling resources for the common good in their Community Impact Funds. The Foundation serves as a catalyst for positive change in Napa County.

The Foundation aims to multiply the impact of individual givers, pooling resources and investing in charitable projects that make a difference to the Napa Valley community. It does this by: managing charitable funds established by donors during their lifetimes (e.g. Donor Advised Funds, Field of Interest Funds) and through their estate plans; leveraging grants from donor-directed Funds with Discretionary grants, or Community Impact Funds that focus on particular issues in the community; building the capacity of the nonprofit sector with technical assistance; and community leadership work through their initiatives in areas like immigration, disaster relief and housing. Since 1994, the Foundation has served as a bridge between philanthropic families and hard-working nonprofit agencies bringing people, ideas and resources together to enhance the quality of life for all who live in Napa County.

During 2004, the Foundation created a supporting organization named CFNV Charitable Real Estate Fund ("CREF"), a charitable nonprofit corporation. This entity holds title to one property: a 14,000 square foot office building located at 3299 Claremont Way in Napa, the offices of the Foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the accounts of the Foundation and CREF since the Foundation has both an economic interest in CREF and control of the same entity through a majority voting interest in the governing board. All material intercompany transactions have been eliminated.

Basis of accounting and financial statement presentation

The Foundation prepares its consolidated financial statements using the accrual basis of accounting. The Foundation presents its activities according to two classes of net assets: without donor restrictions and with donor restrictions.

- *Net assets without donor restrictions* - include contributions and income earned on net assets that are not subject to donor restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

In accordance with Accounting Standards Codification 958-605, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others, a contribution must be classified as net assets without donor restrictions if the governing body of an organization has the unilateral power to redirect the use of a donor's contribution to another beneficiary. The Bylaws of the Foundation include a variance power provision giving the Board of Directors of the Foundation this ability. The Board of Directors may only exercise variance power and modify the restrictions or conditions on a distribution from a component fund if the restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs designated. Accordingly, the Foundation's consolidated financial statements classify the majority of funds as net assets without donor restrictions.

- *Net assets with donor restrictions* - represents net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that may expire with time or may be satisfied by actions of the Foundation according to the intention of the donor. Donor-imposed restrictions that are temporary in nature may include the portion of donor restricted funds that are not permanent in nature, until such funds are appropriated by the Foundation. Other donor-imposed restrictions require that the funds be maintained in perpetuity by the Foundation. See Note 13.

Cash and cash equivalents

Cash and cash equivalents includes all cash balances and highly-liquid investments with original maturities of three months or less at acquisition which are not managed as part of long-term investment strategies and are not legally restricted. The Foundation strives to place its cash with high quality credit institutions. Periodically, such investments may be in excess of federally insured limits.

Investments

Investments are reported at their fair values in the consolidated statements of financial position. Investment earnings or losses are included as increases or decreases in net assets with donor restrictions and net assets without donor restrictions in the consolidated statements of activities. Investments received by gift are recorded at the average of the high and low price per share on the date of the gift.

The Foundation invests in various investment securities including equity securities, corporate bonds, government bonds and various mutual funds. The Foundation also invests in alternative investments. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 on the measurement date. The Foundation determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3). 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. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Unobservable inputs reflect the Foundation's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Foundation's own data.

The following methods and assumptions were used to estimate the fair value of financial assets and liabilities:

- Investments *(Level 1)* - Securities traded on security exchanges are valued at closing market prices, or net asset value for mutual funds and money market accounts, on the date of business closest to June 30.
- Beneficial interest in split-interest agreements *(Level 2)* - Fair value of the Foundation's interest in the charitable lead unitrust is based upon discounted expected future cash flows from the unitrust assets.

Management has adopted, as a practical expedient, to measure the fair value of investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company, on the basis of the net asset value ("NAV") per share of the investment (or its equivalent) if the NAV of the investment (or its equivalent) is calculated in a manner consistent with the measurement principles of accounting for investment companies as of the entity's measurement date. The relevant guidance also requires disclosure by major category of investment about the attributes of investments. Management has elected to adopt the practical expedient for its investments in limited partnerships.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are stated at cost, or if donated, at the estimated fair value on the date of donation. The Foundation capitalizes all equipment and improvements valued at $2,500 or greater. Minor repairs and maintenance are charged to expense as incurred. Depreciation is computed using the straight-line method over estimated useful lives of the assets ranging from five to forty years.

Long-lived assets

The Foundation reviews the carrying value of long-lived assets for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where the expected future cash flows are less than the carrying value, an impairment loss is recognized equal to the to an amount by which the carrying value exceeds the fair value of the assets. There was no impairment loss recognized for the years ended June 30, 2021 or 2020.

Contributions

Unconditional promises to give cash and other assets to the Foundation are reported at fair value at the date the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the barrier has been overcome and a right of release/ right of return no longer exists. Conditional promises to give are recognized at fair value when the conditions are met. Contributions are reported as donor restricted if the donor limits the use of the donated assets. When the donor restriction ends or purpose restriction is accomplished, net assets are reclassified to net assets without donor restrictions.

Irrevocable split-interest agreements for the benefit of the Foundation are recognized as contributions when the Foundation is notified by the donor or their estate. Contributions to be received after one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using the risk-free rates adjusted for potential credit risk applicable in the years in which those promises are received. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is established based upon management's judgment including such factors as prior collection history, aging statistics of contributions, and the nature of the receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants

Grants are made from available funds in accordance with the designation of donors, in the case of donor-advised funds, or by a rigorous competitive process in which the Foundation's professional staff invite, screen and make recommendations on applications from potential grantee organizations under the oversight of the Board of Directors in the case of discretionary funds. After a thorough review and due diligence process to determine whether grants will be approved or denied, approved grants are recorded on the payment date or on the date of approval by the Board of Directors depending upon the amount of the grant. Grants that will be paid in future years are recorded at the present value of their committed payments. The discount of these amounts is computed using the market interest rate applicable at the time the grant was authorized.

Receivable from grantees

The Foundation has recorded a receivable for grants paid that were in excess of amounts ultimately needed by the grantees. These amounts have been repaid to the Foundation subsequent to June 30, 2021. All of these receivables from grantees were the result of “clawed back” grants made for disaster relief efforts related to recent declared disasters affecting Napa County. The Foundation employs clawback provisions in all disaster grantmaking, so that it may ensure that resources are deployed and available immediately for urgent response but provides a safety net should needs and gaps shift, as they often do in disasters where new and better information is revealed as time passes. When this happens, the grantee returns the unused funds back to the Foundation’s Disaster Relief Funds, so they can be deployed elsewhere.

Income tax status

The Foundation is a tax-exempt Foundation under Section 501(c) (3) of the Internal Revenue Code. The Foundation is also exempt from state income taxes under provisions of the California Revenue and Taxation code. Accordingly, the consolidated financial statements contain no provision for income taxes.

The Foundation evaluates its tax positions taken or expected to be taken to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the "more-likely-than-not" threshold are recorded as an expense in the applicable year. As of June 30, 2021, the Foundation does not have any significant uncertain tax positions for which a reserve would be necessary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Funds held as agent

The Foundation receives and distributes assets under certain agency and intermediary arrangements. Accounting Standards Codification 958-605, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others,* establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. It is required that if a not-for-profit organization establishes a fund at a community foundation with its own funds and specifies itself or its affiliate as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The funds held as agent liability has been recorded at the fair value of the assets held on behalf of the donor.

Functional expense allocation

The costs of providing for various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Indirect or shared costs are allocated to the programs and supporting services by a method that measures the estimated benefit provided.

Use of estimates

The preparation of consolidated financial statements in conformity with Accounting Principles Generally Accepted in the United States of America ("GAAP") require 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could be different from those estimates.

Subsequent events

The Foundation has evaluated subsequent events through November 30, 2021, the date the consolidated financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the Foundation's consolidated financial statements as of June 30, 2021.

3. CONTRIBUTIONS RECEIVABLE

In August 2017, the Foundation was notified that they were the beneficiary of an estate bequest, the proceeds of which will be used to establish a Legacy Fund in the donor's name. The income from the fund is to be used to support organizations that seek to improve or sustain small animal welfare in Napa, California. In July 2018, a Settlement Agreement and Mutual Release was entered into by the estate beneficiaries and the Foundation which allowed for the final distribution of the estate assets. During the year ended June 30, 2019, the Foundation received cash proceeds from the estate trustee in the amount of $5,000,000, leaving a contribution receivable of $6,575,130 as of June 30, 2019. During the year ended June 30, 2020, the Foundation received cash proceeds from the estate trustee in the amount of $4,000,000, leaving a contribution receivable of $2,575,130 as of June 30, 2020. During the year ended June 30, 2021, the Foundation received cash proceeds from the estate trustee in the amount of $1,000,000. The contribution receivable of $1,575,130 as of June 30, 2021 represents the remaining assets expected to be received by the Foundation under this bequest. The receivable is comprised of cash to be distributed of $517,000 and the estimated fair value of properties to be sold, less expected costs of sale, of $1.06 million.

In August 2020, the Foundation was notified that they were a beneficiary of a trust bequest, the proceeds of which will go towards a scholarship fund established by the donor. The trust assets have an estimated fair value of $1,950,000. During the current year the Foundation received $500,000 from the trustee, leaving a contribution receivable of $1,450,000 as of June 30, 2021. The receivable is comprised of cash and the estimated fair value of a property located in Napa, CA.

At June 30, 2021, contributions receivable also includes pledges of $33,334.

All contributions receivable as of June 30, 2021 are expected to be paid in the next fiscal year.

The accompanying consolidated financial statements do not provide for an allowance for doubtful accounts or discount to present value as management believes the value reflected on the financial statements approximates net realizable value.

4. INVESTMENTS

Investments consisted of the following:

	2021	2020
Money market accounts	$ 15,807,027	$ 5,468,495
Mutual funds	9,000,134	12,291,545
Exchange traded funds	22,848,148	18,321,895
Hedge funds	1,807,858	1,485,947
	$ 49,463,167	$ 37,567,882

Investment earnings consisted of the following:

	2021	2020
Interest and dividend income	$ 627,352	$ 807,645
Unrealized gains (losses)	6,378,549	64,322
Realized gains (losses)	465,541	(52,908)
Investment management fees	(102,464)	(95,732)
	$ 7,368,978	$ 723,327

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5. FAIR VALUE DISCLOSURES

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets and liabilities at fair value as of June 30, 2021:

	Level 1	Level 2	Level 3	Fair Value
Assets				
Money market	$ 15,807,027	$ -	$ -	$ 15,807,027
Bond funds	7,934,095	-	-	7,934,095
Equity funds	1,066,039	-	-	1,066,039
Exchange traded funds	22,848,148	-	-	22,848,148
	$ 47,655,309	$ -	$ -	47,655,309
Hedge funds measured at net asset value				1,807,858
				$ 49,463,167
Beneficial interest in split-interest agreements	$ -	$ 29,240	$ -	$ 29,240

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets and liabilities at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Fair Value
Assets				
Money market	$ 5,468,495	$ -	$ -	$ 5,468,495
Bond funds	11,435,369	-	-	11,435,369
Equity funds	856,176	-	-	856,176
Exchange traded funds	18,321,895	-	-	18,321,895
	$ 36,081,935	$ -	$ -	36,081,935
Hedge funds measured at net asset value				1,485,947
				$ 37,567,882
Beneficial interest in split-interest agreements	$ -	$ 29,240	$ -	$ 29,240

5. FAIR VALUE DISCLOSURES (continued)

The following table summarizes the Foundation's alternative investment funds valued using the fair value practical expedient of net asset value as of June 30, 2021:

Product	NAV in Funds	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds	$ 1,807,858	0	No redemptions	N/A

The following table summarizes the Foundation's alternative investment funds valued using the fair value practical expedient of net asset value as of June 30, 2020:

Product	NAV in Funds	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Funds	$ 1,485,947	0	No redemptions	N/A

Alternative investment asset gains or losses for the years ended June 30, 2021 and 2020 were included in earnings (or changes in net assets) attributable to the change in unrealized gains or losses relating to assets still held at the reporting date. There were no changes in valuation methodology during the years ended June 30, 2021 and 2020.

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	2021	2020
Land and improvements	$ 1,054,309	$ 1,054,309
Buildings	2,366,451	2,366,451
Equipment and software	116,654	153,030
	3,537,414	3,573,790
Accumulated depreciation	(1,175,986)	(1,095,573)
	$ 2,361,428	$ 2,478,217

Depreciation expense was $116,790 and $104,786 for the years ended June 30, 2021 and 2020, respectively.

7. GRANTS PAYABLE

Future maturities of grants payable are as follows:

Year ending June 30,		
2022	$	213,500
2023		90,000
2024		70,000
2025		40,000
		413,500
Less: discounts to net present value		(2,634)
	$	410,866

The total has been discounted based on an expected market discount rate of 0.86%.

8. FUNDS HELD AS AGENT

As of June 30, 2021 and 2020, the Foundation maintained a total of $2,446,838 and $2,058,746, respectively, for other nonprofit organizations in which the organizations transferred assets to the Foundation and named themselves as beneficiaries. These balances are reported as liabilities under funds held as agent as of June 30, 2021 and 2020, respectively.

9. NOTES PAYABLE

On March 20, 2015, CREF entered into an agreement with U.S. Small Business Administration ("SBA") for a loan with a maximum principal of $149,700. The loan bears interest at 2.62% per year, requires principal and interest payments of $694 beginning five months from the date of the note and is due in full on March 20, 2040. During 2021, the SBA announced extended deferment periods for all disaster loans and CREF's payments on the loan were deferred until March 2022. Collateral for the loan is CREF's office building in Napa, California. The loan balance was $122,155 and $125,751 at June 30, 2021 and 2020, respectively.

On April 3, 2020, the Foundation applied for the Paycheck Protection Program ("PPP") loan established under the Coronavirus Aid, Relief, and Economic Securities ("CARES") Act, administered by the U.S. Small Business Administration ("SBA"), certifying that then-current economic uncertainty made the loan necessary to support the ongoing operations of the Foundation. The SBA has noted that all loans of less than $2,000,000 will be presumed to have been entered into in good faith and will not be subject to audit. At the time of the application, the Foundation was facing financial challenges and uncertainties that made it prudent to apply for and receive funding.

9. NOTES PAYABLE (continued)

The Foundation received loan proceeds of $168,400 under a promissory note issued by Umpqua Bank on April 22, 2020 under the PPP established under the CARES Act and administered by the SBA. The term of the loan was two years with an annual interest rate of 1.00%. On November 2, 2020, the Foundation received full forgiveness for the PPP loan and recognized $168,400 as government grant revenue.

The future maturities of the notes payable are as follows:

Year ending June 30,	
2022	$ 1,321
2023	5,371
2024	5,514
2025	5,661
2026	5,811
Thereafter	98,477
	$ 122,155

10. RETIREMENT PLAN

All employees are eligible to participate in the Foundation's SIMPLE-IRA retirement plan. The Foundation will contribute a dollar for dollar match up to 3% of the participating employee's gross pay. As of June 30, 2021 and 2020, the Foundation made contributions of $25,255 and $25,389, respectively.

11. NET ASSETS WITH DONOR RESTRICTIONS

The CREF building and improvements, as well as other Foundation-restricted net assets are restricted as to time and purpose, and the beneficial interest in the split-interest agreement is restricted as to time. The CREF building and improvements are restricted to office space for the Foundation, and to the rental of offices to other nonprofit organizations; these net assets will be released from restriction based on future depreciation expense recognition. The Foundation expects to distribute the majority of the Disaster Relief Fund in the next two to four years, focusing on programs for: healing and rebuilding; economic recovery and the workforce; and future resiliency. Other purpose restricted funds will be released from restriction when qualified expenses are incurred.

Certain donor restricted net assets represent contributions of cash and other assets in funds subject to donor-imposed restrictions that they be maintained in perpetuity by the Foundation. The CREF land is restricted for office space to the Foundation and for rental to other nonprofit organizations with a specific purpose and is to be held in perpetuity.

11. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions consist of the following:

	2021	2020
CREF building and building improvements	$ 1,458,799	$ 1,575,081
CREF land - held in perpetuity	900,000	900,000
Donor restricted endowment funds	23,895,594	17,584,566
Napa Valley Disaster Relief Fund	11,166,236	6,538,370
Other time and purpose restricted funds	202,329	2,581,480
Beneficial interest in split-interest agreements	29,240	29,240
	$ 37,652,198	$ 29,208,737

12. ENDOWMENTS

The Foundation's endowment consists of 18 endowment funds permanently restricted by donors. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. There were no Board-designated endowment funds as of June 30, 2021 and 2020.

Interpretation of relevant law

The Foundation's Board of Directors has interpreted the California enacted versions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Foundation to appropriate for expenditure so much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be classified as net assets with donor restrictions until appropriated for expenditure by the Board of Directors.

In accordance with UPMIFA, 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 fund

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

(3) General economic conditions

(4) The possible effect of inflation and deflation

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

(6) Other resources of the Foundation

(7) The investment policies of the Foundation

12. ENDOWMENTS (continued)

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2021 and 2020.

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 while seeking to maintain the corpus of endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity unless released by donors. 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 average yield results of a blend of diversified equity and bond index funds while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of at least six percent annually. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, 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.

Endowment composition

Changes in endowment net assets for the fiscal years ended June 30, 2021 and 2020 is as follows:

	2021	2020
Balance, beginning of year	$ 17,584,566	$ 18,014,919
Investment return		
Investment income	358,559	322,913
Net realized and unrealized appreciation (depreciation)	4,786,627	(161,761)
Total investment return	5,145,186	161,152
Contributions	1,950,000	6,680
Appropriation of net assets	(784,158)	(598,185)
	6,311,028	(430,353)
Balance, end of year	$ 23,895,594	$ 17,584,566

12. ENDOWMENTS (continued)

Investment and spending policies

The Foundation has a policy of appropriating the net investment earnings from the endowment for distribution each year. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to retain the historical cost value of all such donor restricted contributions. Real growth in the endowment is expected to occur through new donor restricted gifts in the future.

13. CONCENTRATIONS

The majority of the Foundation's contributions are derived from local individuals, families, organizations, and foundations. Contributions received from a single donor which are 10% or greater of total contributions for the year require disclosure. For the year ended June 30, 2021, contributions from three donors comprised 33% of total contribution revenue. For the year ended June 30, 2020, contributions from one donor comprised 20% of total contribution revenue.

Contributions receivable from a single donor which are 10% or greater of the total contributions receivable balance at year-end require disclosure. At June 30, 2021, 99% of the contributions receivable balance was due from two donors. At June 30, 2020, 93% of the contributions receivable balance was due from one donor.

14. LIQUIDITY AND FUNDS AVAILABLE

As part of the Foundation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To meet liquidity needs, the Foundation has cash and cash equivalents and money market fund investments available. Contributions receivable, notes receivable and other receivables that are considered current will be collected within one year.

14. LIQUIDITY AND FUNDS AVAILABLE (continued)

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2021 to fund general expenditures and other obligations when they become due:

Financial assets at year-end:	
Cash and equivalents	$ 2,359,519
Investments	49,463,167
Contributions receivable	3,058,464
Receivable from grantees	1,018,802
Other receivables	7,473
Beneficial interest in split-interest agreements	29,240
Notes receivable	182,728
Total financial assets	56,119,393
Less: amounts unavailable for general expenditure within one year:	
Long-term note receivable	(6,663)
Grants payable	(413,500)
Tenant security deposits held	(7,869)
Funds held as agent	(2,446,838)
Net assets with donor restrictions:	
Endowments	(23,895,593)
Napa Valley Disaster Relief Fund	(11,166,236)
All other funds restricted by time and purpose	(231,569)
Net assets without donor restrictions:	
Donor advised funds	(13,106,674)
Scholarship Funds (non-endowed)	(2,080,430)
All other funds not available for general expenditure	(1,147,344)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,616,677

Per the Foundation's Investment Policy, the Finance Committee reviews the Foundation's financial position on a quarterly basis. The Board will authorize the implementation of investment recommendations made by the Finance Committee.

Certain net assets without donor restrictions are not classified as net assets with donor restrictions based on a variance provision in the bylaws of the Foundation, however, those funds would not be considered as being available for general expenditures.

15. RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared a novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the U.S has caused business disruptions through mandated and voluntary closings of businesses and shelter in place orders. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings, shelter in place orders, and market volatility. In response, the U.S. Government enacted the CARES Act, which includes significant provisions to provide relief and assistance to affected organizations, including the Foundation.

COVID-19 could adversely affect the economies and financial markets of many countries, namely the U.S., resulting in an economic downturn that could affect the Foundation in a variety of ways, including, but not limited to, a decline in donor revenues, a decline of administrative fees due to losses on invested funds, and a loss of rents from building tenants. Although the Foundation is continuing to monitor and assess the effects of the COVID-19 pandemic on its operations, the ultimate impact of the COVID-19 outbreak, the CARES Act, and other governmental initiatives is highly uncertain and subject to change.