



MEMO

To: Board of Trustees
From: Tom Daulton, Finance Committee Chair
Date: March 28, 2022
Re: Financial Highlights, December 2022

Balance Sheet

- Our balance sheet remains strong, with our investment portfolio finishing the year at \$128.7 million and total assets at \$138.9 million.
- 2022 was a challenging year in the market, particularly coming off a robust 2021. The S&P was down 18%, our benchmark was down 10.5%, yet we were only down 6.8%. This speaks well of the defensive posturing and diversification strategy implemented by our investment advisor.
- Liabilities were nominal at December 31 as staff reports that all grants were pushed through prior to year-end.

Statements of Activity

- ACF generated revenues of \$5.0 million in 2022. This figure needs a slightly deeper dive, as it is comprised predominantly of contributions of \$10.9 million, dividends and interest income of \$2.7 million and the loss to the investment portfolio of \$9.3 million. Of note, the loss is considered an unrealized loss as there was no cash impact.
- The expense side reflects two major components, grant distributions of \$6.9 million and operating expenses of \$2.1 million. The grant figure of almost \$7 million represents one of the best years we have had in terms of distributing funds to our community.
- The result, or net, represents a reduction in net assets (capital account) of \$4.5 million.

2022 Budget to Actual Summary

- This statement is the income statement for operations of ACF. Revenues came in at \$2.7 million, slightly over \$600,000 ahead of plan. \$498,000 of that is attributable to revenue from NMCT. As we are new to this relationship, it was not possible to anticipate such a positive result when the budget was completed.
- The main driver of revenues is the fee charged for managing the endowment. At \$1.6 million, it was slightly ahead of plan by \$70,000.
- On the expense side, the category Philanthropic Service Expense reached \$215,000, slightly ahead of plan as the pandemic began to fade and we were able to expand donor relations.

- Management and General Expense was \$85,000 ahead of budget, similarly due to our renewed ability to expand our activities.
- The bottom line, Net Revenue over Expenses, for the 12 months was \$542,772. Clearly, the NMCT piece had a lot to do with that figure, but even without it, we reflect a positive net of about \$45,000.
- In conclusion, at 12/31/22, ACF would be considered financially sound. We withstood the headwinds of the market, distributed grants at an almost record level, expanded operations following the pandemic (yet maintained the discipline of the budget) and added a significant amount to our reserve. At \$1.9 million, our reserve now covers 9 months of 2023 projected operating expenses, with that figure growing to 10.4 when our savings are added in.