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Report of Independent Auditors and
Consolidated Financial Statements

**Albuquerque Community Foundation
and Subsidiaries**

December 31, 2023 and 2022

Table of Contents

	Page
Report of Independent Auditors	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	5
Consolidated Statements of Activities	7
Consolidated Statements of Functional Expenses	9
Consolidated Statements of Cash Flows	11
Notes to Consolidated Financial Statements	12

Report of Independent Auditors

Report placeholder page 1

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Consolidated Financial Statements

Albuquerque Community Foundation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 13,621,827	\$ 5,673,434
Contributions receivable	703,728	3,387,703
Prepaid expenses	36,586	36,245
Notes receivable, current portion	155,941	155,623
Total current assets	14,518,082	9,253,005
NONCURRENT ASSETS		
Pooled investments		
Endowment and other	139,240,323	130,133,628
Social impact investments	3,370,580	2,967,183
Total pooled investments	142,610,903	133,100,811
Notes receivable, less current portion	28,372	34,778
Beneficial interest in charitable remainder trusts	2,688,926	2,682,715
Property and equipment, net	1,688,901	1,749,802
Other noncurrent assets	168,118	142,385
Total noncurrent assets	147,185,220	137,710,491
Total assets	\$ 161,703,302	\$ 146,963,496

See accompanying notes.

Albuquerque Community Foundation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 54,085	\$ 2,205,420
Accrued payroll liabilities	6,823	14,524
Grants and scholarships payable	1,276,235	19,250
Total current liabilities	1,337,143	2,239,194
LONG-TERM LIABILITIES		
Charitable remainder trusts	2,206,044	2,171,836
Liabilities for assets held for community organizations	24,378,068	21,438,283
Total long-term liabilities	26,584,112	23,610,119
Total liabilities	27,921,255	25,849,313
NET ASSETS		
Without donor restrictions	65,326,733	62,372,531
With donor restrictions	68,455,314	58,741,652
Total net assets	133,782,047	121,114,183
Total liabilities and net assets	\$ 161,703,302	\$ 146,963,496

See accompanying notes.

Albuquerque Community Foundation and Subsidiaries
Consolidated Statements of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	2023 Total
REVENUE AND OTHER SUPPORT			
Gain on investments, net of fees	\$ 3,822,933	\$ 5,015,123	\$ 8,838,056
Contributions	4,907,760	10,093,905	15,001,665
Federal grant revenues	-	5,545,216	5,545,216
Dividends and interest	892,219	798,009	1,690,228
Fundraising income	92,414	-	92,414
Management fees and other income, net	705,508	-	705,508
Change in value of charitable remainder trust agreements	-	(27,997)	(27,997)
Net assets released from restrictions	11,710,594	(11,710,594)	-
Total revenue and other support	22,131,428	9,713,662	31,845,090
EXPENSES			
Program services			
Distributions and grants	15,976,335	-	15,976,335
Community outreach	943,581	-	943,581
Total program services	16,919,916	-	16,919,916
Supporting services			
General and administrative	1,777,680	-	1,777,680
Fundraising and development	479,630	-	479,630
Total supporting services	2,257,310	-	2,257,310
Total expenses	19,177,226	-	19,177,226
CHANGE IN NET ASSETS	2,954,202	9,713,662	12,667,864
NET ASSETS, beginning of year	62,372,531	58,741,652	121,114,183
NET ASSETS, end of year	<u>\$ 65,326,733</u>	<u>\$ 68,455,314</u>	<u>\$ 133,782,047</u>

See accompanying notes.

Albuquerque Community Foundation and Subsidiaries
Consolidated Statements of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	2022 Total
REVENUE AND OTHER SUPPORT			
Loss on investments, net of fees	\$ (4,668,866)	\$ (6,174,734)	\$ (10,843,600)
Contributions	8,268,954	4,785,630	13,054,584
Federal grant revenues	-	9,384,266	9,384,266
Dividends and interest	1,273,854	1,547,170	2,821,024
Fundraising income	260,295	-	260,295
Management fees and other income, net	344,333	-	344,333
Change in value of charitable remainder trust agreements	-	(70,322)	(70,322)
Net assets released from restrictions	14,004,038	(14,004,038)	-
Total revenue and other support	19,482,608	(4,532,028)	14,950,580
EXPENSES			
Program services			
Distributions and grants	18,075,829	-	18,075,829
Community outreach	1,295,383	-	1,295,383
Total program services	19,371,212	-	19,371,212
Supporting services			
General and administrative	999,285	-	999,285
Fundraising and development	330,876	-	330,876
Total supporting services	1,330,161	-	1,330,161
Total expenses	20,701,373	-	20,701,373
CHANGE IN NET ASSETS	(1,218,765)	(4,532,028)	(5,750,793)
NET ASSETS, beginning of year	63,591,296	63,273,680	126,864,976
NET ASSETS, end of year	<u>\$ 62,372,531</u>	<u>\$ 58,741,652</u>	<u>\$ 121,114,183</u>

See accompanying notes.

Albuquerque Community Foundation and Subsidiaries
Consolidated Statements of Functional Expenses
Year Ended December 31, 2023

	Program Services			Supporting Services		2023 Total
	Distributions and Grants	Community Outreach	Program Services Subtotal	General and Administrative	Fundraising and Development	
Grants to organizations	\$ 10,244,143	\$ -	\$ 10,244,143	\$ -	\$ -	\$ 10,244,143
Grants to individuals	186,976	-	186,976	-	-	186,976
Federal regranting	5,545,216	-	5,545,216	-	-	5,545,216
Compensation of officers	-	146,030	146,030	340,881	104,139	591,050
Other salaries and wages	-	269,677	269,677	629,515	192,317	1,091,509
Retirement contributions	-	13,229	13,229	31,063	9,597	53,889
Other employee benefits	-	28,738	28,738	66,858	20,447	116,043
Payroll taxes	-	26,881	26,881	59,402	18,358	104,641
Professional fees						
Legal	-	-	-	3,249	-	3,249
Accounting	-	-	-	116,632	-	116,632
Other	-	-	-	50,244	-	50,244
Office expenses	-	44,355	44,355	112,439	21,784	178,578
Information technology	-	35,576	35,576	82,766	25,312	143,654
Occupancy	-	34,011	34,011	79,124	24,198	137,333
Travel	-	71,699	71,699	35,995	11,008	118,702
Conferences, conventions, and meetings	-	-	-	41,135	-	41,135
Depreciation	-	15,082	15,082	35,088	10,731	60,901
Insurance	-	-	-	53,281	-	53,281
Other expenses						
Donor relations	-	124,658	124,658	12,388	33,293	170,339
Membership dues and fees	-	7,766	7,766	18,067	5,525	31,358
Training and development	-	4,106	4,106	9,553	2,921	16,580
Concours	-	121,773	121,773	-	-	121,773
Total	<u>\$ 15,976,335</u>	<u>\$ 943,581</u>	<u>\$ 16,919,916</u>	<u>\$ 1,777,680</u>	<u>\$ 479,630</u>	<u>\$ 19,177,226</u>

See accompanying notes.

Albuquerque Community Foundation and Subsidiaries
Consolidated Statements of Functional Expenses
Year Ended December 31, 2022

	Program Services			Supporting Services		2022 Total
	Distributions and Grants	Community Outreach	Program Services Subtotal	General and Administrative	Fundraising and Development	
Grants to organizations	\$ 8,523,179	\$ -	\$ 8,523,179	\$ -	\$ -	\$ 8,523,179
Grants to individuals	168,384	-	168,384	-	-	168,384
Federal regranting	9,384,266	-	9,384,266	-	-	9,384,266
Compensation of officers	-	267,602	267,602	234,117	89,331	591,050
Other salaries and wages	-	303,839	303,839	265,819	101,428	671,086
Retirement contributions	-	17,374	17,374	16,711	7,226	41,311
Other employee benefits	-	33,061	33,061	27,587	10,001	70,649
Payroll taxes	-	38,014	38,014	36,788	13,757	88,559
Professional fees						
Legal	-	-	-	29,684	-	29,684
Accounting	-	-	-	44,782	-	44,782
Other	-	24,805	24,805	45,222	8,248	78,275
Office expenses	-	76,213	76,213	77,943	17,203	171,359
Information technology	-	61,555	61,555	53,904	20,469	135,928
Occupancy	-	26,299	26,299	23,030	8,745	58,074
Travel	-	68,373	68,373	18,663	7,087	94,123
Conferences, conventions, and meetings	-	-	-	18,592	-	18,592
Depreciation	-	29,494	29,494	25,828	9,808	65,130
Insurance	-	-	-	53,787	-	53,787
Other expenses						
Donor relations	-	110,015	110,015	11,054	31,583	152,652
Membership dues and fees	-	8,801	8,801	7,707	2,927	19,435
Training and development	-	9,212	9,212	8,067	3,063	20,342
Concours	-	220,726	220,726	-	-	220,726
Total	\$ 18,075,829	\$ 1,295,383	\$ 19,371,212	\$ 999,285	\$ 330,876	\$ 20,701,373

See accompanying notes.

Albuquerque Community Foundation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 12,667,864	\$ (5,750,793)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	60,901	65,130
(Gain)loss on investments	(8,838,056)	10,843,600
Reinvested dividends and interest	(1,690,228)	(2,821,024)
Change in value of charitable trust agreements	27,997	70,322
Changes in operating assets and liabilities		
Contributions receivable	2,683,975	(2,341,327)
Prepaid expenses	(341)	(24,490)
Other noncurrent assets	(25,733)	130
Accounts payable	(2,151,335)	2,187,351
Accrued payroll liabilities	(7,701)	13,531
Grants and scholarships payable	1,256,985	(1,039,486)
Liabilities for assets held for community organizations	2,939,785	(750,182)
Net cash from operating activities	6,924,113	452,762
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	7,081,353	4,087,479
Purchases of investments	(6,063,161)	(10,820,511)
Proceeds from note receivables	6,088	(1,658)
Purchase of property and equipment	-	(3,118)
Net cash from investing activities	1,024,280	(6,737,808)
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,948,393	(6,285,046)
CASH AND CASH EQUIVALENTS, beginning of year	5,673,434	11,958,480
CASH AND CASH EQUIVALENTS, end of year	\$ 13,621,827	\$ 5,673,434
NONCASH TRANSACTIONS		
Changes in liabilities for assets held for community organizations	\$ 1,797,083	\$ 750,182

See accompanying notes.

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 – Description of the Organization

Albuquerque Community Foundation (ACF or Foundation) is a nonprofit, publicly supported philanthropic institution in Albuquerque, New Mexico that manages a pool of charitable funds whose income is used to benefit the community through its grants to local nonprofit foundations, educational programs, and student aid awards.

Contributions and bequests are received from individuals and corporations. The Foundation coordinates receipt and investment of charitable contributions, distributes funds for community needs, and serves as a leader and educational resource by encouraging philanthropy.

During 2000, ACF created ACF Holdings, LLC for the purpose of acquiring, selling, and otherwise dealing with certain property interests periodically conveyed by donors to the Foundation. The LLC will dissolve 60 years from the filing date of the articles of incorporation. ACF Holdings, LLC is consolidated with the financial statements of ACF.

During 2010, ACF received the donation of a building to be used for the operations of the ACF. The building is a historic building located in downtown Albuquerque. Upon completion of the renovation, ACF moved its operations into the building in June 2012. ACF created a wholly owned subsidiary, Historic Champion Grocery Building, LLC (HCGB) to hold the building. HCGB, LLC is consolidated with the financial statements of ACF.

During 2019, New Mexico Community Trust (NMCT) was formed as a nonprofit corporation in the state of New Mexico for the purposes of building, investing, and managing funds to enhance the quality of New Mexico through informed, strategic grant making. NMCT is consolidated with the financial statements of ACF.

Note 2 – Summary of Significant Accounting Policies

Principles of consolidation – The accompanying consolidated financial statements include the accounts of Albuquerque Community Foundation and its for-profit wholly owned subsidiaries, ACF Holdings, LLC, HCGB LLC, and a nonprofit corporation NMCT (collectively referred to as the Foundation or the Organization). All significant intercompany balances and transactions have been eliminated in these consolidated financial statements.

Basis of accounting – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Use of estimates – The preparation of U.S. GAAP consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included in the accompanying consolidated financial statements primarily relate to the value of the Foundation's investment portfolio, the beneficial interest in charitable remainder trusts and the value of the charitable remainder trust liabilities and allocation of functional expenses program and supporting services.

Cash and cash equivalents – Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Contributions receivable – Contributions that are expected to be received within one year are recorded at their estimated net realizable value. Management evaluates the value of contributions receivables on an annual basis in order to identify any circumstances where the Foundation may receive less than what they have recorded. The Foundation has not experienced any such circumstances. As of December 31, 2023 and 2022, all outstanding contributions are expected to be collected within one year. Therefore, no allowance for credit losses has been recorded.

The Foundation is the beneficiary, from time to time, of certain bequests not yet recognized that have various levels of conditions for which the amounts are undeterminable. In addition, conditional promises to give, those with a measurable performance or other barrier and a right of return, are not included as support until the conditions are substantially met. Associated revenue is recognized when all conditions of the promise are substantially met. At December 31, 2023 and 2022, the Foundation has no conditional promises to give.

Allowance for credit losses – In June 2016, the FASB issued ASC 326, which significantly changed how entities measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred-loss model to the expected-loss model. Under the standard, disclosures are required to provide users of the consolidated financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Foundation that are subject to the guidance in FASB ASC 326 were trade accounts receivable. The Foundation adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new/enhanced disclosures only.

Notes receivable – The Foundation has two notes receivable related to the sales of real estate from prior periods. The notes bear interest at 3% and 7%, respectively. One note matures in 2024 and has been classified as a current asset and the other note has a balloon payment of \$28,372 due in 2033. The notes are secured by the land purchased. The Foundation considers notes receivable to be fully collectible; accordingly, no allowance for credit losses is recorded.

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Pooled investments – The Foundation reports investments in marketable securities with readily determinable fair values at their fair values in the consolidated statement of financial position. Investments in private equity funds are reported at their net asset value (NAV) as a practical expedient. Social Impact loans are recorded at net realizable value. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

In January 2016, the Foundation's board of trustees engaged in an Impact Investing Initiative and committed up to 5% of endowed assets to impact investments where endowment capital would be invested in projects seeking to provide both social impact and financial return. The Foundation's Impact Investing Initiative is managed according to specific principles including: impact investments should be aligned with the Foundation's vision to be a leader in community philanthropy and in consideration of the Foundation's commitment to Diversity, Equity, and Inclusion (DEI); impact investments shall seek to create social impact in the Greater Albuquerque Metropolitan Area; and social impact investments shall seek to provide access to economic opportunities particularly in the areas of economic development, workforce enhancement, education, historic preservation and renovation, and affordable housing. As of December 31, 2023, the Foundation had committed \$4,700,000 of endowed assets to social impact investments; further detail related to social impact investing activity is included in Note 5.

Beneficial interest in charitable remainder trusts – The Foundation has entered into multiple agreements for charitable remainder trusts. Under the terms of the agreements, the Foundation acts as the trustee and has been named as a full or partial beneficiary of the alternative interest. The donors have contributed assets into a trust in exchange for regular distributions over their designated beneficiary's lifetime. Once this period is completed, the Foundation is either a partial or full beneficiary of the remaining interest.

Investments held in charitable remainder trusts are reported at fair value in the Foundation's consolidated statements of financial position. A liability is recognized at inception of the trust at the present value of the estimated payments to beneficiaries over the trust term, which the remainder value to the Foundation recognized as contributions with donor restrictions. The liability is revalued annually using present value techniques. See Note 10.

Property and equipment – All acquisitions of property and equipment in excess of \$2,500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. If donors stipulate how long the assets must be used, the contributed assets are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as net assets without restrictions when the assets are placed in service. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions when the assets are placed in service. The Foundation received no contributed assets in the years ended December 31, 2023 and 2022.

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Liability for assets held for community organizations – The Foundation regularly establishes charitable endowment funds with community organizations who specify their own organization as the beneficiary of the fund. The transfer to the Foundation from a community organization is irrevocable and the assets will be invested by the Foundation. The community organization will receive annual distributions from the earnings on their endowment fund.

In accordance with accounting standards, assets transferred to a fund in which the donor entity specifies itself or its affiliate as the beneficiary are not considered a contribution by the Foundation, but the Foundation is acting as a trustee or agent for the donor entity. The Foundation maintains variance power and legal ownership of the assets held for community organizations and as such continues to report the funds as cash and investments of the Foundation. However, a liability has been established equivalent to the value of the assets. Both the liability and the assets are measured at fair value.

Net assets – The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and for social impact investing.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue recognition – Management fees, advisory fees, and accounting services are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied.

Contributions are recognized when cash, other assets, an unconditional promise to give or notification of a beneficial interest is received. Conditional promises to give are not recognized until the condition on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

A portion of revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific contract provisions.

Endowment administration – Management fees of \$1,985,222 and \$1,467,006 were charged by the Foundation to the funds held at the Foundation for administrative costs for the years ended December 31, 2023 and 2022, respectively. These fees were considered revenue to the Foundation's operating fund and expenses to the funds held under endowment. Management fees are shown net on the statement of activities with management fees and other income in the amount of \$705,508 and 344,333 for the years ended December 31, 2023 and 2022, respectively.

Donated assets – Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated services – Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers also provided fundraising services throughout the year that are not recognized as contributions in the consolidated financial statements since recognition criteria were not met.

Functional allocation of expenses – The Foundation reports its expenses according to four functional classifications: distributions and grants, which includes the direct costs of providing benefits and services to the nonprofit community; community outreach; general and administrative; and fundraising and development. Common costs are allocated among the classifications on the basis of estimates of time and effort applied to the various operational areas within the Foundation. Expenses related to maintenance and upkeep of the entire facility are allocated across functional areas based on a fixed percentage.

Grant expenses – Grants awarded are recognized as grant expense in the period the grant is approved unless the grant is subject to future conditions. Conditional grants are recognized as grant expense and grants payable in the period the measurable performance or other barrier and right of return conditions are met. The Foundation has no conditional grants and grants do not contain any exchange components. At December 31, 2023 and 2022, respectively, the consolidated statements of financial position have \$1,276,235 and \$19,250 in grants and scholarships payable. Grants payable represents \$1,275,020 and \$19,250, and scholarships payable represents \$1,215 and \$0 at December 31, 2023 and 2022, respectively.

Advertising and donor development – The Foundation uses advertising and donor development activities to promote its programs. Such costs are expensed as incurred. Advertising and donor development expense for the years ended December 31, 2023 and 2022, was \$170,338 and \$152,652, respectively. This is listed on the Foundation's consolidated statements of functional expenses as donor relations expense.

Income taxes – Under section 501(c)(3) of the Internal Revenue Code, the Foundation is exempt from taxes on income other than unrelated business income. Unrelated business income results from rent, administration of self-insurance activities and commissions.

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

The Foundation may generate income through certain alternative investments that may be subject to unrelated business income tax. Income taxes from such activities are not significant and, accordingly, no provision for income tax has been included in the accompanying consolidated financial statements. ACF Holding, LLC and HCGB, LLC are disregarded entities for tax purposes; therefore, no provision for income taxes are provided for in the accompanying consolidated financial statements.

The Foundation utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the consolidated financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

As of December 31, 2023 and 2022, the Foundation has no uncertain tax provisions that qualify for recognition or disclosure in the consolidated financial statements.

Reclassifications – Certain reclassifications of the amounts previously reported have been made to the accompanying consolidated financial statements in order to maintain consistency and comparability between periods presented. There were no changes to net assets previously reported as a result of these reclassifications.

Subsequent events – Subsequent events are events or transactions that occur after the of the consolidated statements of financial position, but before the consolidated financial statements are available to be issued. The Foundation recognizes the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statements of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Foundation's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statements of financial position but arose after the date of the consolidated statements of financial position and before the consolidated financial statements are available to be issued.

Management has evaluated subsequent events for potential recognition and disclosure through July XX, 2024

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Note 3 – Liquidity and Financial Asset Availability

The Foundation maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Foundation's expenditures come due. The following reflects the Foundation's financial assets as of the consolidated statements of financial position date, reduced by amounts not available for general use within one year of the consolidated statements of financial position date because of contractual or donor-imposed restrictions.

	2023	2022
Total assets at year end	\$ 161,703,302	\$ 146,963,496
Less nonfinancial assets		
Prepaid expenses	(36,586)	(36,245)
Property and equipment, net	(1,688,901)	(1,749,802)
Financial assets at year-end	159,977,815	145,177,449
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Cash and cash equivalents held for community organizations	54,457	(153,772)
Pooled investments		
Investments in non-liquid securities	(59,205,015)	(57,889,709)
Social impact investments	(3,370,580)	(2,967,183)
Investments held in restricted endowments	(68,285,228)	(67,038,574)
Total pooled investments and cash held for community organizations	(130,806,366)	(128,049,238)
Long-term portion of note receivable	(28,372)	(34,778)
Other noncurrent assets	(168,118)	(142,385)
Investments held in charitable remainder trusts	(2,688,926)	(2,682,715)
Total financial assets not available to be used within one year	(133,691,782)	(130,909,116)
Financial assets available to meet cash needs for general expenditures within one year	\$ 26,286,033	\$ 14,268,333

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions, gifts to establish endowments that will exist in perpetuity which the income generated from such endowments is used to fund programs and contributions without donor restrictions.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs, which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

General expenditures include administrative and general expenses, fundraising, and development expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its available cash to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining adequate liquid assets; and
- Maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments and obligations under endowments with donor restrictions will continue to be met, ensuring the sustainability of the Foundation.

The Foundation strives to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenses for administrative, general, and fund-raising expenses plus an amount that represents the expected payment for annual grant commitments.

Note 4 – Receivables

Receivables consist of the following at December 31:

	2023	2022
Restricted contributions from donors	\$ 57,175	\$ 1,789,081
Unrestricted contributions receivable	-	100,141
Estates receivable	646,553	1,498,481
Notes receivable	184,313	190,401
Total receivables	\$ 888,041	\$ 3,578,104

The Foundation expects to receive all contributions receivable within one year of year-end and has not recorded an allowance, as they believe all contributions are fully collectable. The Foundation considers notes and estates receivable to be fully collectable; accordingly, no allowance for credit losses is recorded. There were no bad debts during 2023 or 2022.

Note 5 – Pooled Investments

The Foundation's policy is to pool cash and investments for greater investment return. Investment income (loss) and realized/unrealized gains (losses) on investments are allocated to each charitable fund based on its share of the pool. The board of trustees of the Foundation, who is responsible for all stewardship of the Foundation, delegated to the Investment Committee the responsibility to ensure that the assets of the Foundation are managed in a manner that is consistent with the policies and objectives of the Foundation.

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

The Investment Committee elected, as allowed by action of the board, to engage an independent investment consulting firm to assist the committee's activities.

The Investment Committee meets at least quarterly with its investment consultant to review investment performance, asset allocation and all other matters related to fiduciary oversight of investment assets.

Increases or decreases in the fair value of investments are unrealized until the investments are sold. The board of trustees of the Foundation has the authority to change the level of distributions to preserve the assets of the Foundation to benefit future generations. The Foundation holds investments in certain private equity ventures, which require the Foundation to commit capital to these investments as a stipulation of participation. The Foundation has committed capital to these investments of \$50,154,758 and \$49,054,757 for the years ended December 31, 2023 and 2022, respectively, of which \$41,156,661 and \$38,183,292 have been called and remitted as of December 31, 2023 and 2022, respectively. The remaining capital commitments of \$8,998,097 for 2023 and \$10,871,465 for 2022 are callable while the underlying funds are active. Failure to provide capital upon its call would result in the Foundation losing its right to invest in these ventures.

The board has delegated authority to the Impact Investment Committee to make the specific social impact investments, subject to the Foundation's Impact Investment Policy. The Foundation's Impact Investing Initiative seeks to stimulate entrepreneurial initiatives and inclusive economic development, contribute to the creation and retention of jobs that offer living wages and benefits, increase availability and access to affordable capital, increase access to affordable housing, enhance quality of life through the vitality of the Albuquerque downtown area and other strategic locations, promote a more vibrant community in collaboration with other investors, and promote quality educational opportunities. It does this by investing endowed assets primarily in intermediaries and direct loans. Impact investing is administered by a dedicated Impact Investing Committee comprised of board trustees and independent members of the community. The Impact Investment Committee is directly supported by the Chief Financial Officer (CFO) and other members of Foundation staff.

The Foundation has invested over \$4 million in 15 investments since 2016. In 2023 and 2022, approximately 35% and 55%, respectively, of the portfolio is invested in five intermediaries managing seed and venture capital funds, a real estate fund with local development projects, and loan portfolios supporting minority entrepreneurs. In 2023 and 2022, approximately 64% and 46% of the portfolio is invested in direct loans funding organizations revitalizing historic properties, improving access to affordable housing and providing working capital to local businesses.

In the summer of 2020, the Impact Investing Committee approved two social impact investments specifically supporting local business relief and recovery from the COVID pandemic. The Foundation makes social impact investments in the form of repayable loans that support grant-making programs in New Mexico. Eight loans were outstanding for \$2,171,149 at December 31, 2023. Seven loans were outstanding for \$1,947,202 at December 31, 2022. The interest rates range from 2% to 3%, with interest only payments and principal payments optional until the maturity dates of the loans. The principal amounts are scheduled to be paid in full to the Foundation by the maturity dates of December 2024, July 2025, September 2025, October 2025, July 2026, January 2029, August 2029 and July 2033. The Foundation records a reserve for potentially uncollected loans based on the risk assessment made by Foundation staff and the Impact Investment Committee. No loss reserve has been recorded as of December 31, 2023 and 2022. Any costs of making loans are expensed as incurred.

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

The nature and carrying value of pooled investments are summarized are as follows at December 31:

	2023	2022
Investments valued at fair market value		
Equities	\$ 59,093,865	\$ 54,713,596
Fixed income	17,737,906	12,377,508
Real assets	6,574,117	6,172,796
Investments valued at carrying value		
Land in general partnership	270,001	270,001
Alternative investments valued at net asset value		
Fixed income	81,962	108,631
Real asset funds	19,410,352	23,438,114
Multi-strategy funds	20,977,146	18,986,651
Private equity funds	15,094,974	14,066,331
Social impact investments		
Loans	2,171,149	1,947,202
Private equity funds (valued at net asset value)	1,199,431	1,019,981
Total pooled investments	\$ 142,610,903	\$ 133,100,811

Note 6 – Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (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. There are three levels of inputs that may be used to measure fair values:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Beneficial interest in charitable remainder trusts – Assets held are valued using the closing price reported in the active market on which the individual securities are traded as reported by the account managers. These have been classified within Level 1 of the valuation hierarchy.

Equities, fixed income, and real assets – Assets held are valued using the closing price reported in the active market on which the individual securities are traded. These have been classified within Level 1 of the valuation hierarchy. If quoted prices are not available for a specific security, then the fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, discounted cash flows and other observable inputs. Such securities would be classified within the level two of the valuation hierarchy.

Land in general partnership – Valued at the lower of carrying value or fair value in accordance with ASC 958-325-35 by using third-party valuations from the date the asset was donated. Management reviews and evaluates the values provided by all third-parties and agrees with the valuation methods and assumptions used in determining the fair value of the investments. There were no purchases and sales of land during the years ended December 31, 2023 and 2022.

The Foundation follows the provisions of ASU 2009-12, *Investments in Certain Entities that Calculate Net Asset Value per Share*. This accounting standard update allows the Foundation to use net asset value (NAV) per share to estimate the fair value of alternative investments as a practical expedient. In accordance with ASU 2015-07 and FASB Topic 820-10, certain investments that are measured at fair value using the NAV practical expedient are not classified in the fair value hierarchy. The Foundation's alternative investments in multi-strategy funds, real assets, private equity funds, and fixed income funds are valued using NAV per share.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Assets measured at fair value on a recurring basis, are summarized for the years ended December 31, 2023 and 2022:

	Level 1	Level 2	Level 3	2023 Total
Beneficial interest in charitable remainder trusts	\$ 2,688,926	\$ -	\$ -	\$ 2,688,926
Pooled investments				
Equities	\$ 52,064,361	\$ 7,029,504	\$ -	\$ 59,093,865
Fixed income	17,737,906	-	-	17,737,906
Real assets	6,574,117	-	-	6,574,117
Pooled investments at fair value	\$ 76,376,384	\$ 7,029,504	\$ -	\$ 83,405,888
Pooled investments valued at net asset value as a practical expedient	\$ -	\$ -	\$ -	\$ 56,763,865
Land in general partnership	-	-	-	270,001
Social impact loans	-	-	-	2,171,149
Total investments	\$ -	\$ -	\$ -	\$ 145,299,829
	Level 1	Level 2	Level 3	2022 Total
Beneficial interest in charitable remainder trusts	\$ 2,682,715	\$ -	\$ -	\$ 2,682,715
Pooled investments				
Equities	\$ 48,400,576	\$ 6,313,020	\$ -	\$ 54,713,596
Fixed income	12,377,508	-	-	12,377,508
Real assets	6,172,796	-	-	6,172,796
Pooled investments at fair value	\$ 66,950,880	\$ 6,313,020	\$ -	\$ 73,263,900
Pooled investments valued at net asset value as a practical expedient	\$ -	\$ -	\$ -	\$ 57,619,708
Land in general partnership	-	-	-	270,001
Social impact loans	-	-	-	1,947,202
Total investments	\$ -	\$ -	\$ -	\$ 135,783,526

Changes in fair value levels – The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended December 31, 2023, there were no significant transfers in or out of Levels 1, 2, or 3.

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Fair value of investments that calculate net asset value – The following table summarizes information related to the investments measured at fair value based on NAV per share as of December 31, 2023 and 2022, respectively. The investments are maintained by investment companies who hold the investments in accordance with a stated set of fund objectives.

Fund	Year-end	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Private Equity Funds					
TIFF 06	December 31, 2023	\$ -	\$ 255,000	Ineligible	N/A
	December 31, 2022	\$ 56,864	\$ 250,000	Ineligible	N/A
TIFF 07	December 31, 2023	\$ 165,232	\$ 80,000	Ineligible	N/A
	December 31, 2022	\$ 242,381	\$ 80,000	Ineligible	N/A
TIFF 08	December 31, 2023	\$ 211,428	\$ 107,000	Ineligible	N/A
	December 31, 2022	\$ 218,022	\$ 107,000	Ineligible	N/A
TIFF 10	December 31, 2023	\$ 277,195	\$ 140,000	Ineligible	N/A
	December 31, 2022	\$ 371,163	\$ 140,000	Ineligible	N/A
Common Fund Int. VI	December 31, 2023	\$ 38,900	\$ 32,250	Ineligible	N/A
	December 31, 2022	\$ 45,492	\$ 32,250	Ineligible	N/A
Common Fund VII	December 31, 2023	\$ 103,324	\$ 33,000	Ineligible	N/A
	December 31, 2022	\$ 135,729	\$ 33,750	Ineligible	N/A
Common Fund Int. VII	December 31, 2023	\$ 201,953	\$ 33,250	Ineligible	N/A
	December 31, 2022	\$ 234,678	\$ 33,250	Ineligible	N/A
Common Fund VIII	December 31, 2023	\$ 92,652	\$ 5,625	Ineligible	N/A
	December 31, 2022	\$ 112,931	\$ 5,625	Ineligible	N/A
Common Fund IX	December 31, 2023	\$ 648,391	\$ 10,000	Ineligible	N/A
	December 31, 2022	\$ 703,590	\$ 10,000	Ineligible	N/A
Pantheon Global Fund IV	December 31, 2023	\$ 4,075,865	\$ 268,438	Ineligible	N/A
	December 31, 2022	\$ 4,174,303	\$ 304,438	Ineligible	N/A
Audax Private Equity Fund VII	December 31, 2023	\$ 891,397	\$ 5,526,529	Ineligible	N/A
	December 31, 2022	\$ 14,540	\$ 6,500,000	Ineligible	N/A
Audax Private Equity Fund Aspen	December 31, 2023	\$ 222,511	\$ -	Ineligible	N/A
	December 31, 2022	\$ 230,964	\$ 207,614	Ineligible	N/A
Audax Private Equity Fund V	December 31, 2023	\$ 1,025,560	\$ 208,152	Ineligible	N/A
	December 31, 2022	\$ 1,093,501	\$ 208,152	Ineligible	N/A
Audax Private Equity Fund VI	December 31, 2023	\$ 3,428,403	\$ 152,543	Ineligible	N/A
	December 31, 2022	\$ 3,688,042	\$ 215,889	Ineligible	N/A
Blackstone Capital Partners VII	December 31, 2023	\$ 815,188	\$ 59,771	Ineligible	N/A
	December 31, 2022	\$ 881,114	\$ 59,771	Ineligible	N/A
Glouston Private Equity Opportunities IV	December 31, 2023	\$ 51,603	\$ 218,000	Ineligible	N/A
	December 31, 2022	\$ 134,095	\$ 218,000	Ineligible	N/A
GI Partners Fund VI-A	December 31, 2023	\$ 2,845,372	\$ 962,714	Ineligible	N/A
	December 31, 2022	\$ 1,728,921	\$ 1,776,079	Ineligible	N/A
Total Private Equity Funds	December 31, 2023	\$ 15,094,974	\$ 8,092,272		
	December 31, 2022	\$ 14,066,330	\$ 10,181,818		

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Fund	Year-end	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Fixed Income Funds					
PIMCO Bravo II	December 31, 2023	\$ 81,962	\$ -	Ineligible	N/A
	December 31, 2022	\$ 108,631	\$ -	Ineligible	N/A
Total Fixed Income Funds	December 31, 2023	\$ 81,962	\$ -		
	December 31, 2022	\$ 108,631	\$ -		
Real Asset Funds					
Invesco U.S. Income Fund	December 31, 2023	\$ 10,646,749	\$ -	Quarterly	45 Day Notice
	December 31, 2022	\$ 11,889,436	\$ -	Quarterly	45 Day Notice
ASB Allegiance Real Estate Fund	December 31, 2023	\$ 8,041,415	\$ -	Quarterly	30 Day Notice
	December 31, 2022	\$ 10,345,904	\$ -	Quarterly	30 Day Notice
Quantum Energy Partners VI	December 31, 2023	\$ 722,188	\$ 34,198	Ineligible	N/A
	December 31, 2022	\$ 1,202,774	\$ 42,586	Ineligible	N/A
Titan Development Real Estate Fund	December 31, 2023	\$ -	\$ 30,000	Ineligible	N/A
	December 31, 2022	\$ -	\$ 30,000	Ineligible	N/A
Total Real Assets	December 31, 2023	\$ 19,410,352	\$ 64,198		
	December 31, 2022	\$ 23,438,114	\$ 72,586		
Multi Strategy Funds					
HG Vora Special Opportunities	December 31, 2023	\$ 5,890,817	\$ -	Quarterly	90 Day Notice
	December 31, 2022	\$ 5,375,600	\$ -	Quarterly	90 Day Notice
Aleutian Fund Alyeska	December 31, 2023	\$ 8,603,991	\$ -	Monthly	90 Day Notice
	December 31, 2022	\$ 7,373,195	\$ -	Monthly	90 Day Notice
River Birch International	December 31, 2023	\$ 34,422	\$ -	Quarterly	90 Day Notice
	December 31, 2022	\$ 38,443	\$ -	Quarterly	90 Day Notice
Hudson Bay International Fund	December 31, 2023	\$ 6,447,916	\$ -	Quarterly	65 Day Notice
	December 31, 2022	\$ 6,156,764	\$ -	Quarterly	65 Day Notice
Blackrock Tempus	December 31, 2023	\$ -	\$ -	Ineligible	N/A
	December 31, 2022	\$ 42,648	\$ -	Ineligible	N/A
Total Multi Strategy Funds	December 31, 2023	\$ 20,977,146	\$ -		
	December 31, 2022	\$ 18,986,650	\$ -		
Social Impact Investing					
Private Equity Funds					
Verge I II Combined, LP	December 31, 2023	\$ 177,398	\$ -	Ineligible	N/A
	December 31, 2022	\$ 372,387	\$ -	Ineligible	N/A
ABQid Fund I, L.P	December 31, 2023	\$ 88,152	\$ -	Ineligible	N/A
	December 31, 2022	\$ 76,756	\$ -	Ineligible	N/A
ABQid Fund I, L.P, Sidecar, LP	December 31, 2023	\$ 291,166	\$ -	Ineligible	N/A
	December 31, 2022	\$ 195,553	\$ -	Ineligible	N/A
Tramway Venture Partners	December 31, 2023	\$ 265,916	\$ 9,162	Ineligible	N/A
	December 31, 2022	\$ 239,649	\$ 12,839	Ineligible	N/A
Tramway Venture Partners II	December 31, 2023	\$ 376,799	\$ 332,465	Ineligible	N/A
	December 31, 2022	\$ 135,638	\$ 629,222	Ineligible	N/A
Ingenuity Venture Fund II	December 31, 2023	\$ -	\$ 500,000	Ineligible	N/A
	December 31, 2022	\$ -	\$ -	Ineligible	N/A

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Fund	Year-end	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Total Social Impact Investing	December 31, 2023	\$ 1,199,431	\$ 841,627		
	December 31, 2022	\$ 1,019,983	\$ 642,061		
Total	December 31, 2023	\$ 56,763,865	\$ 8,998,097		
	December 31, 2022	\$ 57,619,708	\$ 10,896,465		

The Foundation's investment strategy for investments valued at NAV as a practical expedient is as follows:

Private equity funds

TIFF – The investment strategy of the TIFF funds is to assist members in maintaining endowment purchasing power by generating returns greater than those provided by global stock markets. TIFF capital is expected to be allocated primarily among private equity managers pursuing venture, operations-oriented buyout, special situation, and recapitalization strategies. It may make investments in U.S., foreign, and global commingled private equity funds.

Common funds – The investment strategy of the common funds is to invest in target funds, which in turn, make investments in the following strategies with the objective of obtaining long-term growth: Venture capital investments primarily in emerging growth companies; International private equity investments primarily in emerging growth companies; Private limited partnerships, which in turn, make investments in equity securities, warrants or other options that are generally not actively traded at the time of investment; Limited partnerships, which in turn, make international private equity investments.

Pantheon Global Co-Investment Opportunities Private Equity Fund – Pantheon acquires minority ownership stakes in companies alongside private equity general partners, known as co-investments. Co-investments do not require operational resources associated with majority ownership, but Pantheon may contribute industry-specific expertise, strategic introductions, or add value in other ways. Pantheon Global Co-Investment Opportunities Fund IV, LP will continue Pantheon's strategy of investing in primarily middle market companies, with a diversified approach to company stage and geography.

Audax Private Equity Funds – Audax Private Equity acquires lower middle market companies as part of a buy and build strategy, bringing both capital and operational resources to bear in creating value, and performing add-on acquisitions for platform companies. Audax Private Equity Fund V, Audax Private Equity Fund VI Audax Private Equity Fund VII and Audax Private Equity Fund Aspen will continue Audax's strategy of investing in lower middle market companies, employing a buy and build approach to value creation.

Blackstone Capital Partners VII – Blackstone Capital Partners VII will concentrate on making non-control and control-oriented private equity investments globally on a thematic, sector focused basis. Blackstone takes a value-oriented approach to private equity investing. The team uses a "top down" thematic and sector-based process for deal sourcing and focuses only on those potential deals where it believes the Blackstone platform can be used to add value post-acquisition by improving the operations of the businesses.

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Glouston Private Equity Opportunities IV – The investment strategy of the Glouston Private Equity Opportunities IV (formerly Permal Capital) fund is capital appreciation through the purchase of existing limited partnership interests in independently managed private equity funds from third-parties seeking liquidity prior to the contractual termination of such funds.

GI Partners Fund VI-A – GI Partners Fund VI-A was founded in 2001 and offers multiple private market strategies across private equity, real estate, and infrastructure. GI Partners VI Fund will invest over approximately four years in four key sectors to build a high conviction portfolio of 10-12 companies. These focus sectors include healthcare, IT infrastructure, services, and software. Valuation created will be centered around jumpstarting organic growth and developing internal company leadership.

Fixed income funds

PIMCO Bravo II – The investment strategy of PIMCO Bravo II is to provide long-term returns through a diversified fixed income philosophy. PIMCO Bravo II attempts to add value through both "top down" (duration, yield curve posture and sector rotation) and "bottom-up" strategies (individual security analysis). The BRAVO II Fund will continue to capitalize on the ongoing deleveraging by global financial institutions.

Real assets

Invesco U.S. Income Fund – The Invesco U.S. Income Fund is a core-plus, income-focused, open-end real estate fund with the objective of generating consistent and predictable performance and avoiding capital loss, while increasing the opportunity for capital appreciation.

ASB Allegiance Real Estate Fund – The ASB Allegiance Real Estate Fund is an open-ended core real estate fund that targets coastal metropolitan regions supplemented by exposure to a small, targeted group of dynamic and economically diverse interior U.S. cities. Properties will be mostly in urban settings of 24-hour cities with high barriers to entry with limited available land for development and where the property is in a high-density populated area near multiple modes of transportation.

Quantum Energy Partners VI – The investment strategy of Quantum Energy Partners VI is to invest the majority of fund capital in the upstream oil and gas sector but will make opportunistic investments across the value chain. This includes midstream infrastructure, oil and gas service companies, and power generation. Quantum Energy Partners VI will typically make control investments in its portfolio companies, with an investment size range of \$100 to \$400 million.

Titan Development Real Estate Fund– Titan's fund is designed to create development in high growth secondary and tertiary markets. Their strategy is to develop best-in-class assets, lease up to 90% stabilization and sell, returning capital to investors. Their primary asset classes are multifamily, self storage, senior living and industrial.

Multi strategy funds

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

HG Vora Special Opportunities Fund – HG Vora seeks value investments where the team's experience and industry knowledge can provide an advantage in understanding companies with leveraged capital structures or undergoing complex situations and establish long and short positions in both the debt and equity of those companies.

Aleutian Fund – Aleutian's sole focus is managing a market neutral long/short equity strategy through a multi-portfolio manager approach. Each portfolio manager runs a sector/strategy focused, beta-neutral sub-portfolio. While the majority of risk comes from fundamental long/short equity strategies, the Fund can opportunistically allocate to other strategies, such as convertible arbitrage, risk arbitrage, and volatility, based on the perceived attractiveness.

River Birch International – River Birch invests primarily in corporate credit situations with the philosophy of a globally focused investment and trading firm. The firm will invest across all levels of the capital structure in high yield and investment grade debt, distressed loans and bonds, special situations, and corporate structured credit. The portfolio aims to isolate credit risk, and as such, hedges out currency and interest rate risk, leading to a portfolio that is agnostic to overall interest rate and foreign exchange movements.

Hudson Bay International Fund – Hudson Bay's strategy is focused on generating investment returns that are uncorrelated to equity and debt markets, through managing capital across an array of investment strategies that are hedged and exhibit low correlations to each other. Hudson Bay allocates capital across a wide variety of trades, within strategies such as event driven equity, convertible arbitrage, volatility trading, and credit trading.

BlackRock Tempus – The BlackRock Tempus fund seeks to exploit intermediate-term opportunities that straddle the public and private markets and invests primarily through custom fund structures that BlackRock establishes with underlying managers.

Social Impact Investments

The Foundation's investing strategies for social impact investments that are valued at NAV as a practical expedient are as follows:

Verge I II Combined, LP – The investment strategy of Verge I II Combined, LP is to build an innovation economy in New Mexico by investing in high growth startups in New Mexico. The Partnership will focus its investment activity in four specific high-technology sectors: clean tech/energy, electronics/instrumentation, human factors, and software-as-a-service (SAAS).

ABQid Fund I, L.P. – The investment strategy of ABQid Fund I, L.P. is to make investments in early stage, high-growth companies, mainly those who participate in an accelerator program operated by ABQid, Inc., a New Mexico nonprofit corporation. The accelerator has been created on the belief that there is substantial untapped entrepreneurial potential in the Albuquerque, New Mexico area and that training, support, and seed investment are necessary to realize that potential.

ABQid Fund I Sidecar, LP – The investment strategy of the ABQid Fund I Sidecar, LP is to foster entrepreneur led economic development by funding high growth startups in New Mexico and connecting them with investors within as well as outside New Mexico.

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Tramway Venture Partners and Tramway Venture Partners II, LP – Tramway Venture Partners and Tramway Venture Partners II, LP are early-stage funds making equity investments in high return opportunities in health care and the life sciences, primarily in New Mexico. The focus will be business opportunities with products or services that exploit convergent technologies: those that lie at the intersection of physical sciences/information technology with the life sciences and health care.

Note 7 – Property and Equipment

The components of property and equipment consist of the following at December 31:

	Estimated Useful Lives (in years)	2023	2022
Building improvements	10–39	\$ 1,552,045	\$ 1,552,045
Hammersley house	30	342,050	342,050
Furniture and fixtures	7–15	154,415	154,415
Computer equipment	3–7	33,205	33,205
Website	3	32,168	32,168
		2,113,883	2,113,883
Less accumulated depreciation		(968,982)	(908,081)
		1,144,901	1,205,802
Historic Champion Building and land		544,000	544,000
Property and equipment, net		\$ 1,688,901	\$ 1,749,802

Depreciation expense for the years ended December 31, 2023 and 2022, amounted to \$60,901 and \$65,130, respectively.

Included in the property and equipment of the Foundation are the Historic Champion Grocery Store Building and land. This historical building, built in 1903, is the site of the Foundation's main office. The Foundation does not depreciate the historic building, which is recorded at its fair market value at the time of its donation in 2010. Improvements on the building are depreciated over their estimated useful life.

Albuquerque Community Foundation and Subsidiaries
Notes to Consolidated Financial Statements

Note 8 – Net Assets

A summary of net assets without donor restrictions consists of the following at December 31:

	2023	2022
Undesignated	\$ 2,527,855	\$ 1,999,626
Board designated Operating reserve	1,184,536	1,129,164
Endowed net assets		
Donor advised funds	56,538,493	54,256,110
Other board designated - endowed net assets	5,075,849	4,987,631
Total endowed net assets without donor restrictions	61,614,342	59,243,741
Total net assets without donor restrictions	\$ 65,326,733	\$ 62,372,531

For donor advised funds without donor restrictions, donors may render suggestions and advice as to the distributions from the fund. The Foundation however retains sole discretion as to the distributions, in accordance with their purpose and objectives. Other board designated – endowed net assets are impact funds that the board will designate for social impact investing based on the needs of the community.

A summary of net assets with donor restrictions consists of the following at December 31:

	2023	2022
Time restricted		
Charitable remainder trusts	\$ 483,027	\$ 511,024
Purpose restricted - endowed net assets		
Field of interest funds	26,534,206	24,267,288
Donor designated organization funds	27,908,776	21,090,511
Student aid funds	8,778,438	8,171,928
Donor advised funds	3,894,552	3,655,017
Total purpose restricted - endowed net assets	67,115,972	57,184,744
Other purpose restricted	312,315	501,884
Perpetual in nature		
Historic Champion Building and land	544,000	544,000
Total net assets with donor restrictions	\$ 68,455,314	\$ 58,741,652

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

A summary of the release of donor restrictions are as follows:

	2023	2022
Purpose restrictions		
Grant distributions	\$ 5,271,307	\$ 3,503,113
Management fees	732,641	832,514
Federal grant expense	5,545,216	9,321,353
Other expenses (investment advisory fees)	161,430	347,058
Total net assets with donor restrictions	\$ 11,710,594	\$ 14,004,038

Note 9 – Revenue

The Foundation recognizes revenue over time for management fees, advisory fees, and accounting services. Management fees and advisory fees are charged to the donor in accordance with the applicable fee schedule of the Foundation when the fund agreements are signed. The fees are generally charged to the donor quarterly based on the agreement. NMCT provides for financial and back-office support for other community foundations and charge a fee for this service over time when promised services are delivered to the customers in an amount that reflects the consideration the Foundation expects to be entitled to in exchange for those services. Accounting services revenue is recognized when the customer has received the benefit of their services. The hourly rates are predetermined and agreed to between the Foundation and the customer.

The Foundation charges a one-time new fund fee when a new fund is set up and is recorded at a point in time. In addition, the Foundation provides for grant making services and charges a one-time fee at the time services are rendered, which is recognized at a point in time.

Disaggregated revenue – A summary of disaggregated revenue information is as follows:

	2023	2022
Contracts with customers (ASC 606)		
Recognized over time	\$ 678,508	\$ 316,833
Recognized at a point of time	27,000	27,500
Not subject to ASC 606		
Contributions and grant revenue	20,546,881	22,438,850
Other revenue		
Fundraising income	92,414	260,295
Investment income (loss), net	10,500,287	(8,092,898)
Total revenue and other support	\$ 31,845,090	\$ 14,950,580

As of December 31, 2023 and 2022, all performance obligations have been met. There are no contract assets or liabilities at December 31, 2023 and 2022 and January 1, 2022.

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Note 10 – Endowments

In 2009, the state of New Mexico enacted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Accordingly, in 2009 the Foundation adopted U.S. generally accepted accounting principles as they relate to net asset classification of funds subject to an enacted version of UPMIFA. The board of trustees has determined that the majority of the Foundation's net assets meet the definition of endowment funds under UPMIFA.

The Foundation is governed by the Articles of Incorporation and most contributions are received subject to the terms of the Articles of Incorporation. Under the terms of the Articles of Incorporation, which delegates the distributions of funds to the Investment Committee in its Investment Policies and Procedures, the board of trustees has the ability to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund as the board in its sole discretion shall determine. In accordance with UPMIFA and as described in the Foundation's Investment Policy, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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, and (7) the Foundation's investment policies.

As a result of the ability to distribute corpus, the board of trustees has determined that all contributions received subject to the Articles of Incorporation are subject to UPMIFA and are classified as net assets with donor restrictions until appropriated, at which time the appropriation is reclassified to net assets without donor restrictions. Funds that can be spent down immediately and that are not subject to the Foundation's spending policy are classified as net assets without donor restrictions. Contributions that are subject to other gift instruments may be recorded as net assets with donor restrictions (temporary in nature or in perpetuity) or net assets without donor restrictions, depending on the specific terms of the agreement.

Investment return objectives, risk parameters, and strategies – The Foundation has adopted investment and spending policies, approved by the board of directors, for endowment assets. These policies attempt to provide a predictable stream of funding to programs supported by its endowment 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 investment policy establishes an achievable return objective through diversification of asset classes.

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 with prudent risk parameters. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Spending policy – The Foundation has a spending policy that calculates the amount of money annually distributed from the Foundation's various endowed funds for grant making and administration. The spending policy for 2023 and 2022 is to distribute 4% of the time-weighted average balance of each fund for the previous twenty quarters calculated as of December 31. If a fund does not have historical fund balances for twenty quarters, then it shall instead use the total number of historical fund balances that it has. Generally, a fund must have a minimum of four historical quarters before a distribution is made. The time-weighted average will be computed by averaging the funds' monthly ending balances, after allocation of income, gains and fees, during each quarter, and then averaging the quarter ending balances. Donor advised and organization fund agreements allow additional distributions above the spending policy rates for each respective year with certain conditions as detailed in the agreements.

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2023 and 2022, the Foundation did not have any underwater endowments.

Endowment net asset composition by type of fund consists of the following at December 31:

	2023	2022
Endowment funds with donor restrictions	\$ 67,115,972	\$ 57,184,744
Endowment funds without donor restrictions	61,614,342	59,243,741
Total endowment funds	\$ 128,730,314	\$ 116,428,485

Changes in endowment net assets consists of the following for the year ended December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	2023 Total Endowment Net Assets
Endowment net assets -			
January 1,	\$ 59,243,741	\$ 57,184,744	\$ 116,428,485
Contributions	2,582,419	15,634,764	18,217,183
Interest and dividends	871,752	787,670	1,659,422
Net appreciation, net of fees	3,607,780	5,014,527	8,622,307
Reclassifications	-	(170,394)	(170,394)
Amounts appropriated for expenditure	(4,691,350)	(11,335,339)	(16,026,689)
Endowment net assets - December 31,	\$ 61,614,342	\$ 67,115,972	\$ 128,730,314

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Changes in endowment net assets consists of the following for the year ended December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	2022 Total Endowment Net Assets
Endowment net assets - January 1,	\$ 59,879,492	\$ 61,838,471	\$ 121,717,963
Contributions	5,534,002	13,096,985	18,630,987
Interest and dividends	1,250,491	1,540,124	2,790,615
Net depreciation, net of fees	(3,601,163)	(15,756,790)	(19,357,953)
Transfers between funds, net	(549,441)	8,762,450	8,213,009
Amounts appropriated for expenditure	(3,269,640)	(12,296,496)	(15,566,136)
 Endowment net assets - December 31,	 <u>\$ 59,243,741</u>	 <u>\$ 57,184,744</u>	 <u>\$ 116,428,485</u>

Note 11 – Charitable Remainder Trust Assets

For some charitable remainder trusts for which the Foundation is the trustee, the donor has the right to change the beneficiaries, or the percentage allotted to the Foundation for the trusts. These are accounted for as an obligation until the trust principal reverts to the Foundation and is recorded as a contribution. Assets and liabilities held in these charitable remainder trusts totaled \$1,685,014 and \$1,720,247 at December 31, 2023 and 2022, respectively, and are reported at fair value in the Foundation's consolidated statements of financial position.

Additionally, the Foundation is the beneficiary of the residual for other charitable remainder trusts for which the donor does not have the right to change the beneficiary or percentage allotted to the Foundation. Assets held in these trusts totaled \$1,003,912 and \$962,468 at December 31, 2023 and 2022, respectively, and are reported at fair value in the Foundation's consolidated statements of financial position. Annually, the Foundation revalues the liability to make distributions to the designated beneficiaries based on a percentage of the fair value or other amounts as specified by the trust agreement. The present value of the estimated future payments are \$413,665 and \$451,589 at December 31, 2023 and 2022, respectively, and were calculated using mortality tables and the discount rate of 0.06% for both years 2023 and 2022.

The change in value in charitable remainder trusts for which the donor does not have the right to change the beneficiary or percentage allotted to the Foundation is reported on the consolidated statement of activities as (\$27,997) and (\$70,322) for the years ended December 31, 2023 and 2022, respectively.

Note 12 – Liabilities for Assets Held for Community Organizations

The Foundation accepts assets from other nonprofit organizations and agrees to use those assets and related earnings on behalf of the beneficiary organization. The distribution of these assets follows the Foundation's spending policy as described in Note 9. Administrative fees earned by the Foundation under these arrangements were \$356,190 and \$192,740 for the years ended December 31, 2023 and 2022, respectively.

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

A summary of the activity in the liabilities for assets held for community organizations is as follows for the years ended December 31, 2023 and 2022:

	2023	2022
Balance, beginning of year	\$ 21,438,283	\$ 22,188,465
Additions		
Contributions	3,615,386	4,291,429
Unrealized/realized gains	1,512,873	157,012
Investment income, net of consulting fees	284,210	480,509
Deductions		
Unrealized/realized losses	-	(2,000,876)
Fiscal sponsorship expenses	(961,184)	(2,839,383)
Distributions to beneficiaries	(1,381,178)	(646,133)
Administration fees paid to Foundation	(130,322)	(192,740)
	\$ 24,378,068	\$ 21,438,283

Note 13 – Concentrations of Credit Risk

The Foundation maintains deposit and investment accounts with various financial institutions and investment brokerage firms. Balances in these accounts may, at times, exceed federally or commercially insured limits. Depository accounts with financial institutions are insured by the Federal Deposit Insurance Corporation. The Foundation maintains cash deposits with financial institutions at December 31, 2023 and 2022, in excess of federally insured limits of approximately \$13.8 million and \$12.7 million, respectively. Insurance limits on investment accounts vary by financial institution and by type of investment. The Foundation's investments are also subject to the inherent risks associated with the securities market.

During the years ended December 31, 2023 and 2022, the Foundation had five major donors. Donations from these donors totaled \$8,464,330 (58% of total contributions) and \$5,861,120 (43% of total contributions), respectively.

Note 14 – Contingencies

Grant monies received and disbursed by the Organization are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon experience, the Organization does not believe that such disallowance, if any, would have a material effect on the financial position of the Organization.

Albuquerque Community Foundation and Subsidiaries

Notes to Consolidated Financial Statements

Note 15 – Retirement Plans

In 2013, the Foundation established the Albuquerque Community Foundation 401(k) Profit Sharing Plan. The plan is a self-administered safe harbor plan and allows for additional discretionary and matching employer contributions. The discretionary contributions follow a six-year vesting schedule. Participants must be 21 years of age and have one year of service. Contributions to this plan were \$53,889 and \$41,312 for the years ended December 31, 2023 and 2022, respectively.

During the year 2020, the Foundation implemented a deferred compensation plan for highly compensated employees under IRC Section 457(b) that became effective January 1, 2021. No contributions to the plan have yet been made.

Note 16 – Related Parties

Various board members or their companies donate to the Foundation in the form of contributions, in-kind goods or services, grants and sponsorships. The amounts are recorded at fair value on the date of donation and reflected as either net assets without donor restrictions or net asset with donor restrictions based on the nature of the gift.

The Foundation also does business with vendors who employ board members, family members of executives, or former employees. For the year ended December 31, 2022, this included the Foundation's main bank, at which a board member was employed and the Foundation paid the bank \$89,443 in fees that year. That employee was no longer a board member during the year ended December 31, 2023. Other vendors that employ related parties include those that are used for employee benefits, marketing, communications, legal, utilities, and furnishings, and equipment. Total vendor payments to businesses at which related parties are employed was \$770,746 and \$612,124 for the years ended December 31, 2023 and 2022, respectively.