



**SAN ANGELO AREA FOUNDATION**  
**San Angelo, Texas**

**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITOR'S REPORT**

December 31, 2021 and 2020

**SAN ANGELO AREA FOUNDATION**  
**San Angelo, Texas**

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December 31, 2021 and 2020

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April 12, 2022

**Board of Directors  
San Angelo Area Foundation  
San Angelo, Texas**

**Independent Auditor's Report**

**Opinion**

We have audited the consolidated financial statements of San Angelo Area Foundation and affiliate (collectively, the Foundation), which comprise the consolidated statements of financial position as of December 31, 2021, and 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of San Angelo Area Foundation as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

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

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

*Condly and Company, L.L.P.*

Certified Public Accountants

**SAN ANGELO AREA FOUNDATION**  
**San Angelo, Texas**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31,	
<u>ASSETS</u>	2021	2020
Cash and cash equivalents	\$ 9,630,600	\$ 7,093,211
Investments at market	195,795,783	162,440,109
Beneficial interest in charitable remainder trust	12,483,740	9,009,512
Fixed assets, net	3,835,744	3,668,175
Oil and gas interests	57,991	60,506
Other assets	30,789	30,789
<b>TOTAL ASSETS</b>	<b>\$ 221,834,647</b>	<b>\$ 182,302,302</b>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES:		
Accounts payable	\$ 2,119	\$ 1,885
Deferred income	-	169,591
Grants payable	3,861,355	-
Present value of split-interest trust and annuities	2,952,008	101,057
Deferred compensation	231,778	186,280
Funds held as agency endowments	54,745,156	45,517,106
Total Liabilities	61,792,416	45,975,919
NET ASSETS:		
Without donor restrictions	3,255,390	3,122,632
With donor restrictions	156,786,841	133,203,751
Net Assets	160,042,231	136,326,383
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 221,834,647</b>	<b>\$ 182,302,302</b>

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

**SAN ANGELO AREA FOUNDATION**  
**San Angelo, Texas**

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>			
Total amounts raised	\$ 88,258	\$ 23,503,310	\$ 23,591,568
Less: amounts received for agency endowments		(4,817,565)	(4,817,565)
Contributions	88,258	18,685,745	18,774,003
Net investment return	498,938	22,556,463	23,055,401
Less: net investment return for agency endowments		(5,968,326)	(5,968,326)
Net investment return	498,938	16,588,137	17,087,075
Total other income	226,508		226,508
Less: other income for agency endowments			-
Other income	226,508	-	226,508
Net assets released from restrictions	15,136,683	(15,136,683)	-
Total Revenues, Gains and Other Support	15,950,387	20,137,199	36,087,586
<b>GRANTS AND EXPENSES:</b>			
Total grants and distributions	15,765,789		15,765,789
Less: grants and distributions made from agency endowments	(1,377,550)		(1,377,550)
Grants and distributions	14,388,239	-	14,388,239
Total other program expenses	383,404		383,404
Less: other program expenses from agency endowments	(23)		(23)
Other program expenses	383,381	-	383,381
Total management and general	598,397		598,397
Less: management and general from agency endowments			-
Management and general	598,397	-	598,397
Fundraising expenses	459,721	-	459,721
Total Grants and Expenses	15,829,738	-	15,829,738
Change in value of split-interest agreements		3,458,000	3,458,000
RECLASSIFICATIONS - DONOR DIRECTED	12,109	(12,109)	-
CHANGE IN NET ASSETS	132,758	23,583,090	23,715,848
NET ASSETS AT BEGINNING OF YEAR	3,122,632	133,203,751	136,326,383
NET ASSETS, END OF YEAR	\$ 3,255,390	\$ 156,786,841	\$ 160,042,231

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

**SAN ANGELO AREA FOUNDATION**  
**San Angelo, Texas**

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>			
Total amounts raised	\$ 327,722	\$ 10,417,147	\$ 10,744,869
Less: amounts received for agency endowments		(1,452,643)	(1,452,643)
Contributions	327,722	8,964,504	9,292,226
Net investment return	406,609	12,466,551	12,873,160
Less: net investment return for agency endowments		(3,350,510)	(3,350,510)
Net investment return	406,609	9,116,041	9,522,650
Total other income	153,152		153,152
Less: other income for agency endowments			-
Other income	153,152	-	153,152
Net assets released from restrictions	9,274,519	(9,274,519)	-
Total Revenues, Gains and Other Support	10,162,002	8,806,026	18,968,028
<b>GRANTS AND EXPENSES:</b>			
Total grants and distributions	12,203,474		12,203,474
Less: grants and distributions made from agency endowments	(3,461,507)		(3,461,507)
Grants and distributions	8,741,967	-	8,741,967
Total other program expenses	427,165		427,165
Less: other program expenses from agency endowments	(34)		(34)
Other program expenses	427,131	-	427,131
Total management and general	565,294		565,294
Less: management and general from agency endowments			-
Management and general	565,294	-	565,294
Fundraising expenses	377,774	-	377,774
Total Grants and Expenses	10,112,166	-	10,112,166
Change in value of split-interest agreements		(1,824,789)	(1,824,789)
RECLASSIFICATIONS - DONOR DIRECTED	165,664	(165,664)	-
CHANGE IN NET ASSETS	215,500	6,815,573	7,031,073
NET ASSETS AT BEGINNING OF YEAR	2,907,132	126,388,178	129,295,310
NET ASSETS, END OF YEAR	\$ 3,122,632	\$ 133,203,751	\$ 136,326,383

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

**SAN ANGELO AREA FOUNDATION**  
**San Angelo, Texas**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 23,715,848	\$ 7,031,073
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized/unrealized gains on investments	(15,835,835)	(10,649,015)
Change in value of split-interest agreements	(3,458,000)	1,824,789
Unrealized loss on oil and gas interests	2,515	3,794
Reinvested income	(2,779,320)	(2,210,785)
Non-cash contributions	(8,585,273)	(1,210,500)
Depreciation and amortization	137,073	134,269
Loss on disposal of fixed assets	-	1,439
Increase/(Decrease) in:		
Accounts payable	234	194
Deferred income	(169,591)	169,591
Grants payable	3,861,355	-
Present value of split-interest trust and annuities	2,848,798	26,316
Deferred compensation	45,498	33,533
Funds held as agency endowments	9,228,050	1,188,554
	<u>9,011,352</u>	<u>(3,656,748)</u>
Net Cash Provided by (Used in) Operating Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(304,642)	(578,544)
Purchase of investments	(34,595,932)	(128,607,055)
Proceeds from sales and maturities of investments	28,440,686	137,734,869
	<u>(6,459,888)</u>	<u>8,549,270</u>
Net Cash Provided by (Used in) Investing Activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments to beneficiaries under split-interest agreements	(14,075)	(9,975)
	<u>(14,075)</u>	<u>(9,975)</u>
Net Cash Used in Financing Activities		
Net Increase in Cash and Cash Equivalents	2,537,389	4,882,547
Cash and Cash Equivalents at Beginning of Year	7,093,211	2,210,664
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 9,630,600</u>	<u>\$ 7,093,211</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Non-cash contributions of charitable remainder trust	\$ 4,661,630	\$ -

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



**SAN ANGELO AREA FOUNDATION**  
**San Angelo, Texas**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021 and 2020

**NOTE 1: STATEMENT OF ORGANIZATION AND PURPOSE**

The San Angelo Area Foundation was incorporated on January 11, 2002, under the laws of the State of Texas as a non-profit corporation. The purpose of the Foundation is to build a legacy of philanthropy by attracting and prudently managing endowed gifts to match donor interests with community needs of the area.

SAAF Holdings, L.L.C. was established on June 7, 2011, under the laws of the State of Texas as a limited liability company with the San Angelo Area Foundation being its sole member. The purpose of SAAF Holdings, L.L.C. is to hold and manage real estate for the benefit of the Foundation.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principles of Consolidation

The consolidated financial statements (collectively, the financial statements) include the accounts of San Angelo Area Foundation and SAAF Holdings, L.L.C. (collectively, the Foundation). All significant inter-company transactions and balances have been eliminated in consolidation.

The accounting and reporting policies of the Foundation conform with accounting principles generally accepted in the United States of America. Policies and practices which materially affect the determination of financial position are summarized as follows:

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its consolidated financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

### Cash and Cash Equivalents

Cash and cash equivalents include highly liquid instruments with maturities of three months or less. The Foundation maintains large balances of funds which are held for the benefit of others. These funds are generally held for a relatively short period of time; therefore, it is the policy of the Foundation to avoid market risk and maintain liquidity by holding cash and cash equivalents for a portion of the funds.

### Investments

Investment purchases are recorded at cost, or if donated, at the fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Cash held in certain brokerage accounts is considered a short-term investment. Net investment return/(loss) is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Market value for investments is based on market indices for those items with a readily ascertainable market value. Hedge funds and private equity funds are valued primarily by the respective fund managers based on the underlying investments.

### Oil and Gas Interests

Oil and gas interests have been valued by management at three times the estimated annual royalty revenues. Any changes in value are considered to be an unrealized gain or loss.

### Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities. The Foundation determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

### Fixed Assets

Fixed assets are stated at cost, or if acquired by gift, at fair market value at the date of the gift. Depreciation and amortization of fixed assets is provided for in amounts sufficient to relate their cost to operations over their estimated useful lives (3-15 years) on a straight-line basis. Depreciation and amortization expense was \$137,073 and \$134,269 for the years ended December 31, 2021 and 2020, respectively.

### Beneficial Interest in Charitable Remainder Trust

Beneficial interest in charitable remainder trust represents the amount held for the benefit of the Foundation under an irrevocable trust agreement between a donor and a third party trustee, and is carried at fair value on the consolidated statements of financial position (see Note 9). The Foundation estimates the fair value of the interest annually and recognizes changes in the fair value as a "Change in value of split-interest agreements" on the consolidated statements of activities.

### Present Value of Split-Interest Trust and Annuities

Present value of split-interest trust and annuities on the consolidated statements of financial position represents liabilities under a charitable remainder unitrust, in which the Foundation is the trustee, and charitable gift annuities. At the end of each year, the liabilities are adjusted

to reflect the present value of the amounts owed to the beneficiaries. The Foundation utilized the 2000 CM mortality table in valuing its liabilities under the charitable remainder trust and the charitable gift annuities for December 31, 2021 and 2020. The Foundation recognizes changes in the valuation of the liabilities as a "Change in value of split-interest agreements" on the consolidated statements of activities. See Note 9 for additional information regarding the Foundation's split-interest agreements.

#### Grants Payable

Grants payable are recognized when the Board of Directors approves specific grants. When grant commitments are to be paid over several years, the Foundation records such liabilities at their estimated present values.

#### Federal Income Taxes

The San Angelo Area Foundation has been granted an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code in an exemption letter dated July 24, 2002. The Internal Revenue Service has further determined that the Foundation is a publicly supported organization under Section 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code.

SAAF Holdings, L.L.C. is a disregarded entity for income tax purposes.

In accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes*, management has evaluated the Foundation's tax positions and concluded that the Foundation had taken no uncertain tax positions that required adjustment to the financial statements to comply with the provisions of this guidance. The Foundation will be subject to income tax examinations by the U.S. federal, state or local tax authorities for three years following the most recent tax filing.

#### Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

#### Administrative Fees

Administrative fees are assessed against the various funds according to a fee schedule set by the Board of Directors. Administrative fees charged to agency funds are recorded as other income as an increase to net assets without donor restrictions. Administrative fees charged to funds with donor restrictions are a component of net assets released from restrictions.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Concentrations of Credit Risk – Cash and Investments

The Foundation maintains cash balances at a financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Foundation also maintains accounts at brokerage firms. The accounts contain cash and securities. Cash

and security balances are insured up to \$250,000 and \$500,000, respectively, by the Securities Investor Protection Corporation with a maximum amount of insurance being \$500,000 for each brokerage firm. At various times during the year, the Foundation may have balances at the financial institution and stock brokerage firms in excess of these limits.

### Endowment Investment and Spending Policies

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 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. The current long-term return objective is to return amounts sufficient to support the spending policy, net of investment fees. Actual returns in any given year may vary from this objective.

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 parameters.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds, including those endowments deemed to be underwater, for grant making and administration. The current target spending amount (subject to request for variances) for the Foundation, which includes administrative fees, shall be 5% of the previous twelve month rolling average of the portfolio's market value. In the event a fund has less than twelve quarters of history to average, the average will use the value of the fund at inception and subsequent history, until twelve quarters of historical averages have been accumulated. Accordingly, over the long term, the Foundation expects to provide a total return that provides sufficient assets to fund the Foundation's spending policy. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment return.

### Subsequent Events

The Foundation has evaluated subsequent events through April 12, 2022, the date the financial statements were available to be issued.

### Recent Accounting Pronouncements

*Not adopted*

#### ASU 2016-02

The FASB finalized the standard on leases in ASU 2016-02 *Leases* in February 2016. This update was to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The core principle is that the lessee should recognize the assets and liabilities that arise from leases. All leases create an asset and a liability for the lessee and therefore recognition of those lease assets and lease liabilities represent an improvement over previous GAAP. Under the guidance a lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. Additional guidelines for finance leases, operating leases and lessors is included in the guidance. The amendments under ASU 2020-05 defer the effective date for one year for entities within the "all other" category, which includes the Foundation. Therefore, under the amendment the standard is

effective for entities within the “all other” category for fiscal years beginning after December 15, 2021. No significant impact is expected for the financial statements of the Foundation.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) and the American Institute of Certified Public Accountants did not or are not believed by management to have a material impact on the Foundation’s present or future financial statements.

Reclassifications

The accompanying financial statements for the year ended December 31, 2020, reflect reclassifications of certain balances or amounts from one category to another to conform to classifications implemented by management in the fiscal year ended December 31, 2021. The reclassifications do not affect change in net assets or net assets.

**NOTE 3: LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the December 31, 2021 consolidated statement of financial position date, comprise the following:

Financial assets:	
Cash and cash equivalents	\$ 9,630,600
Investments at market	<u>195,795,783</u>
Total Financial assets	205,426,383
Less:	
Endowed funds	(97,672,257)
Funds held as agency endowments	(54,745,156)
Quasi-endowed funds	<u>(46,258,316)</u>
	(198,675,729)
Add: Available to spend for endowed funds (5%)	9,933,786
Add: Non-financial assets included in endowed and quasi-endowed funds	<u>3,505,593</u>
	13,439,379
Financial assets available within one year to meet cash needs for general expenditures	<u>\$ 20,190,033</u>

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the December 31, 2020 consolidated statement of financial position date, comprise the following:

Financial assets:	
Cash and cash equivalents	\$ 7,093,211
Investments at market	<u>162,440,109</u>
Total Financial assets	169,533,320
Less:	
Endowed funds	(86,618,727)
Funds held as agency endowments	(45,517,106)
Quasi-endowed funds	<u>(37,688,754)</u>
	(169,824,587)
Add: Available to spend for endowed funds (5%)	8,491,229
Add: Non-financial assets included in endowed and quasi-endowed funds	<u>3,631,889</u>
	12,123,118
Financial assets available within one year to meet cash needs for general expenditures	<u>\$ 11,831,851</u>

Donor restricted endowment funds are not available for general expenditures. Endowed funds are funds that the donor intends the original gift amount to be maintained in perpetuity. Quasi-endowed funds are treated as endowed, however, the donor has made a recommendation that should the fair value of the fund fall below the original gift amount, distributions may still be made according to the fund agreement. The Foundation's spending policy is 5% of the previous twelve quarter average of the fund's value.

All of the financial assets included are marketable investments that can easily be converted to cash. Liquid assets are not included in the financial assets noted above.

#### NOTE 4: INVESTMENTS

The securities held by the Foundation in its name consist of the following investment groups as of December 31 :

	2021		2020	
	Cost	Market Value	Cost	Market Value
Cash held for investments	\$ 74,731	\$ 74,731	\$ 270,162	\$ 270,162
Equities	15,814,661	19,041,414	14,246,518	14,537,080
Mutual funds & ETFs	148,513,505	166,890,810	132,452,908	140,930,233
Corporate obligations	1,841,666	1,823,568	150,100	150,735
Government and agency securities	5,145,008	5,111,500	4,169,748	4,175,148
Municipal obligations	20,000	20,038	-	-
Alternative investments	255,886	180,722	263,048	221,751
Certificates of deposit	<u>2,653,000</u>	<u>2,653,000</u>	<u>2,155,000</u>	<u>2,155,000</u>
Total	<u>\$ 174,318,457</u>	<u>\$ 195,795,783</u>	<u>\$ 153,707,484</u>	<u>\$ 162,440,109</u>

**NOTE 5: PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of December 31,:

	<u>2021</u>	<u>2020</u>
Cost:		
Land	\$ 222,954	\$ 222,954
Land improvements	582,538	582,538
Computer software	73,159	73,159
Building	2,855,217	2,855,217
Leasehold improvements	531,768	531,768
Furniture and equipment	180,817	180,817
Construction in progress – Fort Concho	<u>304,642</u>	<u>-</u>
Total cost	4,751,095	4,446,453
Less accumulated depreciation and amortization	<u>(915,351)</u>	<u>(778,278)</u>
Net book value	<u>\$ 3,835,744</u>	<u>\$ 3,668,175</u>

**NOTE 6: GRANTS PAYABLE**

The Foundation signed a memorandum of understanding with the City of San Angelo, Texas to bid and construct barracks and mess halls 3 and 4 at Fort Concho, which is a former United States Army installation and National Historic Landmark District located in San Angelo, Texas. The Foundation is responsible for all costs and activities associated with the design, bidding, insurance, and construction of the project. Upon completion of the project and acceptance by the City of San Angelo, the Foundation shall formally in writing transfer all ownership and responsibility for the project to the City.

The Foundation recognized this commitment during the year ended December 31, 2021 and is included in "Total grants and distributions" on the consolidated statement of activities. The commitment for the project approximates the amounts under contract for the construction of the project, which is \$3,861,355. Barracks and mess halls 3 and 4 are under contract for \$2,055,755 and \$1,805,600, respectively. The unconditional commitment made to the City of San Angelo, Texas resulted in the recognition of the grants payable, and not the underlying construction contracts.

As of December 31, 2021, \$304,642 had been expended on the project and is included in construction in progress (see Note 5). The grants payable will not be reduced until the commitment has been fulfilled and the project has been transferred to the City. Completion of the project and transfer to the City is expected during the year ended December 31, 2022.

As of December 31, 2021, the Foundation had \$3,556,713 in outstanding construction commitments.

**NOTE 7: COMMITMENTS AND CONTINGENCIES**Grants

As of December 31, 2021, conditional grants payable were due in future years as follows:

<u>Year ending December 31,</u>	
2022	\$ 1,380,541
2023	899,811
2024	506,620
2025	<u>180,150</u>
	<u>\$ 2,967,122</u>

Conditional grants are composed of \$2,722,455 for various scholarships, and \$244,667 for other miscellaneous purposes.

COVID-19

The COVID-19 outbreak in the United States has created economic uncertainties which has contributed to increased volatility in financial markets. The extent of the impact on future operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the impact on the Foundation's underlying investments, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Foundation's future financial condition or results of operations is uncertain.

**NOTE 8: LEASES**

The San Angelo Area Foundation currently leases office space from SAAF Holdings, L.L.C under no obligation. Rental expense was \$64,800 for the years ended December 31, 2021 and 2020, and has been eliminated for report purposes.

The Foundation leases office space to multiple third parties. These lease arrangements are considered operating leases to the Foundation. Lease income, excluding the related party rental income, was \$197,696 and \$147,034 for the years ended December 31, 2021 and 2020, respectively. Rental income is included in the line item "Net investment return" in the consolidated statements of activities. Anticipated rental income from uncancellable leases due in future years are as follows:

<u>Year ending December 31,</u>	
2022	\$ 180,098
2023	117,242
2024	108,541
2025	<u>463,601</u>
	<u>\$ 869,482</u>

The Foundation has an arrangement with a tenant by which the Foundation has paid for certain leasehold improvements and the tenant is paying these back over a period of one hundred and eighty (180) months, beginning August 1, 2020. These payments are in the amount of \$4,545 per month, which includes interest at a rate of 6.5% per annum. The tenant's lease is cancelable after sixty (60) months, at which point the tenant would be required to pay the outstanding principal balance of the amounts due for leasehold improvements. The original principal balance of these improvements was \$521,767. As of December 31, 2021 and 2020, the outstanding principal balance was \$491,245 and \$513,079, respectively. The total leasehold improvement payment, including interest and principal, is included in rental income. In the rental income schedule above the principal and



interest payments are included through the cancelable date, July 30, 2025, and the outstanding principal balance at that point in time, \$400,285, is included in the amounts due in 2025.

Leased property and equipment (included in Note 5) consisted of the following as of December 31,:

	<u>2021</u>	<u>2020</u>
Cost:		
Building	\$ 1,184,875	\$ 1,184,875
Leasehold improvements	<u>531,768</u>	<u>531,768</u>
Total cost	1,716,643	1,716,643
Less accumulated depreciation and amortization	<u>(231,124)</u>	<u>(188,207)</u>
Net book value	<u>\$ 1,485,519</u>	<u>\$ 1,528,436</u>

## **NOTE 9: SPLIT-INTEREST AGREEMENTS**

### Charitable Gift Annuities

At December 31, 2021 and 2020, the Foundation had liabilities under charitable gift annuities amounting to \$128,125 and \$101,057, respectively. These liabilities are included in the consolidated statement of financial position in the line item "Present value of split-interest trust and annuities." Under the agreements, the Foundation is required to make annual payments to beneficiaries of \$15,389. The change in value of the liability for the charitable gift annuities was (\$9,331) and (\$7,201) for the years ended December 31, 2021 and 2020, respectively.

### Charitable Remainder Unitrusts

The Foundation is the remainder beneficiary of an irrevocable charitable remainder trust. The assets of the trust are held by a third-party trustee. The trust provides for the payment of distributions to a third-party beneficiary over the trust's term, which is the designated beneficiary's lifetime. At the end of the trust's term, the remaining assets are to be distributed to the Foundation. The Foundation estimates the present value of the future benefits expected to be received at the end of the trust's term based on the designated beneficiary's life expectancy utilizing the 2000 CM mortality table, and a discount rate of 1.6% and 0.6% at December 31, 2021 and 2020, respectively. The fair value of the beneficial interest was \$12,483,740 and \$9,009,512 at December 31, 2021 and 2020, respectively. The fair value of entire trust was \$28,862,137 and \$21,581,221 as of December 31, 2021 and 2020, respectively. The change in value of the beneficial interest was \$3,474,228 and (\$1,817,588) for the years ended December 31, 2021 and 2020, respectively.

The Foundation is the sole remainder beneficiary of an irrevocable charitable remainder trust that was created during the year ended December 31, 2021. The Foundation serves as the trustee for the remainder trust, and as such records the assets held in the trust at their fair value. The trust provides for the payment of distributions to a third-party beneficiary over the trust's term, which is the designated beneficiary's lifetime. At the end of the trust's term, the remaining assets will be allocated to a fund within the Foundation that the donors of the charitable remainder trust established with the Foundation. The Foundation records a liability for the estimated present value of the amounts due to the third-party beneficiary. This liability is included in the consolidated statement of financial position in the line item "Present value of split-interest trust and annuities." The Foundation estimates the present value of the future payments based on the designated beneficiary's life expectancy utilizing the 2000 CM mortality table, a payout percentage of 6%, a rate of return of 1.6%, and a

factor of .6058 at December 31, 2021. The liability representing the present value of the future payments was \$2,823,883 as of December 31, 2021. The change in value of the liability was (\$6,897) for the year ended December 31, 2021. The fair value of the assets in the trust as of December 31, 2021 was \$4,958,815. These assets are in the Foundation's general pool of investments.

**NOTE 10: FUNDS HELD AS AGENCY ENDOWMENTS**

The Foundation adopted ASC 958, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. This statement 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. ASC 958 specifically requires that if a not-for-profit organization (NPO) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as agency endowments.

The Foundation maintains variance power and legal ownership of agency endowment funds and as such continues to report the funds as assets of the Foundation. However, in accordance with ASC 958, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the NPOs.

As of December 31, 2021 and 2020, the Foundation held seventy-four (74) and seventy-eight (78) agency endowment funds, with a combined fair value of \$54,745,156 and \$45,517,106, respectively. All financial activity for the years then ended related to these funds are segregated on the consolidated statements of activities and have been reclassified to the agency endowment liability.

The following is a progression of the liability for funds held as agency endowments as of December 31:

	2021	2020
Beginning balance	\$ 45,517,106	\$ 44,328,552
Contributions	4,817,565	1,452,643
Net investment return	5,968,326	3,350,510
Grants	(1,377,550)	(3,461,507)
Administrative fees	(180,268)	(153,058)
Other expenses	(23)	(34)
Ending balance	\$ 54,745,156	\$ 45,517,106

**NOTE 11: NET ASSETS**

Total net assets consist of the following as of December 31, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment funds	\$ 1,602,371	\$ 96,069,886	\$ 97,672,257
Non-endowment funds:			
Undesignated	1,653,019	-	1,653,019
Field of interest	-	7,341,239	7,341,239
Scholarship	-	8,084,883	8,084,883
Donor advised	-	20,992,758	20,992,758
Designated	-	9,679,402	9,679,402
Total non-endowment funds	<u>1,653,019</u>	<u>46,098,282</u>	<u>47,751,301</u>
Split-interest agreements and perpetual trusts	<u>-</u>	<u>14,618,673</u>	<u>14,618,673</u>
Total Net Assets	<u>\$ 3,255,390</u>	<u>\$ 156,786,841</u>	<u>\$ 160,042,231</u>

Total net assets consist of the following as of December 31, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment funds	\$ 1,433,492	\$ 85,185,235	\$ 86,618,727
Non-endowment funds:			
Undesignated	1,689,140	-	1,689,140
Field of interest	-	7,928,128	7,928,128
Scholarship	-	6,112,451	6,112,451
Donor advised	-	17,195,480	17,195,480
Designated	-	7,772,945	7,772,945
Total non-endowment funds	<u>1,689,140</u>	<u>39,009,004</u>	<u>40,698,144</u>
Split-interest agreements and perpetual trusts	<u>-</u>	<u>9,009,512</u>	<u>9,009,512</u>
Total Net Assets	<u>\$ 3,122,632</u>	<u>\$ 133,203,751</u>	<u>\$ 136,326,383</u>

**NOTE 12: ENDOWMENTS**

The Foundation's Board of Directors has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As of December 31, 2021 and 2020, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity: (a) the original value of initial and subsequent gift amounts donated to the Endowment, and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation is governed subject to the governing documents of the Foundation and the majority of contributions are received subject to the terms of the governing document. These governing documents give the Foundation variance power over these contributions. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Foundation. Endowments recorded as a component of net assets without donor restrictions contain no purpose restrictions, and although subject to donor imposed time restrictions, these funds are subject to the Foundation's governing documents, and are thereby considered a component of net assets without donor restrictions. Contributions subject to the Foundation's governing documents are only recorded as a component of net assets with donor restrictions if the contribution contains a purpose restriction.

Under the terms of the governing documents, the Board of Directors 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, 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 Foundation 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 appreciation of the investments,
6. Other resources of the Foundation, and
7. The investment policies of the Foundation.

Changes in endowment net assets consist of the following as of December 31,:

	<u>2021</u>	<u>2020</u>
Endowment net assets, beginning of year	\$ 86,618,727	\$ 79,913,969
Net investment return	11,544,139	6,567,999
Contributions	2,343,483	2,750,458
Reclassifications – donor directed	100,083	(102,048)
Amounts appropriated for expenditure	(2,351,788)	(2,019,827)
Administrative fees	<u>(582,387)</u>	<u>(491,824)</u>
Endowment net assets, end of year	<u>\$ 97,672,257</u>	<u>\$ 86,618,727</u>

“RECLASSIFICATION – DONOR DIRECTED” included on the consolidated statements of activities for the years ended December 31, 2021 and 2020, represents amounts that have been reclassified by management due to a change requested by the grantor or other circumstances that have changed the purpose or restriction related to the original contributions.

The Foundation considers an endowed fund to be underwater if the fair value of the fund is less than the original value of the initial and subsequent gift amounts donated to the fund. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Each endowment fund requires that the funds be managed in accordance with the Foundation’s governing instruments. The Foundation has a policy that permits spending from underwater endowment funds when market conditions may cause the market value of the fund to become less than the principal. It is the policy of the Board to suspend distributions when the market value of the endowed fund, at the preceding year end, is less than eighty percent (80%) of the principal, unless specifically restricted or allowed in the gift agreement. Distributions may resume when the market value of the fund equals at least ninety percent (90%) of the principal, as of the close of the previous quarter. This policy will allow distributions to occur during cyclical movement in fund value during adverse market conditions. From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowments and continued appropriation for certain programs that was deemed prudent by the Board. Management believes the unrealized losses are temporary and are caused by general market fluctuations. Management has the intent and ability to hold the investments until recovery of market value.

Underwater endowment funds as of December 31,:

	<u>2021</u>	<u>2020</u>
Original gift amount	\$ 1,155,863	\$ 10,667,076
Fair value at year end	<u>1,087,302</u>	<u>10,320,028</u>
Deficiency at year end	<u>\$ 68,561</u>	<u>\$ 347,048</u>

**NOTE 13: FAIR VALUE MEASUREMENTS**

The Foundation has adopted ASC 820, *Fair Value Measurements*, which provides a framework for measuring fair value under generally accepted accounting principles. ASC 820 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various methods including market, income, and cost approaches. Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation utilized valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

*Level 1* – Quoted prices for identical assets and liabilities traded in active exchange markets.

*Level 2* – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.

*Level 3* – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

For fiscal years ended December 31, 2021 and 2020, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value.

*Cash value of life insurance:* valued at the carrying amount (cash surrender value) reported in the statements of financial position which approximates fair value.

*Equity securities and fixed income:* valued at the closing price reported on the active market on which the individual securities are traded. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs to the limited market activity of the instrument.

*Mutual funds and ETFs:* valued at the net asset value of shares held at year end at the closing price reported on the active market.

*Alternative investments:* valued based on models externally developed by management of the respective instrument using unobservable inputs to the limited market activity of the partnership. Where external valuations were not available, cost is utilized which approximates fair value.

*Beneficial interest in charitable remainder trust:* valued based on the present value of the future distributions expected to be received over the trust term based on the designated beneficiary's life expectancy and a discount rate.

*Cash held for investments and certificates of deposit:* cash is valued at its denomination amount and certificates of deposit are valued at their current principal balance which approximates fair value.

*Oil and gas interests:* valued at the monthly cash flow received from the properties since ownership was conveyed multiplied by thirty-six months to estimate future cash flows expected.

*Present value of annuities:* recorded at the present value of estimated amounts due to beneficiaries of the charitable gift agreements and the charitable remainder unitrust based on Internal Revenue Service annuity and mortality tables.

The fair value of each asset and liability in the tables below was measured using FASB ASC 820 input guidance and valuation techniques. The following tables set forth carrying amounts and estimated fair values of assets and liabilities measured and recorded at fair value on a recurring and non-recurring basis as of December 31, 2021 and 2020:

Description	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<b>Recurring Fair Value Measurements:</b>				
Cash held for investments	\$ 74,731	\$ 74,731	\$ -	\$ -
Equity securities:				
Basic materials	551,390	551,390	-	-
Consumer goods & services	3,622,163	3,622,163	-	-
Energy	575,155	575,155	-	-
Financial	2,329,070	2,309,321	19,749	-
Healthcare	2,794,009	2,794,009	-	-
Industrials	2,397,139	2,397,139	-	-
Technology	5,660,307	5,660,307	-	-
Utilities	542,335	542,335	-	-
Other	569,846	569,846	-	-
Fixed Income:				
Corporate obligations	1,823,568	-	1,823,568	-
Government & agency securities	5,111,500	-	5,111,500	-
Municipal obligations	20,038	-	20,038	-
Mutual funds & ETFs:				
Large value	11,813,868	11,813,868	-	-
Large blend	41,901,315	41,901,315	-	-
Large growth	23,960,880	23,960,880	-	-
Emerging markets	1,561,511	1,561,511	-	-
Fixed income	17,337,477	17,337,477	-	-
Intermediate government	7,254,413	7,254,413	-	-
International	62,709,771	62,709,771	-	-
Other	351,575	351,575	-	-
Alternative investments	180,722	-	-	180,722
Certificates of deposit	2,653,000	2,653,000	-	-
Beneficial interest in charitable remainder trust	12,483,740	7,260,200	2,798,706	2,424,834
Cash value of life insurance	30,789	-	-	30,789
Oil and gas interests	57,991	-	-	57,991
<b>Total</b>	<b>\$ 208,368,303</b>	<b>\$ 195,900,406</b>	<b>\$ 9,773,561</b>	<b>\$ 2,694,336</b>
Present value of annuities	\$ 2,952,008	\$ -	\$ -	\$ 2,952,008

Description	December 31, 2020			
	Total	Level 1	Level 2	Level 3
<b>Recurring Fair Value Measurements:</b>				
Cash held for investments	\$ 270,162	\$ 270,162	\$ -	\$ -
Equity securities:				
Basic materials	321,613	321,613	-	-
Consumer goods & services	3,245,710	3,245,710	-	-
Energy	318,812	318,812	-	-
Financial	960,921	941,172	19,749	-
Healthcare	2,403,309	2,403,309	-	-
Industrials	1,832,307	1,832,307	-	-
Technology	4,498,808	4,498,808	-	-
Utilities	371,716	371,716	-	-
Other	583,884	583,884	-	-
Fixed Income:				
Corporate obligations	150,735	-	150,735	-
Government & agency securities	4,175,148	-	4,175,148	-
Mutual funds & ETFs:				
Large value	9,874,440	9,874,440	-	-
Large blend	33,757,006	33,757,006	-	-
Large growth	20,125,901	20,125,901	-	-
Emerging markets	1,240,464	1,240,464	-	-
Fixed income	15,298,722	15,298,722	-	-
Intermediate government	6,178,477	6,178,477	-	-
International	54,451,283	54,451,283	-	-
Other	3,940	3,940	-	-
Alternative investments	221,751	-	-	221,751
Certificates of deposit	2,155,000	2,155,000	-	-
Beneficial interest in charitable remainder trust	9,009,512	5,986,509	2,304,577	718,426
Cash value of life insurance	30,789	-	-	30,789
Oil and gas interests	60,506	-	-	60,506
<b>Total</b>	<b>\$ 171,540,916</b>	<b>\$ 163,859,235</b>	<b>\$ 6,650,209</b>	<b>\$ 1,031,472</b>
Present value of annuities	\$ 101,057	\$ -	\$ -	\$ 101,057



**NOTE 14: RETIREMENT PLAN**

On January 1, 2007, the Foundation converted their 403(b) plan to a Safe Harbor 401(k) profit sharing plan. All employees previously covered by the 403(b) plan were automatically eligible for the 401(k) plan. The plan is available to all employees over the age of twenty-one who have completed twelve consecutive months of service with a minimum of 1,000 service hours. The Foundation may elect to make matching contributions up to 6% of an employees' salary. The Foundation's cost related to the retirement plan for the years ended December 31, 2021 and 2020, was \$34,253 and \$30,652, respectively.

**NOTE 15: DEFERRED COMPENSATION PLAN**

The Foundation entered into a deferred bonus compensation plan during 2014 in which the Foundation agreed to pay the executive director a deferred bonus upon retirement age in 2024. An annual base amount is awarded which is adjusted based on the return of the Foundation for that specific year. The Foundation has accrued a liability based on the service rendered since inception and will continue to accrue a liability over the expected service period. As of December 31, 2021 and 2020, the accrual totaled \$231,778 and \$186,280, respectively.

**NOTE 16: EXPENSES BY NATURE AND FUNCTION**

The table below presents expenses by both their nature and their function for the year ended December 31, 2021.

	Program Services	Management and General	Fundraising	Total
Grants and distributions	\$ 15,765,789	\$ -	\$ -	\$ 15,765,789
Personnel	227,650	355,724	284,343	867,717
Professional fees	2,295	41,649	-	43,944
Information technology and office expenses	41,329	68,531	42,052	151,912
Promotion	-	-	52,035	52,035
Bank charges	-	4,926	3,019	7,945
Depreciation	62,916	45,960	28,197	137,073
Insurance	7,520	12,470	7,652	27,642
Utilities	6,480	10,744	6,593	23,817
Repairs and maintenance	11,076	18,366	11,269	40,711
Other	24,138	40,027	24,561	88,726
	<u>\$ 16,149,193</u>	<u>\$ 598,397</u>	<u>\$ 459,721</u>	<u>\$ 17,207,311</u>

The table below presents expenses by both their nature and their function for the year ended December 31, 2020.

	Program Services	Management and General	Fundraising	Total
Grants and distributions	\$ 12,203,474	\$ -	\$ -	\$ 12,203,474
Personnel	212,148	337,435	207,055	756,638
Professional fees	-	36,366	-	36,366
Information technology and office expenses	42,572	70,592	43,316	156,480
Promotion	-	-	53,226	53,226
Bank charges	69,072	3,076	1,885	74,033
Depreciation	60,055	45,997	28,217	134,269
Insurance	6,537	10,840	6,651	24,028
Utilities	5,894	9,774	5,998	21,666
Repairs and maintenance	13,459	22,317	13,694	49,470
Other	17,428	28,897	17,732	64,057
	<u>\$ 12,630,639</u>	<u>\$ 565,294</u>	<u>\$ 377,774</u>	<u>\$ 13,573,707</u>

Expenses which apply to more than one functional category have been allocated among program services, management and general, and fundraising based on the time spent on these functions by specific employees as estimated by management. Indirect expenses such as facilities costs are allocated based on square footage used by functional departments. Other indirect expenses, such as information technology and general office supplies are allocated based on the overall number of staff in the various functional categories. All other costs are charged directly to the appropriate functional category.

**NOTE 17: RELATED PARTY TRANSACTIONS**

One of the Foundation's leasehold tenants is a company that is owned by an individual that is on the Foundation's Board of Directors. Rental income from this company was \$34,800 and \$34,800 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 18: PAYCHECK PROTECTION PROGRAM (PPP) LOAN**

The Foundation was granted a \$103,700 loan under the Paycheck Protection Program ("PPP") administered by a Small Business Administration ("SBA") approved partner on April 10, 2020. The loan was uncollateralized and fully guaranteed by the Federal government. The Foundation initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. In November of 2020, the Foundation received notification from the SBA approved partner that the SBA had accepted the Foundation's application for loan forgiveness. The Foundation has recognized the \$103,700 as a grant and it is included as an increase to net assets without donor restrictions in the line item "Total amounts raised" on the consolidated statement of activities for the year ended December 31, 2020.

**SUPPLEMENTARY INFORMATION**

April 12, 2022

**Board of Directors  
San Angelo Area Foundation  
San Angelo, Texas**

**Independent Auditor's Report on Supplementary Information**

We have audited the consolidated financial statements (collectively, the financial statements) of San Angelo Area Foundation and affiliate (collectively, the Foundation) as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon, which contains an unmodified opinion on those financial statements. See pages 1-2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Condley and Company, L.L.P.*

Certified Public Accountants

**SAN ANGELO AREA FOUNDATION**  
**San Angelo, Texas**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2021

	<u>San Angelo Area Foundation</u>	<u>SAAF Holdings, L.L.C.</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 9,396,163	\$ 234,437
Investments at market	195,795,783	
Investment in SAAF Holdings, L.L.C.	3,153,788	
Beneficial interest in charitable remainder trust	12,483,740	
Fixed assets, net	330,151	3,505,593
Oil and gas interests	57,991	
Other assets	30,789	
Due from SAAF Holdings, L.L.C.	586,242	
	<hr/>	<hr/>
TOTAL ASSETS	\$ <u>221,834,647</u>	\$ <u>3,740,030</u>
 <u>LIABILITIES, NET ASSETS AND MEMBER'S EQUITY</u>		
LIABILITIES:		
Accounts payable	\$ 2,119	\$
Grants payable	3,861,355	
Present value of annuities	2,952,008	
Deferred compensation	231,778	
Due to San Angelo Area Foundation		586,242
Funds held as agency endowments	54,745,156	
	<hr/>	<hr/>
Total Liabilities	61,792,416	586,242
NET ASSETS AND MEMBER'S EQUITY:		
Without donor restrictions	3,255,390	
With donor restrictions	156,786,841	
Member's equity		3,153,788
	<hr/>	<hr/>
Net Assets	160,042,231	3,153,788
	<hr/>	<hr/>
TOTAL LIABILITIES, NET ASSETS AND MEMBER'S EQUITY	\$ <u>221,834,647</u>	\$ <u>3,740,030</u>

<u>Eliminations</u>	<u>Consolidated San Angelo Area Foundation</u>
\$	\$
	9,630,600
	195,795,783
(3,153,788)	-
	12,483,740
	3,835,744
	57,991
	30,789
<u>(586,242)</u>	<u>-</u>
\$ <u><u>(3,740,030)</u></u>	\$ <u><u>221,834,647</u></u>

\$	\$
	2,119
	3,861,355
	2,952,008
	231,778
(586,242)	-
<u>-</u>	<u>54,745,156</u>
<u>(586,242)</u>	<u>61,792,416</u>

	3,255,390
	156,786,841
<u>(3,153,788)</u>	<u>-</u>
<u>(3,153,788)</u>	<u>160,042,231</u>
\$ <u><u>(3,740,030)</u></u>	\$ <u><u>221,834,647</u></u>

**SAN ANGELO AREA FOUNDATION**  
**San Angelo, Texas**

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2021

	<u>San Angelo Area Foundation Without Donor Restrictions</u>	<u>SAAF Holdings, L.L.C. Without Donor Restrictions</u>	<u>Eliminations</u>
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>			
Total amounts raised	\$ 88,258	\$	\$
Less: amounts received for agency endowments			
Contributions	<u>88,258</u>	<u>-</u>	<u>-</u>
Net investment return	321,324	232,496	(54,882)
Less: net investment return for agency endowments			
Net investment return	<u>321,324</u>	<u>232,496</u>	<u>(54,882)</u>
Total other income	212,033	44,475	(30,000)
Less: other income for agency endowments			
Other income	<u>212,033</u>	<u>44,475</u>	<u>(30,000)</u>
Net assets released from restrictions	<u>15,136,683</u>		
Total Revenues, Gains and Other Support	<u>15,758,298</u>	<u>276,971</u>	<u>(84,882)</u>
<b>GRANTS AND EXPENSES:</b>			
Total grants and distributions	15,765,789		
Less: grants and distributions made from agency endowments	<u>(1,377,550)</u>		
Grants and distributions	<u>14,388,239</u>	<u>-</u>	<u>-</u>
Total other program expenses	302,588	98,445	(17,629)
Less: other program expenses from agency endowments	<u>(23)</u>		
Other program expenses	<u>302,565</u>	<u>98,445</u>	<u>(17,629)</u>
Total management and general	529,438	98,192	(29,233)
Less: management and general from agency endowments			
Management and general	<u>529,438</u>	<u>98,192</u>	<u>(29,233)</u>
Fundraising expenses	<u>417,407</u>	<u>60,252</u>	<u>(17,938)</u>
Total Grants and Expenses	<u>15,637,649</u>	<u>256,889</u>	<u>(64,800)</u>
Change in value of split-interest agreements			
RECLASSIFICATIONS - DONOR DIRECTED	<u>12,109</u>		
CHANGE IN NET ASSETS	132,758	20,082	(20,082)
NET ASSETS AT BEGINNING OF YEAR	<u>3,122,632</u>	<u>3,133,706</u>	<u>(3,133,706)</u>
NET ASSETS, END OF YEAR	<u>\$ 3,255,390</u>	<u>\$ 3,153,788</u>	<u>\$ (3,153,788)</u>

Consolidated San Angelo Area Foundation		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 88,258	\$ 23,503,310	\$ 23,591,568
	(4,817,565)	(4,817,565)
<u>88,258</u>	<u>18,685,745</u>	<u>18,774,003</u>
498,938	22,556,463	23,055,401
	(5,968,326)	(5,968,326)
<u>498,938</u>	<u>16,588,137</u>	<u>17,087,075</u>
226,508		226,508
		-
<u>226,508</u>	<u>-</u>	<u>226,508</u>
15,136,683	(15,136,683)	-
<u>15,950,387</u>	<u>20,137,199</u>	<u>36,087,586</u>
15,765,789		15,765,789
(1,377,550)		(1,377,550)
<u>14,388,239</u>	<u>-</u>	<u>14,388,239</u>
383,404		383,404
(23)		(23)
<u>383,381</u>	<u>-</u>	<u>383,381</u>
598,397		598,397
		-
<u>598,397</u>	<u>-</u>	<u>598,397</u>
459,721		459,721
<u>15,829,738</u>	<u>-</u>	<u>15,829,738</u>
	3,458,000	3,458,000
12,109	(12,109)	-
132,758	23,583,090	23,715,848
<u>3,122,632</u>	<u>133,203,751</u>	<u>136,326,383</u>
<u>\$ 3,255,390</u>	<u>\$ 156,786,841</u>	<u>\$ 160,042,231</u>