CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

The Springfield Foundation

Financial Statements

December 31, 2022 and 2021

With Independent Auditors' Report

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Springfield Foundation:

Opinion

We have audited the accompanying financial statements of The Springfield Foundation (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Springfield Foundation as of December 31, 2022 and 2021, and the changes in its net assets and its 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Springfield Foundation and to meet 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 Springfield Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 Springfield 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 Springfield 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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
March 28, 2023

The Springfield Foundation
Statements of Financial Position
December 31, 2022 and 2021

Assets

		2022	2021
Current assets			
Cash and cash equivalents	$	3,679,361	3,315,146
Contributions receivable		9,625	2,300,000
Prepaid expenses		25,219	20,495
		3,714,205	5,635,641
Investments			
Investments		104,845,901	110,185,553
Beneficial interest in trusts		281,493	339,461
Investment in limited liability company		259,842	266,077
		105,387,236	110,791,091
Property and equipment			
Office equipment		133,771	123,714
Leasehold improvements		62,681	62,681
		196,452	186,395
Less accumulated depreciation		157,598	149,669
Net property and equipment		38,854	36,726
Other assets		378,318	401,723
Total assets	$	109,518,613	116,865,181

See accompanying notes to the financial statements.

Liabilities and net assets

		2022	2021
Liabilities			
Accounts payable	$	27,856	1,307
Grants payable		227,446	344,611
Compensated absences		48,438	48,604
Split interest agreements payable		207,186	184,643
Agency funds payable		57,373,287	58,184,828
Total liabilities		57,884,213	58,763,993
Net assets			
Without donor restrictions			
Operating		798,702	725,876
Discretionary funds		11,239,892	13,466,275
Total without donor restrictions		12,038,594	14,192,151
With donor restrictions			
Horizon funds		74,692	64,094
Donor designated funds		12,644,686	12,706,888
Scholarship funds		11,798,533	13,672,498
Field of interest funds		6,456,492	6,779,272
Donor advised funds		8,621,403	10,686,285
Total with donor restrictions		39,595,806	43,909,037
Total net assets		51,634,400	58,101,188
Total liabilities and net assets	$	109,518,613	116,865,181

The Springfield Foundation
Statement of Activities
Year Ended December 31, 2022
With Comparative Totals for the Year Ended December 31, 2021

		Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Support, revenues and gains/(losses)					
Contributions	$	50,859	5,127,912	5,178,771	6,062,843
Endowment spend		62,720	-	62,720	57,304
Net investment return		(1,716,431)	(4,753,982)	(6,470,413)	8,978,037
Partners in Philanthropy		40,000	-	40,000	40,000
Miscellaneous income		191,945	-	191,945	179,356
Gain/(loss) on investment in limited liability company		(6,235)	-	(6,235)	14,095
Gain from forgiveness of debt		-	-	-	94,127
Net assets released from restriction		4,687,161	(4,687,161)	-	-
Total support, revenues and gains/(losses)		3,310,019	(4,313,231)	(1,003,212)	15,425,762
Expenses					
Program service		4,896,765	-	4,896,765	3,064,911
Management and general		245,034	-	245,034	207,914
Fundraising		321,777	-	321,777	361,933
Total expenses		5,463,576	-	5,463,576	3,634,758
Change in net assets		(2,153,557)	(4,313,231)	(6,466,788)	11,791,004
Net assets beginning of year		14,192,151	43,909,037	58,101,188	46,310,184
Net assets end of year	$	12,038,594	39,595,806	51,634,400	58,101,188

See accompanying notes to the financial statements.

The Springfield Foundation
Statement of Activities
Year Ended December 31, 2021

		Without Donor Restrictions	With Donor Restrictions	Total
Support, revenues and gains				
Contributions	$	208,391	5,854,452	6,062,843
Endowment spend		57,304	-	57,304
Net investment return		2,095,187	6,882,850	8,978,037
Partners in Philanthropy		40,000	-	40,000
Miscellaneous income		179,356	-	179,356
Gain on investment in limited liability company		14,095	-	14,095
Gain from forgiveness of debt		94,127	-	94,127
Net assets released from restriction		2,790,556	(2,790,556)	-
Total support, revenues and gains		5,479,016	9,946,746	15,425,762
Expenses				
Program service		3,064,911	-	3,064,911
Management and general		207,914	-	207,914
Fundraising		361,933	-	361,933
Total expenses		3,634,758	-	3,634,758
Change in net assets		1,844,258	9,946,746	11,791,004
Net assets beginning of year		12,347,893	33,962,291	46,310,184
Net assets end of year	$	14,192,151	43,909,037	58,101,188

See accompanying notes to the financial statements.

The Springfield Foundation
Statement of Functional Expenses
Year Ended December 31, 2022

	Program	Management and General	Fundraising	Totals
Grants to others	$ 3,263,411	-	-	3,263,411
Fund expenses	1,218,958	-	-	1,218,958
Payroll, taxes and benefits	246,272	149,586	201,710	597,568
Professional fees	-	35,414	-	35,414
Advertising and promotion	4,189	4,189	8,378	16,756
Office expenses	19,666	19,666	39,334	78,666
Maintenance	1,982	1,982	3,964	7,928
Information technology	9,372	9,372	18,744	37,488
Depreciation	1,982	1,982	3,965	7,929
Insurance	1,073	1,073	2,145	4,291
Miscellaneous fund expenses	108,090	-	-	108,090
Other	21,770	21,770	43,537	87,077
Total expenses	$ 4,896,765	245,034	321,777	5,463,576

See accompanying notes to the financial statements.

The Springfield Foundation
Statement of Functional Expenses
Year Ended December 31, 2021

	Program	Management and General	Fundraising	Totals
Grants to others	$ 2,681,614	-	-	2,681,614
Fund expenses	171,435	-	-	171,435
Payroll, taxes and benefits	137,069	137,069	274,138	548,276
Professional fees	-	26,947	-	26,947
Advertising and promotion	3,918	3,918	7,836	15,672
Office expenses	15,535	15,535	31,067	62,137
Maintenance	2,028	2,028	4,057	8,113
Information technology	8,154	8,154	16,308	32,616
Depreciation	2,034	2,034	4,069	8,137
Insurance	1,575	1,575	3,150	6,300
Miscellaneous fund expenses	30,895	-	-	30,895
Other	10,654	10,654	21,308	42,616
Total expenses	$ 3,064,911	207,914	361,933	3,634,758

See accompanying notes to the financial statements.

The Springfield Foundation
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

		2022	2021
Cash flows from operating activities			
Change in net assets	$	(6,466,788)	11,791,004
Adjustments to reconcile change in net assets to net cash provided by operating activities			
Depreciation		7,929	8,137
Realized gain on sale of investments		(694,367)	(2,602,433)
Unrealized (gain)/loss on investments		8,085,309	(5,393,590)
(Gain)/loss on investment in limited liability company		6,235	(14,095)
Change in beneficial interest in trusts		57,968	(197,641)
Donated stock		(581,905)	(1,108,454)
Gain from forgiveness of debt		-	(94,127)
Effects of change in operating assets and liabilities			
Contributions receivable		2,290,375	(2,011,728)
Prepaid expenses		(4,724)	(540)
Other assets		23,405	(48,544)
Other accrued liabilities		26,383	1,098
Grants payable		(117,165)	224,791
Split interest agreements payable		22,543	(29,070)
Agency funds payable		(811,541)	7,634,471
Net cash provided by operating activities		1,843,657	8,159,279
Cash flows from investing activities			
Proceeds from beneficial interest in trust		-	2,403,253
Purchase of property and equipment		(10,057)	(14,874)
Purchases of investments		(4,399,966)	(21,438,207)
Proceeds from sale or maturity of investments		2,930,581	12,321,775
Net cash used in investing activities		(1,479,442)	(6,728,053)
Net change in cash and cash equivalents		364,215	1,431,226
Cash and cash equivalents, beginning of year		3,315,146	1,883,920
Cash and cash equivalents, end of year	$	3,679,361	3,315,146
Supplemental Disclosures:			
Forgiveness of accrued interest on debt	$	-	827

See accompanying notes to the financial statements.

1. DESCRIPTION AND PURPOSE OF THE ORGANIZATION:

The Springfield Foundation (the "Foundation") is an Ohio not-for-profit corporation. The Foundation was established in 1948 for the purpose of providing for advancement and support of charitable, benevolent or educational purposes in Springfield and Clark County, Ohio. The Springfield Foundation raises, strengthens, and distributes charitable funds to benefit Clark County. The Foundation is primarily supported by local charitable giving, earnings on funds and long-term investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of the Foundation are set forth to facilitate the understanding of data presented in the financial statements:

Basis of accounting

The financial statements of The Springfield Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial statement presentation

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States (GAAP), which requires the Foundation to report information regarding its 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 Trustees.

- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions that are likely to be met by actions of the Foundation or by the passage of time. The Foundation does not interpret any fund as perpetual in nature as the Foundation has variance power. Therefore, the Foundation did not have any perpetual net assets at December 31, 2022 and 2021.

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

The Foundation has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and is, therefore, generally exempt from federal and state income taxes. The Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

The Foundation considers the accounting and recognition for income tax positions taken or expected to be taken in the Foundation's income tax returns. The Foundation participates in certain investments that generate unrelated business income. The Foundation believes there is no material tax liability at year end. The Foundation's policy with regards to interest and penalties is to recognize interest through interest expense and penalties through other expense. In evaluating the Foundation's tax provision and tax-exempt status, interpretations and tax planning strategies were considered. The Foundation believes its estimates are appropriate based on the current facts and circumstances.

Cash and cash equivalents
For purposes of the statements of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contributions receivable
Unconditional contributions are recorded when the promise to give is received. The Foundation has not recorded its contributions receivable at net present value using a discount rate as all amounts are due within one year. Management establishes an allowance for doubtful contributions receivable based on past history with the donor and current economic conditions. No allowance for contributions receivable has been deemed necessary at December 31, 2022 and 2021.

Investments and net investment income
The Foundation records investments in equity and debt securities, mutual funds, and alternative investments at their fair value. Realized and unrealized gains or losses are determined by the difference between carrying value and fair value. Gains and losses derived from investments and investment income are accounted for as income with donor restrictions or income without donor restrictions based on any restrictions imposed by donors. Net changes in fair value of investments and realized gains and losses on investments disposed are accumulated with interest and dividends received, net of investment expenses, and are reported in the statements of activities as net investment return.

Beneficial interest in trusts
Beneficial interest in trusts are resources held and administered by outside trustees for the benefit of the Foundation. These accounts are reported at the estimated fair value of the Foundation's interest of assets within the trusts with changes in value included in the statements of activities. Under the terms of the trusts, the Foundation has the irrevocable right to receive the trust assets when the trusts terminate in accordance with the trust agreements. During 2021, one trust terminated and the Foundation received a distribution of $2,403,253 (Note 7). There were no such distributions during 2022.

Investment in limited liability company (LLC)
The Foundation owns a one-third interest in Healthy City Investments, LLC. There is no established market for this investment and it is inappropriate to estimate future cash flows, which are largely dependent upon economic development. The investment is accounted for using the equity method. Under the equity method, investments are initially recorded at cost and increased or decreased by the Foundation's pro-rata share of earnings or losses. The carrying cost of this investment is also increased or decreased to reflect additional contributions or withdrawals of capital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Unit share allocation

Donations received are placed into funds based upon the wishes of the donors and are invested in pooled funds. Individual funds are compared with the current fair value of the pooled funds and a "daily unit value" is assigned. The "daily unit value" is the basis for allocating income, realized and unrealized gains or losses to the individual funds.

Split interest agreements

The Foundation is the beneficiary of several charitable gift annuities and a charitable remainder trust. The Foundation values the split interest agreement liabilities using payment streams discounted at market rates over the remaining lives of the donors using standard mortality tables. The contribution recognized in the statements of activities is the difference between the assets received and the liabilities accepted.

Contributions

Contributions received are recorded as support with donor restrictions or without donor restrictions. The expiration of a donor-imposed restriction on a contribution or on endowment income is recognized in the period in which the restriction expires and at that time the related resources are reclassified to net assets without donor restrictions. A restriction expires when the stipulated time period has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and is reported in the statements of activities as net assets released from restriction.

Property and equipment

Property and equipment are recorded at cost, or fair value, if donated and depreciated using the straight-line method over the estimated useful lives of the assets (5 to 15 years). It is the Foundation's policy to expense equipment with initial cost of less than $1,000.

Grants payable

Grants payable in the accompanying statements of financial position are approved for payment and are payable within one year of the date of the financial statements of the Foundation.

Functional expense allocations

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Foundation. Expenses are directly applied when applicable and are allocated to programs or support services based on the table shown below. The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Expenses are allocated as follows:

Expense	Allocation Method
Payroll, taxes and benefits	Time and Effort
Advertising and promotion	Full Time Equivalents
Office expenses	Full Time Equivalents
Maintenance	Full Time Equivalents
Information technology	Full Time Equivalents
Depreciation	Full Time Equivalents
Insurance	Full Time Equivalents
Other	Full Time Equivalents

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Advertising costs
Advertising costs are expensed as incurred and totaled $16,756 and $15,672 for the years ended December 31, 2022 and 2021, respectively.

Reclassification of prior year presentation
Certain prior year amounts have been reclassified for consistency with the current year presentation.

Subsequent events
The Foundation evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. Subsequent events have been evaluated through March 28, 2023, the date on which the financial statements were available to be issued.

3. NET ASSET CLASSIFICATIONS:

The Board of Trustees, on the advice of legal counsel, has determined that the majority of the Foundation's net assets do meet the definition of an endowment under Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the State of Ohio in June 2009. The Foundation is governed subject to the governing documents for the Foundation and most contributions are subject to the governing documents. Certain contributions are received subject to other gift instruments or are subject to specific agreements with the Foundation.

Net Assets without donor restrictions
Operating - Incurs administrative costs in the operation of the Foundation's office, as well as facilities, all property and equipment, and related depreciation and amortization.

Discretionary Funds - Recipients selected by the Foundation.

Net Assets with donor restrictions
Horizon Funds - Allows donor to build a restricted fund to be transferred to a fund purpose listed below once the $10,000 threshold has been reached.

Donor Designated Funds - Recipients designated by the donor in instrument of conveyance.

Scholarship Funds - Benefiting students attending high school and college.

Field-of-Interest Funds - Benefiting activities preferred by donors.

Donor Advised Funds - Recipients recommended by the donor, with the final decision made by the Foundation.

Return objectives
The Foundation's Investment Committee (the Committee) oversees the investment operations of the Foundation. The Committee is responsible for establishing asset allocation guidelines, selecting and monitoring investment managers to carry out the investment program, and monitoring the performance results for the Foundation on an ongoing basis.

3. NET ASSET CLASSIFICATIONS (CONTINUED):

The Committee does not make specific investment decisions on a security-by-security basis. Qualified investment managers retained by the Committee exercise discretion within the parameters set forth by the Foundation's investment guidelines for the portfolios they manage on behalf of the Foundation.

In establishing investment guidelines for the Foundation, the Committee considers the long-term nature of the asset pool as well as the cash flow needs of the portfolio. In addition, the Committee has considered the risk and return characteristics of the various asset classes available to institutional investors and sought the guidance of outside consultants. Target asset allocations and permissible ranges have been set for each class of investments.

Investment strategy
The performance objective for the Foundation is to exceed, after investment management fees, a customized blended benchmark based on the Committee's established investment return guidelines. To evaluate success, the Committee compares the performance of the Foundation to the performance of a custom benchmark. The benchmark consists of a weighted average of market indices that represents a passive implementation of the investment guideline targets. In addition, the performance objective for the Foundation is to enhance the inflation-adjusted purchasing power of the Funds' assets. The Funds' total returns should exceed the growth in consumer prices by a positive 6% to 7% annually. The objective needs to cover the costs of payouts for grants and scholarships, inflation, investment fees, administrative costs and depreciation. By investing the Funds' assets in multiple asset classes and using outside investment managers with well-diversified portfolios, diversification accomplishes its goal of insulating the portfolio from the effects of substantial losses in any single security, or sector of the market. The Board of Trustees has adopted statements of investment guidelines to formalize investment strategies for the Committee to follow.

Endowment spending policies
Each donor of the Foundation will select a method to determine how to distribute dollars from the funds. When the funds are originally established, the donor will be asked to select a payout distribution method. Dollars that were allocated to be paid out in a given year, but were not distributed, can be carried over and distributed in subsequent years. All distributions will be made in compliance with UPMIFA.

Income only spending policy
The amount to be distributed is the sum of all earnings that have been allocated to the funds over the course of the year. The amount to be allocated is net of all fees the funds have incurred.

Total return policy
The payout amount for a fund is calculated by multiplying the average fair value of the preceding twelve quarters by a percentage approved by the Board of Trustees. The Board of Trustees will approve the percent to be allocated each year; 5% for the years ended December 31, 2022 and 2021. Under the Total Return Spending Policy, a fund may distribute both earnings and realized gains. The calculation will be based on the twelve quarters ending September 30. This establishes a spending budget for the upcoming year.

3. NET ASSET CLASSIFICATIONS (CONTINUED):

Agency method
This method is for endowments established by not-for-profit agencies. Using the agency method of payout, the payout amount is determined by the needs of the agency that established the fund. The amount to be paid out can be distributed by any method that is mutually agreed to between the Foundation and the agency. All agency endowment funds and payouts must be approved by the Board of Trustees of the Foundation.

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

		Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	$	13,466,275	41,312,275	54,778,550
Contributions		50,858	2,987,670	3,038,528
Net investment return		(1,583,745)	(4,755,504)	(6,339,249)
Transfers in		10,370	10,000	20,370
Appropriations		(703,866)	(3,093,324)	(3,797,190)
Endowment assets, end of year	$	11,239,892	36,461,117	47,701,009

Changes in endowment net assets for the year ended December 31, 2021 consisted of the following:

		Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	$	11,829,937	31,434,577	43,264,514
Contributions		9,064	4,901,132	4,910,196
Net investment return		2,243,936	6,879,437	9,123,373
Transfers in		-	111,360	111,360
Appropriations		(616,662)	(2,014,231)	(2,630,893)
Endowment assets, end of year	$	13,466,275	41,312,275	54,778,550

During the years ended December 31, 2022 and 2021, “transfers in” represent a change in donor designation.

4. CHARITABLE REMAINDER TRUST AND CHARITABLE GIFT ANNUITIES:

The Foundation is the beneficiary of a charitable remainder trust. The Foundation recognized the asset at fair value and a related liability for this trust based upon present value calculations, including the life expectancy of the contributor, the investment rates of return on the assets, and the distribution percentages stipulated in the agreement. The underlying investments consist of money market funds, common stocks, corporate bonds, municipal bonds and mutual funds at December 31, 2022 and 2021.

Under the trust agreement, net interest and dividend earnings from the investments will be distributed to the contributor on a quarterly basis. The present value of the estimated future payments is calculated using discount rates equal to the investment rates of return on the assets and the applicable mortality table.

4. CHARITABLE REMAINDER TRUST AND CHARITABLE GIFT ANNUITIES (CONTINUED):

The Foundation is also the beneficiary of several charitable gift annuities. The present value of the annuities was recognized as a contribution during the initial year of the annuity in the same manner as noted above for the charitable remainder trust. The difference between these annuities and the above trust is that the contributors receive set quarterly distributions as opposed to the net earnings on the investments. There were no changes in actuarial assumptions resulting in revaluations at December 31, 2022 and 2021. The present values of the estimated future payments from these annuities were calculated using discount rates ranging from 5.1% to 6.6% and the applicable mortality table.

The following schedule summarizes the investments and activity associated with the charitable remainder trust and charitable gift annuities for the years ended December 31, 2022 and 2021.

		Charitable Remainder Trust	Charitable Gift Annuities	Total
Fair value, January 1, 2021	$	592,574	82,164	674,738
Net earnings		77,030	23,447	100,477
Distribution to donors		(8,383)	(10,163)	(18,546)
Fair value, December 31, 2021		661,221	95,448	756,669
Net earnings		(49,962)	(20,903)	(70,865)
Distributions to donors		(49,169)	(9,073)	(58,242)
Fair value, December 31, 2022	$	562,090	65,472	627,562

5. GROWTH:

Partners in Philanthropy (the “Partners”), an auxiliary organization comprised of interested individuals, was created in 1995 to interpret the role of The Springfield Foundation as well as to increase its visibility. The Foundation’s administrative and promotional costs are covered by the dues contributed by the Partners.

6. OTHER ASSETS:

Other assets consist primarily of insurance policies and annuities on the lives of local residents for which the Foundation has been irrevocably named as the beneficiary. The cash surrender value at December 31, 2022 and 2021 was $378,318 and $401,723, respectively.

7. FAIR VALUE MEASUREMENTS:

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The hierarchy is broken down into three levels based on the ability to observe inputs as follows:

Level 1- Inputs are unadjusted quoted prices for identical assets in active markets.

Level 2- Inputs are observable quoted prices for similar assets in active markets.

Level 3- Inputs are unobservable and reflect management's best estimate of what market participants would use as fair value. Certain types of investments are classified within Level 3 because they trade infrequently and therefore have little or no price transparency.

Fair value methods and assumptions for publicly traded securities and mutual funds are based on the Level 1 market approach. Investments in short-term investments, consisting of certificates of deposit and money market funds, corporate and municipal bonds are valued on Level 2 inputs using prices obtained from the Foundation's custodians, which used third party data service providers. Beneficial interest in trusts are valued on Level 3 inputs based on the underlying investments in the trust accounts based on the amounts provided by the trustees of the investments, without adjustment by management.

GAAP allows for the use of a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by the Foundation to value alternative investments is the net asset value (NAV) per share, or its equivalent.

The Foundation values substantially all of its investments at amounts reported by the investment manager and as validated through consideration of the audited financial statements of such investments. Accordingly, the Foundation does not use separate quantitative information to value such investments.

The Foundation calculates the fair value of its beneficial interests in trusts based on the fair value of the underlying assets in the trusts as determined by the third-party trustees multiplied by the Foundation's percentage of ownership. The third-party trustees control the investments in the trusts and make all management and investment decisions. The trust assets are valued at quoted market prices for stocks, bonds, mutual, and exchange traded funds. The Springfield Foundation, as the beneficiary, does not have authority to manage these investments; however, the applicable trustee banks follow Ohio Trust Code for prudent asset management and diversification. The value of the beneficial interest in trusts will increase or decrease with an increase or decrease in the value of the underlying assets.

Because some of these investments are not readily marketable, their estimated value is subject to uncertainty and therefore may be different from the value that would have been used had a ready market for such investments existed. The net asset values provided by fund administrators consider variables such as the financial performance of underlying investments, recent sales prices of underlying investments and other pertinent information.

7. FAIR VALUE MEASUREMENTS (CONTINUED):

In addition, actual market exchanges at year-end provide additional observable market inputs of the exit price. The Foundation, relying on the work of its investment consultants, reviews valuations and assumptions provided by fund administrators for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value.

Investment securities are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that a change in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

The following tables present the assets as of December 31, 2022 and 2021 that are measured at fair value on a recurring basis:

		December 31, 2022	Level 1	Level 2	Level 3	NAV
Investments						
Short-term investments	$	3,703,546	-	3,703,546	-	-
Corporate and municipal bonds		34,724	-	34,724	-	-
Common and preferred stocks		6,813,555	6,813,555	-	-	-
Mutual funds		60,315,873	60,315,873	-	-	-
Alternative investments		33,978,203	-	-	-	33,978,203
Total investments	$	104,845,901	67,129,428	3,738,270	-	33,978,203
Beneficial interest in trust	$	281,493	-	-	281,493	-

		December 31, 2021	Level 1	Level 2	Level 3	NAV
Investments						
Short-term investments	$	2,316,767	-	2,316,767	-	-
Corporate and municipal bonds		10,731	-	10,731	-	-
Common and preferred stocks		8,279,659	8,279,659	-	-	-
Mutual funds		63,747,471	63,747,471	-	-	-
Alternative investments		35,830,925	-	-	-	35,830,925
Total investments	$	110,185,553	72,027,130	2,327,498	-	35,830,925
Beneficial interest in trusts	$	339,461	-	-	339,461	-

The following is a reconciliation of the Foundation's assets valued at Level 3 inputs (beneficial interest in trusts) at December 31, 2021:

Balance as of January 1, 2021	$	2,545,073
Withdrawals and sales		(2,403,253)
Net investment return		197,641
Balance as of December 31, 2021	$	339,461

There were no purchases or withdrawals from Level 3 inputs for the year ended December 31, 2022.

7. FAIR VALUE MEASUREMENTS (CONTINUED):

The following table provides additional disclosures on the Foundation's investments measured at net asset value at December 31, 2022:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
RREEF American REIT (a)	$ 10,999,410	-	Quarterly	45 days
High income private equity funds (b)	3,897,827	-	None	15 days
Private equity funds (c)	19,080,966	4,615,413	N/A	N/A
	$ 33,978,203	4,615,413		

The following table provides additional disclosures on the Foundation's investments measured at net asset value at December 31, 2021:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
RREEF American REIT (a)	$ 10,488,174	-	Quarterly	45 days
High income private equity funds (b)	4,391,166	-	None	15 days
Private equity funds (c)	20,951,585	5,365,413	N/A	N/A
	$ 35,830,925	5,365,413		

(a) This category includes investments in real estate investment trusts that invest in U.S. real estate, including; multi-family, industrial, retail and office properties. The fair values of the investments in this category have been estimated using the net asset value per share of the investments. As of December 31, 2022 and 2021, all of the investments in this category can be redeemed with no restrictions.

(b) This category includes investments in a multi-asset class, diversified portfolio of primarily below investment grade debt securities. The underlying assets are liquid and the fund's managers provide details of those assets. As of December 31, 2022 and 2021, all of the investments in this category can be redeemed with no restrictions without exception.

(c) This category includes several private equity funds that focus on buyout, growth equity and/or distressed debt. These investments are not redeemable. Instead, the nature of the investments in this category are that distributions are received through the liquidation of the underlying assets in the fund. As of December 31, 2022 and 2021, the fair values of the investments in this category have been estimated using the practical expedient provided by the investment manager.

8. PAYCHECK PROTECTION PROGRAM LOAN:

On May 4, 2020, the Foundation executed a loan of $93,300 under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP). The conditions of the loan stipulate funds be expended on eligible payroll and other expenses to keep Americans employed through the COVID-19 pandemic to obtain forgiveness. During fiscal year 2021, the Foundation received full forgiveness from the SBA and recognized a gain from forgiveness of debt of $94,127 in the statement of activities. This amount includes forgiven accrued interest of $827.

9. AGENCY FUNDS PAYABLE:

The Springfield Foundation holds and disburses funds as an agent for several organizations. During the years ended December 31, 2022 and 2021, the following transactions occurred:

		2022	2021
Beginning agency funds payable	$	58,184,828	50,550,357
Contributions		7,753,909	654,645
Interest income		484,286	457,065
Dividend income		798,876	921,576
Realized gain on investments		727,012	1,719,428
Unrealized gain/(loss) on investments		(8,434,880)	6,791,935
Total received on behalf of agency organizations		1,329,203	10,544,649
Grants distributed		1,809,096	2,538,827
Trust and administration fees		331,648	371,351
Total disbursed on behalf of agency organizations		2,140,744	2,910,178
Net increase/(decrease)		(811,541)	7,634,471
Ending agency funds payable	$	57,373,287	58,184,828

The above activity is not reported in the statements of activities.

10. LIQUIDITY DISCLOSURES:

The Foundation is substantially supported by contributions from donors and investment income. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in investments as deemed appropriate.

10. LIQUIDITY DISCLOSURES (CONTINUED):

The following table presents the financial assets available to meet cash needs for general expenditures within one year at December 31:

	2022	2021
Financial assets:		
Cash	$ 3,679,361	3,315,146
Contributions receivable	9,625	2,300,000
Investments	104,845,901	110,185,553
Financial assets available at year-end	108,534,887	115,800,699
Less those unavailable for general expenditures within one year due to:		
Agency funds	57,373,287	58,184,828
Restricted by donor with purpose restriction	3,134,689	2,596,762
Investments held in board designated endowment	11,239,892	13,466,275
Investments held in donor restricted endowment	36,461,117	41,312,275
Estimated agency and foundation grants to be disbursed from endowment funds in subsequent year	(5,000,000)	(5,476,000)
Total limitations on available resources	103,208,985	110,084,140
Financial assets available to meet cash needs for general expenditures within one year	$ 5,325,902	5,716,559

11. CONCENTRATION OF CREDIT RISK:

Financial instruments which subject the Foundation to a concentration of credit risk include cash and investments. The Foundation maintains cash and investment balances at several financial institutions located in Ohio. Bank accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2022 and 2021, the Foundation had uninsured cash balances totaling $4,297,732 and $3,658,320, respectively. To limit these risks, the Foundation places its cash investments with high credit quality financial institutions.

During 2022, the Foundation received approximately 57% of contributions from three donors. During 2021, the Foundation received approximately 38% of contributions from one donor. At December 31, 2021, all contributions receivable are due from one donor. There were no concentrations of contributions receivable at December 31, 2022.

The Foundation’s investments are subject to the normal risks associated with financial markets. The Foundation manages the risk with regards to investments by adhering to an investment policy, which requires professional investment management, the distribution of investment funds among asset managers and the overall diversification of managed investment portfolios.

12. RETIREMENT PLAN:

The Foundation has a qualified deferred compensation plan under section 401(k) of the Internal Revenue Code. Under the plan, employees who meet eligibility requirements may elect to defer a portion of their salary, subject to statutory limits. The Foundation contributes 5 ¾% of each eligible employee's compensation to the plan, which includes a safe harbor of 3%. Foundation contributions under the plan vest with employees on a five-year graded scale. The Foundation's contributions to the plan were $27,853 and $19,518 for the years ended December 31, 2022 and 2021, respectively.

13. RELATED PARTIES:

One member of the Board of Trustees was employed by an investment advisor and this company was consulted by the Foundation during 2022 and 2021 for the retirement plan assets.

Members of the Board of Trustees and employees of the Foundation are related to individuals who have established Funds with the Foundation.