The Skillman Foundation

Financial Report
December 31, 2021

Contents

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Independent Auditor's Report

To the Board of Trustees
The Skillman Foundation

Opinion

We have audited the financial statements of The Skillman Foundation (the "Foundation"), which comprise the statement of financial position as of December 31, 2021 and 2020 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020 and the changes in its net assets, functional expenses, and 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 Audits of the Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our 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.

Emphasis of Matter

As disclosed in Notes 2 and 3, the 2021 and 2020 financial statements include investments whose fair values of $582,280,748 and $498,535,632, or 92 and 93 percent of net assets, respectively, have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund manager or the general partners. Our opinion is not modified for this matter.

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 issued or available to be issued.

Auditor’s Responsibilities for the Audits 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 audits 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.

To the Board of Trustees
The Skillman Foundation

In performing audits in accordance with GAAS, 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

June 7, 2022

Statement of Financial Position

December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 20,401,282	$ 14,295,028
Investments (Note 3)	618,507,243	528,460,728
Unsettled trade receivables	619,163	-
Dividend and interest receivable	140,224	168,776
Prepaid expenses and other assets	-	8,326
Federal excise tax refundable (Note 7)	1,051,288	1,076,550
Program-related investments - Net (Note 4)	619,847	768,677
Fixed assets - Net (Note 5)	86,043	143,336
Total assets	**$ 641,425,090**	**$ 544,921,421**
Liabilities and Net Assets		
Liabilities		
Unsettled trade payables	$ -	$ 1,108,504
Accrued liabilities	2,180,297	1,515,857
Grants payable (Note 6)	4,578,225	2,005,000
Deferred rent liability (Note 11)	105,576	121,542
Deferred excise tax payable (Note 7)	3,114,084	2,203,708
Total liabilities	9,978,182	6,954,611
Net Assets		
Without donor restrictions	631,446,908	536,466,810
With donor restrictions	-	1,500,000
Total net assets	631,446,908	537,966,810
Total liabilities and net assets	**$ 641,425,090**	**$ 544,921,421**

See notes to financial statements.

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2021 and 2020

	2021	2020
Changes in Net Assets without Donor Restrictions		
Income (loss):		
Net realized and unrealized gains on investments	$ 123,587,727	$ 81,935,556
Interest, dividend, and other income	492,771	547,624
Investment management fees	(4,012,728)	(2,141,347)
Total income	120,067,770	80,341,833
Net assets released from restrictions	1,500,000	-
Total income and net assets released from restrictions	121,567,770	80,341,833
Grants and expenses:		
Program services	23,420,810	15,379,251
Administrative expenses	2,885,663	2,922,596
Federal excise and other tax expense	281,199	449,068
Total grants and expenses	26,587,672	18,750,915
Increase in Net Assets without Donor Restrictions	94,980,098	61,590,918
Changes in Net Assets with Donor Restrictions		
Grant revenue	-	1,500,000
Net assets released from restrictions	(1,500,000)	-
(Decrease) Increase in Net Assets with Donor Restrictions	(1,500,000)	1,500,000
Increase in Net Assets	93,480,098	63,090,918
Net Assets - Beginning of year	537,966,810	474,875,892
Net Assets - End of year	**$ 631,446,908**	**$ 537,966,810**

See notes to financial statements.

Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services			Support Services		
	Grants	Other	Total	Administrative	Taxes	Total
Salaries and payroll	$ -	$ 1,338,882	$ 1,338,882	$ 1,404,921	$ -	$ 2,743,803
Benefits, employee costs, and payroll tax	-	501,201	501,201	508,457	-	1,009,658
Grant-making and strategic consulting	-	259,272	259,272	75,088	-	334,360
Meetings, conference, and travel	-	30,948	30,948	36,397	-	67,345
Office expense	-	166,737	166,737	308,522	-	475,259
Communication	-	-	-	58,140	-	58,140
Evaluation	-	67,996	67,996	-	-	67,996
Trustee, audit, and legal fees	-	-	-	215,340	-	215,340
Technology solutions and cyber	-	216,203	216,203	238,179	-	454,382
Grants	20,984,409	-	20,984,409	-	-	20,984,409
Grants recovered	(147,981)	-	(147,981)	-	-	(147,981)
Miscellaneous	-	3,143	3,143	40,619	-	43,762
Excise tax	-	-	-	-	158,995	158,995
Other taxes UBIT	-	-	-	-	122,204	122,204
Total functional expenses	**$ 20,836,428**	**$ 2,584,382**	**$ 23,420,810**	**$ 2,885,663**	**$ 281,199**	**$ 26,587,672**

See notes to financial statements.

Statement of Functional Expenses

Year Ended December 31, 2020

	Program Services			Support Services		
	Grants	Other	Total	Administrative	Taxes	Total
Salaries and payroll	$ -	$ 1,346,253	$ 1,346,253	$ 1,562,688	$ -	$ 2,908,941
Benefits, employee costs, and payroll tax	-	352,654	352,654	426,097	-	778,751
Grant-making and strategic consulting	-	16,493	16,493	67,283	-	83,776
Meetings, conference, and travel	-	17,620	17,620	51,593	-	69,213
Office expense	-	168,117	168,117	378,746	-	546,863
Communication	-	-	-	70,854	-	70,854
Evaluation	-	5,500	5,500	-	-	5,500
Trustee, audit, and legal fees	-	-	-	172,144	-	172,144
Technology solutions and cyber	-	181,725	181,725	172,227	-	353,952
Grants	13,787,016	-	13,787,016	-	-	13,787,016
Grants recovered	(500,117)	-	(500,117)	-	-	(500,117)
Miscellaneous	-	3,990	3,990	20,964	-	24,954
Excise tax	-	-	-	-	178,444	178,444
Other taxes UBIT	-	-	-	-	270,624	270,624
Total functional expenses	**$ 13,286,899**	**$ 2,092,352**	**$ 15,379,251**	**$ 2,922,596**	**$ 449,068**	**$ 18,750,915**

See notes to financial statements.

Statement of Cash Flows

Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	$ 93,480,098	$ 63,090,918
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation	57,293	69,116
Net realized and unrealized gains on investments	(123,587,727)	(81,935,556)
Bad debt recovery	(31,291)	(77,858)
Changes in deferred excise tax payable	910,376	885,336
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Dividend and interest receivable	28,552	(17,395)
Federal excise tax refundable	33,588	175,406
Prepaid expenses and other assets	-	43
Accrued liabilities	664,440	48,836
Deferred rent liability	(15,966)	(11,771)
Grants payable	2,573,225	(3,178,000)
Net cash and cash equivalents used in operating activities	(25,887,412)	(20,950,925)
Cash Flows from Investing Activities		
Purchases of investments	(117,988,688)	(80,595,288)
Change in net unsettled trades	(1,727,667)	1,155,993
Collections of principal of program-related investments	180,121	71,557
Proceeds from sale of investments	151,529,900	102,454,972
Net cash and cash equivalents provided by investing activities	31,993,666	23,087,234
Net Increase in Cash and Cash Equivalents	6,106,254	2,136,309
Cash and Cash Equivalents - Beginning of year	14,295,028	12,158,719
Cash and Cash Equivalents - End of year	**$ 20,401,282**	**$ 14,295,028**
Supplemental Cash Flow Information - Cash paid for taxes	$ 775,000	$ 585,000

Note 1 - Nature of Business

The Skillman Foundation (the "Foundation") was established in 1960 as a private, nonoperating foundation. The Foundation is committed to expanding opportunities for children and youth in Detroit by expanding high-quality education, fostering equitable systems of support, and preparing them for productive adult lives. It distributes funds primarily to not-for-profits at the direction of the board of trustees.

Note 2 - Significant Accounting Policies

Basis of Accounting

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require 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 management and the board of trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. The Foundation has $1,500,000 of net assets restricted for wellness programs as of December 31, 2020 and no donor-restricted assets as of December 31, 2021.

Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments in marketable securities, including fixed-income investments, publicly traded securities, and hedge funds, are carried at quoted fair value whenever available. Private equity limited partnerships are valued at fair value based on net asset value of available information, including underlying financial statements and partner reporting, as the limited partnerships do not have readily determinable market values as of December 31. The partnership valuations necessarily involve assumptions and methods that are reviewed by the Foundation. Because of the inherent uncertainty of valuations in the absence of a highly liquid market, private equity, real estate, and natural resources, limited partnerships' estimated values may differ materially from the values that would have been used if a ready market for the securities existed.

At December 31, 2021 and 2020, seven investment funds accounted for approximately 86 and 84 percent, respectively, of total investments held by the Foundation. These investment funds held a variety of underlying investment assets managed by other managers. See Note 13 for additional information.

At December 31, 2021 and 2020, the Foundation had commitments to contribute approximately $139,800,000 and $115,800,000, respectively, in additional capital under the terms of various agreements covering private equity and limited partnership agreements.

Concentration of Credit Risk Arising from Deposit Accounts

The Foundation maintains cash balances at various banks. Accounts at each institution are not fully insured.

Note 2 - Significant Accounting Policies (Continued)

Program-related Investments (PRI)

The Foundation invests in other organizations through direct loans and equity positions to achieve charitable purposes in alignment with the Foundation's strategies.

PRIs are defined in Section 4944 of the Internal Revenue Code as an investment in which its primary purpose is to accomplish a charitable, educational, or other similar purpose and in which the production of income or capital appreciation is not a significant purpose of the investment. Like grants, these investments count toward the Foundation's payout requirement in the year of distribution. Return of PRI principal affects the annual payout requirement in a similar manner as a grant refund.

Debt PRIs consist of loans outstanding generally bearing below-market interest rates. Loans are measured at fair value at inception to determine if a contribution element exists. Available pricing inputs are unobservable for these investments, and the determination of fair value requires management judgment be estimated. These investments are anticipated to have a less than fair market value return. Loans are recorded on a net basis to reflect any reasonable loss reserve. The loss reserve estimate is reviewed on an annual basis and adjusted if collectibility risk has significantly changed based on the Foundation's understanding of the borrower's financial health and/or payment history. As of December 31, 2020, loss reserve in the amount of $31,292 was recorded. There was no loss reserve at December 31, 2021.

Fixed Assets

Property and equipment are recorded at cost when purchased. Depreciation on fixed assets is provided on a straight-line basis over the estimated useful lives of the assets, which range from three to seven years. Leasehold improvements are being depreciated over the life of the lease.

Grants

Grants are recognized as an expense at the time of formal approval by the board of trustees. Conditional grants, if any, are expensed when such conditions are substantially met.

The Foundation matches gifts of cash made by current employees and trustees of up to $15,000 annually per person on a two-to-one basis, up to a maximum match of $30,000. Matching grants are made only to exempt organizations or public-supported charities, as listed in Internal Revenue Service (IRS) Publication 78.

Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Functional Allocation of Expenses

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of that functional area. A portion of administrative costs that benefit multiple functional areas (indirect costs) has been allocated across all functional areas based on an estimate of time and effort. These costs include personnel expenses, rent, insurance, utilities, technology, and telecommunications.

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Upcoming Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, *Leases (Topic 842)*, which will supersede the current lease requirements in Accounting Standards Codification (ASC) 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Foundation's year ending December 31, 2022 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. Early implementation of the new guidance is permitted. The standard will impact the lease referred to in Note 11.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including June 7, 2022, which is the date the financial statements were available to be issued.

Subsequent to year end, the Foundation's investment portfolio has incurred a decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

Reclassification

Certain 2020 amounts have been reclassified to conform to the 2021 presentation.

Note 3 - Investments

Investments consisted of the following at December 31:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Global equities and futures contracts	$ 98,841,475	$ 142,906,169	$ 122,400,962	$ 166,032,849
Alternative investments:				
Hedge funds	83,529,144	166,603,558	79,069,272	152,906,286
Private equity limited partnerships	170,606,062	272,913,973	138,728,236	180,225,483
Total alternative investments	254,135,206	439,517,531	217,797,508	333,131,769
Fixed-income investments	36,609,326	36,083,543	29,722,134	29,296,110
Total	$ 389,586,007	$ 618,507,243	$ 369,920,604	$ 528,460,728

Note 3 - Investments (Continued)

Realized and unrealized gains and losses represent the difference between the original cost of the investments and sales proceeds (realized) or the fair market value at the end of the year (unrealized). Cost is determined on a first-in, first-out basis.

	2021	2020
Realized gain on investments	$ 53,206,615	$ 18,242,348
Change in unrealized market appreciation	70,381,112	63,693,208
Net realized and unrealized gains on investments	$ 123,587,727	$ 81,935,556

A summary of changes in cash and investments during the years ended December 31, 2021 and 2020 is shown below:

	Cash and Cash Equivalents	Global Equities and Futures Contracts	Alternative Investments	Fixed-income Investments
January 1, 2020 - Fair value	$ 12,158,719	$ 150,552,036	$ 290,828,247	$ 27,004,573
Add (deduct) changes during the year ended December 31, 2020:				
Purchases	190,456,966	14,300,000	21,779,381	44,515,907
Sales and maturities - At cost	(188,320,657)	(11,737,854)	(30,759,793)	(41,714,977)
Net appreciation (depreciation) in fair value	-	12,918,667	51,283,934	(509,393)
December 31, 2020 - Fair value	14,295,028	166,032,849	333,131,769	29,296,110
Add (deduct) changes during the year ended December 31, 2021:				
Purchases	328,875,697	9,400,000	61,105,601	47,483,087
Sales and maturities - At cost	(322,769,443)	(32,959,488)	(24,767,902)	(40,595,895)
Net appreciation (depreciation) in fair value	-	432,808	70,048,063	(99,759)
December 31, 2021 - Fair value	$ 20,401,282	$ 142,906,169	$ 439,517,531	$ 36,083,543

Note 4 - Program-related Investments (PRI)

The Foundation's PRI portfolio included two loans and one equity investment at December 31, 2021 and five loans and one equity investment at December 31, 2020. The investments are summarized in the table below as follows:

	2021	2020
Debt principal amount	$ 419,847	$ 599,969
Equity investment	200,000	200,000
Total program-related investments	619,847	799,969
Less reserve	-	31,292
Net program-related investments	$ 619,847	$ 768,677

Quarterly interest payments are due on the outstanding loans at an interest rate of 2 percent. The loans are due in 2024 and 2025.

In addition to the above investments, the Foundation guarantees the loan of another organization. The amount of the guarantee is $860,000, capped at an annual maximum payment of $430,000.

Note 5 - Fixed Assets

The cost of fixed assets as of December 31, 2021 and 2020 is summarized as follows:

	2021	2020
Furniture and fixtures	$ 212,050	$ 212,050
Computer equipment and software	99,196	99,196
Leasehold improvements	190,973	190,973
Total cost	502,219	502,219
Less accumulated depreciation	416,176	358,883
Net property and equipment	$ 86,043	$ 143,336

Depreciation expense for 2021 and 2020 was $57,293 and $69,116, respectively.

Note 6 - Grants for Charitable, Educational, and Other Authorized Purposes

Grants are recognized as an expense at the time of formal approval by the board of trustees.

The following summarizes the changes in grants payable as of December 31, 2021 and 2020:

	2021	2020
Grants payable - Beginning of year	$ 2,005,000	$ 5,183,000
Grants approved	21,015,700	13,864,874
Payments made	(18,442,475)	(17,042,874)
Grants payable - End of year	$ 4,578,225	$ 2,005,000

Grant commitments outstanding at December 31, 2021 and 2020 are scheduled for payment as follows:

Amount Due In	2021	2020
2021	$ -	$ 1,180,000
2022	3,482,673	425,000
2023	1,095,552	400,000
Total	$ 4,578,225	$ 2,005,000

On June 3, 2014, the board of trustees approved a $3.5 million grant, payable over 20 years, to the Foundation for Detroit's Future (FDF), a supporting organization of the Community Foundation of Southeast Michigan, for the purpose of funding, in part, the City of Detroit, Michigan's pension obligations. The payment of the grant installments is conditional upon the City of Detroit, Michigan's pension funds and others being in compliance with the grant conditions of both an initial and ongoing nature, which have been memorialized in agreements between the parties. The Foundation has made cumulative payments of $1,400,000 since 2014. The remaining $2,100,000 will be payable upon fulfillment of the conditions, as monitored by FDF. This amount is not included in grants payable consistent with the Foundation’s policy for conditional grants.

In 2021, the Foundation approved additional grants that require certain performance requirements by the grant partner. Those grants have also not been included in grants payable consistent with the Foundation’s policy for conditional grants. There were no conditional grants of this nature in 2020. As of December 31, 2021, of additional conditional grants totaling $604,000 have not been included in grants payable.

Note 7 - Excise and Other Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As a private foundation, the Foundation is subject to an excise tax on net investment income, including realized gains, as defined in the Tax Reform Act of 1969.

The Foundation's excise tax expense as of December 31, 2021 and 2020 is composed of the following approximate amounts:

	2021	2020
Current excise and other tax recovery	$ (629,000)	$ (436,000)
Deferred excise tax expense	910,000	885,000
Total tax expense	$ 281,000	$ 449,000

The deferred excise tax expense represents the tax on unrealized gains on investment securities. At December 31, 2021 and 2020, the deferred tax liability was approximately $3,114,000 and $2,204,000, respectively. The standard rate of tax on net investment income is 1.39 percent.

At December 31, 2021 and 2020, amounts receivable related to tax prepayments were $1,051,288 and $1,076,550, respectively. As of the date of this report, the Foundation has not received payments on the receivable.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that, as of December 31, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements except for the estimated liability recorded for pass-through unrelated business income (UBI) from investments in partnerships.

Note 8 - Line of Credit

The Foundation has an unsecured, guaranteed line of credit agreement with a bank, which provided for borrowings up to $10,000,000. The line of credit expires on December 2, 2022. Interest on the amount outstanding is calculated using the London Interbank Offered Rate (LIBOR) plus 100.0 basis points, and a quarterly fee is calculated using 20.0 basis points on the unused portion. There were no borrowings on the line of credit as of December 31, 2021 or 2020.

Effective May 16, 2022, the line of credit was amended to extend the expiration date to May 16, 2024 and increase the total available borrowings up to $15,000,000. Under the amended agreement, interest on the amount outstanding is calculated using the Daily Bloomberg Short-Term Bank Yield Index (BSBY) Rate plus 32.0 basis points, and a quarterly fee (assessed daily) is calculated using 15.0 basis points on the unused portion if less than 50 percent of the note is disbursed or 10.0 basis points on the unused portion if 50 percent or more of the note is disbursed.

Note 9 - Postretirement Benefits

The Foundation assists its eligible retirees with the payment of the cost of medical insurance coverage during retirement. Net periodic postretirement health care cost was approximately $34,000 and $42,000 for the years ended December 31, 2021 and 2020, respectively, and increases the postretirement liability for use for future premiums of current employees. In addition, current postretirement health care expenses for current retirees are taken against this liability, as it has already been expensed. The Foundation had accrued postretirement benefits of approximately $791,000 as of December 31, 2021 and 2020, which are included within accrued liabilities on the accompanying statement of financial position.

Note 10 - Defined Contribution Plan

The Foundation sponsors a defined contribution 401(k) plan for all eligible full-time employees. The employees may make elective contributions to the 401(k) plan in accordance with IRS regulations. The Foundation makes contributions to the 401(k) plan based upon eligible compensation.

Contributions to the plan totaled $289,446 and $271,774 for the years ended December 31, 2021 and 2020, respectively.

Note 11 - Lease Commitments

The Foundation leases its office space under an agreement that expires in December 2025. The lease agreement requires monthly payments based on rates per square foot each year.

The future minimum lease payments are as follows:

Years Ending December 31	Amount
2022	$ 302,058
2023	306,253
2024	310,449
2025	314,404
Total	$ 1,233,164

Rent expense for 2021 and 2020 was $281,897 and $277,002, respectively.

In conjunction with the lease agreement, the Foundation received discounted rent from the landlord, which is being amortized over the life of the lease. The unamortized portion at December 31, 2021 and 2020 was $105,576 and $121,542, respectively.

The Foundation has the option to renew the agreement for seven additional years in 2026 and again in 2033 at 90 percent of the market rate.

Note 12 - Related Party Transactions

The following is a description of transactions between the Foundation and a related party:

The Foundation has been advising and supporting the activities of another not-for-profit organization, Detroit Children's Fund (DCF). The Foundation is performing certain management functions for DCF based on a formal management services agreement. Related party transactions and balances as of and for the years ended December 31, 2021 and 2020 are shown below:

	2021	2020
Contributed services related to management functions	$ 395,254	$ 368,764
Granted funds to DCF	1,997,423	350,000
Grants payable to DCF	1,300,000	-

Note 13 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Foundation’s assets measured at fair value on a recurring basis at December 31, 2021 and 2020 and the valuation techniques used by the Foundation to determine those fair values.

Note 13 - Fair Value Measurements (Continued)

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset. Significant Level 3 inputs include most recently audited financial statements and performance reports from independent sources.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2021				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at December 31, 2021
Assets					
Cash equivalents	$ 20,401,282	$ -	$ -	$ -	$ 20,401,282
Global equities and futures contracts	142,952	-	-	142,763,217	142,906,169
Fixed-income investments	36,083,543	-	-	-	36,083,543
Hedge funds	-	-	-	166,603,558	166,603,558
Private equity limited partnerships	-	-	195,577	272,718,396	272,913,973
Total assets	$ 56,627,777	$ -	$ 195,577	$ 582,085,171	$ 638,908,525

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2020				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at December 31, 2020
Assets					
Cash equivalents	$ 14,295,028	$ -	$ -	$ -	$ 14,295,028
Global equities and futures contracts	628,986	-	-	165,403,863	166,032,849
Fixed-income investments	29,296,110	-	-	-	29,296,110
Hedge funds	-	-	-	152,906,286	152,906,286
Private equity limited partnerships	-	-	278,551	179,946,932	180,225,483
Total assets	$ 44,220,124	$ -	$ 278,551	$ 498,257,081	$ 542,755,756

Note 13 - Fair Value Measurements (Continued)

One of the Foundation's limited partnerships is categorized as a Level 3 investment. The Foundation estimates its fair value based on income information provided by the general partner and fund manager, as well as third-party reports, including audit reports, interim financial statements, listing of underlying investments, and performance reports.

There were no transfers into or out of Level 3 of the fair value hierarchy and no purchases or issuances of Level 3 assets during the years ended December 31, 2021 and 2020.

Investments in Entities that Calculate Net Asset Value per Share

The Foundation hold shares or interest in investment companies at year end where the fair value of the investments held is estimated based on net asset value per share (or its equivalent) of the investment companies as a practical expedient.

	Investments Held at December 31, 2021			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Event driven (a)	$ 15,918	$ -	Annually	60 days
Multistrategy (b)	309,350,855	-	Monthly and Quarterly	90 - 120 days
Real estate private equity (c)	43,338	67,452	N/A	N/A
Natural resources private equity (d)	3,785,409	1,318,327	N/A	N/A
Nonmarketable limited partnerships (e)	234,723,457	127,320,784	N/A	N/A
Private equity - Domestic (f)	16,051,432	3,126,598	N/A	N/A
Private equity - International (g)	18,114,762	7,944,064	N/A	N/A
Total	$ 582,085,171	$ 139,777,225		

	Investments Held December 31, 2020			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Event driven (a)	$ 11,237	$ -	Annually	60 days
Multistrategy (b)	318,298,912	-	Monthly, Quarterly, and Annually	30 - 90 days
Real estate private equity (c)	48,916	67,452	N/A	N/A
Natural resources private equity (d)	4,057,407	1,318,327	N/A	N/A
Nonmarketable limited partnerships (e)	133,167,523	100,311,288	N/A	N/A
Private equity - Domestic (f)	13,828,216	3,411,592	N/A	N/A
Private equity - International (g)	28,844,870	10,693,955	N/A	N/A
Total	$ 498,257,081	$ 115,802,614		

(a) **Event Driven** - This strategy involves taking a long or short position in any security (stock, bond, or loan) of a corporation that is undergoing some corporate event. Events include merger, acquisition, spinoff, bankruptcy, and restructuring. For instance, in a merger or acquisition, event-driven managers usually buy the stock of the company that is being acquired and sell short the stock of the company that is acquiring, a trade that makes money if and when the two companies consummate their merger. In other types of corporate events, such as bankruptcy, event-driven managers usually use the bankruptcy to purchase the bonds or loans of the bankrupt company in order to profit from the company's restructuring, either through price appreciation of the security purchased or through actively working with the company to restructure.

Note 13 - Fair Value Measurements (Continued)

(b) **Multistrategy** - A hedge fund strategy that involves a combination of any other strategies. Multistrategy managers add value by both their successful management of each of the underlying strategies and in the relative allocation to different strategies in their fund.

(c) **Real Estate Private Equity** - This asset class seeks to generate returns predominately through the identification of undervalued or mispriced real estate assets or real estate-related companies. Investments would be expected to be made through either public or private equity securities, convertible notes or warrants, or other acquired or originated debt securities. The exposure within this asset class would be expected to be predominately long-only exposure and will generally be maintaining a long exposure to direct real estate assets or real estate-related companies and securities. Additionally, it is not expected that these assets would be held as marketable securities with an active or easily identifiable market; however, the asset class overall would be expected to generate some level of current income. This exposure is obtained primarily through investments in long-dated limited partnership vehicles and is considered illiquid.

(d) **Natural Resources Private Equity** - This asset class seeks to generate returns predominately through the identification of undervalued or mispriced assets or companies engaged in the exploration, production, transportation, or related services in natural resources, such as oil, natural gas, timber, land, minerals, or precious metals, etc. Investments would be expected to be made through either public or private equity securities, convertible notes or warrants, or other acquired or originated debt securities. The exposure within this asset class would be expected to be predominately long-only exposure and will generally be maintaining a long exposure to companies or assets engaged in the basic materials sector. Additionally, it is not expected that these assets would be held as marketable securities with an active or easily identifiable market; however, the asset class overall would be expected to generate some level of current income. This exposure is obtained primarily through investments in long-dated limited partnership vehicles and is considered illiquid.

(e) **Nonmarketable Limited Partnerships (Investure)** - Investments in private equity are typically made through limited partnership structures and are illiquid in nature. Investments are typically made in unlisted companies (companies that are not traded on public exchanges), or, in some cases, listed companies are purchased and taken private. Private equity encompasses a broad array of strategies and securities that may include buyout, growth equity, and venture capital strategies. Other strategies may include real estate, natural resources, and credit. Investments may be in any sector of the economy or geography in the world, though funds will typically specialize in specific industries and regions.

(f-g) **Private Equity Domestic and International (Legacy)** - Investments in private equity are typically made through limited partnership structures and are illiquid in nature. Investments are typically made in unlisted companies (companies that are not traded on public exchanges), or, in some cases, listed companies are purchased and taken private. Private equity encompasses a broad array of strategies and securities. Buyout, growth equity, and venture capital strategies purchase equity in private companies at different stages of the company’s life cycle. Other strategies, such as mezzanine or special situations, will invest in debt, preferred equity, or other parts of a company’s capital structure. Investments may be in any sector of the economy or geography in the world, though funds will typically specialize in specific industries and regions.

Note 14 - Liquidity

The Foundation’s financial assets available within one year of December 31 for general expenditure are as follows:

	2021	2020
Cash and cash equivalents	$ 20,401,282	$ 14,295,028
Accounts and interest receivable	1,810,675	1,253,652
Short-term investments	36,083,543	29,841,312
Total	$ 58,295,500	$ 45,389,992

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

Note 14 - Liquidity (Continued)

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its awarded grants, general expenditures, liabilities, and other obligations come due. The Foundation invests cash in excess of daily requirements in various short-term investments. As more fully described in Note 8, the Foundation also has a committed line of credit in the amount of $10,000,000 that it could draw upon in the event of an unanticipated liquidity need.