The Skillman Foundation

Financial Report

December 31, 2022

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, 2022 and 2021 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, 2022 and 2021 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, 4, and 14, the 2022 and 2021 financial statements include investments whose fair values of $504,840,097 and $582,270,748, or 94 and 92 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 6, 2023

Statement of Financial Position

December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	$ 12,376,908	$ 20,401,282
Investments (Note 4)	535,971,233	618,507,243
Unsettled trade receivables	33,981	619,163
Interest and other receivables	220,433	140,224
Federal excise tax refundable (Note 9)	372,986	1,051,288
Right-to-use asset (Note 7)	2,881,633	-
Program-related investments - Net (Note 5)	376,810	619,847
Fixed assets - Net (Note 6)	62,575	86,043
Total assets	**$ 552,296,559**	**$ 641,425,090**
Liabilities and Net Assets		
Liabilities		
Accrued liabilities	$ 1,057,748	$ 2,180,297
Grants payable (Note 8)	8,003,902	4,578,225
Lease liability (Note 7)	2,881,633	-
Deferred rent liability	-	105,576
Deferred excise tax payable (Note 9)	2,010,302	3,114,084
Total liabilities	13,953,585	9,978,182
Net Assets - Without donor restrictions	538,342,974	631,446,908
Total liabilities and net assets	**$ 552,296,559**	**$ 641,425,090**

See notes to financial statements.

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2022 and 2021

	2022	2021
Changes in Net Assets without Donor Restrictions		
(Loss) income:		
Net realized and unrealized (losses) gains on investments	$ (60,438,232)	$ 123,587,727
Interest, dividend, and other income	585,884	492,771
Investment management fees	(2,659,708)	(4,012,728)
Total (loss) income	(62,512,056)	120,067,770
Net assets released from restrictions	600,000	1,500,000
Total (loss) income and net assets released from restrictions	(61,912,056)	121,567,770
Grants and expenses:		
Program services	28,071,240	23,420,810
Administrative expenses	3,548,788	2,885,663
Federal excise and other tax (recovery) expense	(428,150)	281,199
Total grants and expenses	31,191,878	26,587,672
(Decrease) Increase in Net Assets without Donor Restrictions	(93,103,934)	94,980,098
Changes in Net Assets with Donor Restrictions		
Grant revenue	600,000	-
Net assets released from restrictions	(600,000)	(1,500,000)
Decrease in Net Assets with Donor Restrictions	-	(1,500,000)
(Decrease) Increase in Net Assets	(93,103,934)	93,480,098
Net Assets - Beginning of year	631,446,908	537,966,810
Net Assets - End of year	**$ 538,342,974**	**$ 631,446,908**

Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services			Support Services		
	Grants	Other	Total	Administrative	Taxes	Total
Salaries and payroll	$ -	$ 1,051,051	$ 1,051,051	$ 1,762,178	$ -	$ 2,813,229
Benefits, employee costs, and payroll tax	-	301,969	301,969	501,454	-	803,423
Grant-making and strategic consulting	-	332,141	332,141	155,112	-	487,253
Meetings, conference, and travel	-	37,500	37,500	239,457	-	276,957
Office expense	-	185,801	185,801	236,517	-	422,318
Communication	-	-	-	89,051	-	89,051
Evaluation	-	317,498	317,498	-	-	317,498
Trustee, audit, and legal fees	-	-	-	303,128	-	303,128
Technology solutions and cyber	-	202,530	202,530	217,685	-	420,215
Grants	25,963,054	-	25,963,054	-	-	25,963,054
Grants recovered	(325,754)	-	(325,754)	-	-	(325,754)
Miscellaneous	-	5,450	5,450	44,206	-	49,656
Excise tax	-	-	-	-	430,582	430,582
Other taxes UBIT	-	-	-	-	(858,732)	(858,732)
Total functional expenses	**$ 25,637,300**	**$ 2,433,940**	**$ 28,071,240**	**$ 3,548,788**	**$ (428,150)**	**$ 31,191,878**

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 Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ (93,103,934)	$ 93,480,098
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation	23,468	57,293
Net realized and unrealized loss (gain) on investments	60,438,232	(123,587,727)
Bad debt expense (recovery)	120,620	(31,291)
Changes in deferred excise tax payable	(1,103,782)	910,376
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Interest and other receivables	(80,209)	28,552
Federal excise tax refundable	678,302	33,588
Accrued liabilities	(1,122,549)	664,440
Deferred rent liability	(105,576)	(15,966)
Grants payable	3,425,677	2,573,225
Net cash and cash equivalents used in operating activities	(30,829,751)	(25,887,412)
Cash Flows from Investing Activities		
Purchases of investments	(140,304,915)	(117,988,688)
Change in net unsettled trades	585,182	(1,727,667)
Collections of principal of program-related investments	122,417	180,121
Proceeds from sale of investments	162,402,693	151,529,900
Net cash and cash equivalents provided by investing activities	22,805,377	31,993,666
Net (Decrease) Increase in Cash and Cash Equivalents	(8,024,374)	6,106,254
Cash and Cash Equivalents - Beginning of year	20,401,282	14,295,028
Cash and Cash Equivalents - End of year	**$ 12,376,908**	**$ 20,401,282**
Supplemental Cash Flow Information - Cash paid for taxes	$ 532,100	$ 775,000

See notes to financial statements.

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 had no donor-restricted assets as of December 31, 2022 and 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, 2022 and 2021, seven investment funds accounted for approximately 91 and 86 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 14 for additional information.

At December 31, 2022 and 2021, the Foundation had commitments to contribute approximately $109,800,000 and $139,800,000, 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 outstanding loans 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. There were no loss reserves at both December 31, 2022 and 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.

Leases

The Foundation has an operating lease for its office space, as described in Note 7. Certain long-term leases require the Foundation to recognize a right-to-use asset and related lease liability. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. The Foundation recognizes expense for operating leases on a straight-line basis over the lease term. The right-to-use asset and liability is calculated considering available lease options and renewal terms.

The Foundation has operating leases for certain equipment, with a lease term of one year or less that the Foundation has elected to account for these leases as short-term leases. The Foundation does not recognize a right-to-use asset or lease liability for short-term leases.

Note 2 - Significant Accounting Policies (Continued)

The Foundation has elected to use the risk-free rate as the discount rate for calculating the right-to-use asset and lease liability in place of the incremental borrowing rate for the office space.

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.

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.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including June 6, 2023, which is the date the financial statements were available to be issued.

Note 3 - Adoption of New Accounting Pronouncement

As of January 1, 2022, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases*. The ASU requires lessees to recognize a right-to-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. The Foundation elected to adopt the ASU using the modified retrospective method as of January 1, 2022 and applied the following practical expedients:

- The Foundation did not reassess if expired or existing contracts are or contain a lease.
- The Foundation did not reassess the lease classification for expired or existing leases.
- The Foundation did not reassess initial direct costs for any existing leases.
- The Foundation used hindsight to determine the lease term and to assess impairment of the right-to-use assets for existing leases.

As a result of the adoption of the ASU, the Foundation recorded a right-to-use asset and a lease liability of $2,881,633 as of January 1, 2022 for existing operating leases. There was no impact on net assets as a result of adopting the new ASU.

Note 4 - Investments

Investments consisted of the following at December 31:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Global equities and futures contracts	$ 91,119,431	$ 96,479,431	$ 98,841,475	$ 142,906,169
Alternative investments:				
Hedge funds	82,108,943	130,496,702	83,529,144	166,603,558
Private equity limited partnerships	193,984,860	277,863,964	170,606,062	272,913,973
Total alternative investments	276,093,803	408,360,666	254,135,206	439,517,531
Fixed-income investments	33,096,662	31,131,136	36,609,326	36,083,543
Total	$ 400,309,896	$ 535,971,233	$ 389,586,007	$ 618,507,243

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.

	2022	2021
Realized gain on investments	$ 32,821,666	$ 53,206,615
Change in unrealized market appreciation	(93,259,898)	70,381,112
Net realized and unrealized (loss) gains on investments	$ (60,438,232)	$ 123,587,727

A summary of changes in cash and investments during the years ended December 31, 2022 and 2021 is shown below:

	Cash and Cash Equivalents	Global Equities and Futures Contracts	Alternative Investments	Fixed-income Investments
January 1, 2021 - 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
Add (deduct) changes during the year ended December 31, 2022:				
Purchases	289,094,953	45,688,624	45,260,274	49,356,017
Sales and maturities - At cost	(297,119,327)	(53,410,669)	(23,301,678)	(52,868,680)
Net depreciation in fair value	-	(38,704,693)	(53,115,461)	(1,439,744)
December 31, 2022 - Fair value	$ 12,376,908	$ 96,479,431	$ 408,360,666	$ 31,131,136

Note 5 - Program-related Investments (PRI)

The Foundation's PRI portfolio included two loans and one equity investment at both December 31, 2022 and 2021. The investments are summarized in the table below as follows:

	2022	2021
Debt principal amount	$ 297,430	$ 419,847
Equity investment	79,380	200,000
Total program-related investments	$ 376,810	$ 619,847

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 guaranteed the loan of another organization as of December 31, 2021. The amount of the guarantee was $860,000, capped at an annual maximum payment of $430,000. This guarantee expired as of September 30, 2022; therefore, there was no guaranteed loan as of December 31, 2022.

Note 6 - Fixed Assets

The cost of fixed assets as of December 31, 2022 and 2021 is summarized as follows:

	2022	2021
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	439,644	416,176
Net property and equipment	$ 62,575	$ 86,043

Depreciation expense for 2022 and 2021 was $23,468 and $57,293, respectively.

Note 7 - Leases

The Foundation is obligated under an operating lease primarily for office space, expiring in 2025. A seven-year renewal option is available to exercise. The Foundation has included this option at estimated costs through 2032. The right-to-use asset and related lease liability have been calculated using the discount rate of 2.49 percent. The lease requires the Foundation to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under the lease was $302,058 for 2022.

Note 7 - Leases (Continued)

Future annual commitments under the operating lease are as follows:

Years Ending December 31	Amount
2023	$ 306,253
2024	310,449
2025	314,404
2026	319,120
2027	323,906
Thereafter	1,693,885
Total	3,268,017
Less amount representing interest	386,384
Present value of net minimum lease payments	$ 2,881,633

Expenses recognized under the lease for the year ended December 31, 2022 consist of the following:

Operating lease cost	$ 302,058
Other information:	
Weighted-average remaining lease term - Operating lease	10 years
Weighted-average discount rate - Operating lease	2.5 %

Note 8 - 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, 2022 and 2021:

	2022	2021
Grants payable - Beginning of year	$ 4,578,225	$ 2,005,000
Grants approved	25,842,434	21,015,700
Payments made	(22,416,757)	(18,442,475)
Grants payable - End of year	$ 8,003,902	$ 4,578,225

Grant commitments outstanding at December 31, 2022 and 2021 are scheduled for payment as follows:

Amount Due In	2022	2021
2022	$ -	$ 3,482,673
2023	6,553,902	1,095,552
2024	1,250,000	-
2025	100,000	-
2026	100,000	-
Total	$ 8,003,902	$ 4,578,225

Note 8 - Grants for Charitable, Educational, and Other Authorized Purposes (Continued)

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 $1,575,000 since 2014. The remaining $1,925,000 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.

Note 9 - 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, 2022 and 2021 is composed of the following approximate amounts:

	2022	2021
Current excise and other tax expense (recovery)	$ 675,632	$ (629,000)
Deferred excise tax (recovery) expense	(1,103,782)	910,000
Total tax (recovery) expense	$ (428,150)	$ 281,000

The deferred excise tax expense represents the tax on unrealized gains on investment securities. At December 31, 2022 and 2021, the deferred tax liability was approximately $2,010,302 and $3,114,000, respectively. The standard rate of tax on net investment income is 1.39 percent.

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, 2022 and 2021, 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 10 - Line of Credit

The Foundation has an unsecured, guaranteed line of credit agreement with a bank, which provides for borrowings up to $15,000,000. The line of credit expires on May 16, 2024. 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. There were no borrowings on the line of credit as of December 31, 2022 or 2021.

Note 11 - 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 $46,000 and $34,000 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, which are included within accrued liabilities on the accompanying statement of financial position.

Note 12 - 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 $270,684 and $289,446 for the years ended December 31, 2022 and 2021, respectively.

Note 13 - 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. The Foundation was involved in the formation of DCF and they share a common board member. Related party transactions and balances as of and for the years ended December 31, 2022 and 2021 are shown below:

	2022	2021
Contributed services related to management functions	$ 283,260	$ 395,254
Granted funds to DCF	20,000	1,997,423
Grants payable to DCF	650,000	1,300,000

Note 14 - 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, 2022 and 2021 and the valuation techniques used by the Foundation to determine those fair values.

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.

Note 14 - Fair Value Measurements (Continued)

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, 2022				
	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, 2022
Assets					
Cash equivalents	$ 12,376,908	$ -	$ -	$ -	$ 12,376,908
Global equities and futures contracts	-	-	-	96,479,431	96,479,431
Fixed-income investments	31,131,136	-	-	-	31,131,136
Hedge funds	-	-	-	130,496,702	130,496,702
Private equity limited partnerships	-	-	157,978	277,705,986	277,863,964
Total assets	$ 43,508,044	$ -	$ 157,978	$ 504,682,119	$ 548,348,141

	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

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, 2022 and 2021.

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.

Note 14 - Fair Value Measurements (Continued)

	Investments Held at December 31, 2022			
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Multistrategy (b)	$ 226,976,132	$ -	Monthly and Quarterly	90 - 100 days
Real estate private equity (c)	14,696	67,452	N/A	N/A
Natural resources private equity (d)	2,421,736	587,362	N/A	N/A
Nonmarketable limited partnerships (e)	250,703,993	99,618,588	Annually	180 days
Private equity - Domestic (f)	9,658,329	1,838,115	N/A	N/A
Private equity - International (g)	14,907,233	7,673,250	N/A	N/A
Total	$ 504,682,119	$ 109,784,767		

	Investments Held 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		

(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.

(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.

Note 14 - Fair Value Measurements (Continued)

(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 15 - Liquidity

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

	2022	2021
Cash and cash equivalents	$ 12,376,908	$ 20,401,282
Accounts and interest receivable	627,100	1,810,675
Short-term investments	31,131,136	36,083,543
Total	$ 44,135,144	$ 58,295,500

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.

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 10, the Foundation also has a committed line of credit in the amount of $15,000,000 that it could draw upon in the event of an unanticipated liquidity need.