



THE ARTHUR VINING DAVIS FOUNDATION NO. 2

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021





REPORT OF INDEPENDENT AUDITOR

The Board of Trustees
The Arthur Vining Davis Foundation No. 2
Ponte Vedra Beach, Florida

Opinion

We have audited the accompanying financial statements of The Arthur Vining Davis Foundation No. 2 (“the Foundation”), which consist of the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities 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 Arthur Vining Davis Foundation No. 2 as of December 31, 2021 and 2020, 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 Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 Foundation’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 audit.

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Supplemental Schedule of Grants Paid, Approved, and Payable, and Supplemental Schedule of Cash Receipts and Disbursements of the Administrative Account are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida
October 15, 2022

THE ARTHUR VINING DAVIS FOUNDATION NO. 2
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2021	2020
CASH AND CASH EQUIVALENTS		
Administrative account	\$ 112,119	\$ 73,550
Trust account	2,817,464	2,212,189
Total cash and cash equivalents	2,929,583	2,285,739
ACCRUED INTEREST AND DIVIDENDS	110,346	114,128
INVESTMENTS , at estimated fair value		
Equity securities	88,488,504	77,465,440
Obligations of the U.S. Government or its agencies	9,421,615	9,745,805
Corporate obligations	6,661,286	6,909,475
Other investments	14,154,135	11,975,775
Total investments	118,725,540	106,096,495
OTHER ASSETS	14,397	42,541
Total assets	\$ 121,779,866	\$ 108,538,903
LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS		
LIABILITIES		
Grants payable	\$ 1,977,342	\$ 2,207,631
Federal excise tax payable	32,432	—
Total liabilities	2,009,774	2,207,631
NET ASSETS WITHOUT DONOR RESTRICTIONS	119,770,092	106,331,272
Total liabilities and net assets without donor restrictions	\$ 121,779,866	\$ 108,538,903

The Accompanying Notes are an Integral
Part of These Financial Statements

THE ARTHUR VINING DAVIS FOUNDATION NO. 2
STATEMENTS OF ACTIVITIES

	For The Years Ended	
	December 31,	
	2021	2020
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Investment and other income		
Dividends	\$ 1,563,341	\$ 1,160,871
Interest	321,816	411,131
Other	—	18,388
Total investment and other income	1,885,157	1,590,390
Supporting expenses		
Office expenses	708,477	710,744
Federal excise tax	76,708	84,624
Professional fees	472,393	17,590
Total expenses	1,257,578	812,958
Investment and other income available for grants	627,579	777,432
Program expenses - grants approved		
Private higher education	(1,248,805)	(325,000)
Public educational media	—	(1,650,000)
Interfaith leadership and religious literacy	(1,106,965)	(1,147,065)
Environmental engagement, stewardship, and solutions	(250,000)	(833,621)
Palliative care	(750,156)	(2,006,812)
Other	(105,000)	(190,000)
Total program expenses - grants approved	(3,460,926)	(6,152,498)
Expenses and grants approved over investment and other income before investment gains, net	(2,833,347)	(5,375,066)
Investment gains, net		
Realized gains on sales and maturities of investments, net	3,549,661	4,518,150
Unrealized gains on investments, net	12,722,506	4,811,144
Total investment gains, net	16,272,167	9,329,294
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	13,438,820	3,954,228
NET ASSETS WITHOUT DONOR RESTRICTIONS - Beginning of year	106,331,272	102,377,044
NET ASSETS WITHOUT DONOR RESTRICTIONS - End of year	\$ 119,770,092	\$ 106,331,272

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Part of These Financial Statements

THE ARTHUR VINING DAVIS FOUNDATION NO. 2
STATEMENTS OF CASH FLOWS

	For The Years Ended	
	December 31,	
	2021	2020
OPERATING CASH FLOWS		
Investment and other income received	\$ 1,888,939	\$ 1,639,051
Cash paid to grantees	(3,691,215)	(3,944,867)
Cash paid for operating activities and costs	(1,152,726)	(757,649)
Federal excise taxes paid	(32,900)	(102,719)
Net operating cash flows	(2,987,902)	(3,166,184)
INVESTING CASH FLOWS		
Proceeds from sales and maturities of investments	10,562,053	43,101,161
Purchases of investments	(6,930,307)	(39,751,971)
Net investing cash flows	3,631,746	3,349,190
NET CHANGE IN CASH AND CASH EQUIVALENTS	643,844	183,006
CASH AND CASH EQUIVALENTS - Beginning of year	2,285,739	2,102,733
CASH AND CASH EQUIVALENTS - End of year	\$ 2,929,583	\$ 2,285,739

The Accompanying Notes are an Integral
Part of These Financial Statements

THE ARTHUR VINING DAVIS FOUNDATION NO. 2
NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

The Arthur Vining Davis Foundation No. 2 (“the Foundation”) was established for the purpose of aiding charitable organizations within the United States. Emphasis is placed on the support of private higher education, public educational media, interfaith leadership and religious literacy, environmental engagement, stewardship and solutions, and palliative care. Although the Foundation is to continue perpetually, the principal of the Foundation may be distributed to meet minimum distribution requirements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

The Foundation considers investment instruments purchased with original maturities of three months or less to be cash equivalents.

Investments

Investments in securities that are traded on national or international securities exchanges are carried at estimated fair value, based upon quoted market prices provided by external investment managers and the Foundation’s custodians and are accepted by the Foundation’s management.

Investments in alternative structures including hedge funds, and private equity funds are carried at estimated fair value. Estimated fair values for these “alternative investments” are provided by the investee and accepted by the Foundation’s management. Alternative investments are not readily marketable and are often highly illiquid. The estimated fair values of alternative investments included in the accompanying financial statements are subject to a high degree of uncertainty and the actual fair values could differ materially from the estimated fair values. Management of the Foundation believes that the Foundation’s alternative investments are carried at reasonable estimates of their fair value.

Functional allocation of expenses

The statements of activities present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas.

Income taxes

The Foundation is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and from state income tax pursuant to corresponding Florida law. The Foundation is a private foundation for federal income tax purposes and is subject to an excise tax of 1.39% on its net investment income. Deferred taxes, if any, are not recognized in the accompanying financial statements due to uncertainty of realization.

Use of estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. The most significant estimates used in the financial statements relate to the estimated fair value of investments. Actual results could differ from the estimates.

Economic uncertainties

In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). Management is closely monitoring the potential impact of the pandemic on the Foundation’s financial condition. Because of the uncertain impact on global commerce, management is not currently able to estimate the effects of the pandemic on its operating results, financial condition, or liquidity.

THE ARTHUR VINING DAVIS FOUNDATION NO. 2
 NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain amounts included in the 2020 financial statements have been reclassified to conform to classifications adopted during 2021. The reclassifications had no material effect on the accompanying financial statements.

Subsequent events

The Foundation has evaluated for possible financial reporting and disclosure subsequent events through October 15, 2022, the date as of which the financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the statements of financial position are as follows:

	December 31,	
	2021	2020
Financial assets available:		
Cash and cash equivalents	\$ 2,929,583	\$ 2,285,739
Investments	118,725,540	106,096,495
Total financial assets available	121,655,123	108,382,234
Less: assets unavailable for general expenditure	—	—
Net financial assets available within one year	\$ 121,655,123	\$ 108,382,234

The Foundation is primarily supported by investment income. As part of the Foundation’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management believes the Foundation has sufficient liquid assets to draw upon in the case of an immediate financial need.

NOTE D – CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash, cash equivalents, and investments in deposit or brokerage accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash, cash equivalents, and investments.

NOTE E – FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States (“GAAP”) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments.

THE ARTHUR VINING DAVIS FOUNDATION NO. 2
 NOTES TO FINANCIAL STATEMENTS

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 – quoted prices in active markets for identical assets

Level 2 – other significant observable inputs (such as quoted prices for similar investments)

Level 3 – significant unobservable inputs

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Estimated fair value of certain assets measured on a recurring basis at December 31, 2021, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 88,488,504	\$ 88,488,504	\$ —	\$ —
Obligations of the U.S.				
Government or its agencies	9,421,615	9,421,615	—	—
Corporate obligations	6,661,286	6,661,286	—	—
Other investments				
Commodity indexed trust	<u>1,620,804</u>	<u>1,620,804</u>	<u>—</u>	<u>—</u>
Total	\$ 106,192,209	\$ <u>106,192,209</u>	\$ <u>—</u>	\$ <u>—</u>
Fair value measured at net asset value – other nonpublicly traded investments	<u>12,533,331</u>			
Total	\$ <u>118,725,540</u>			

Estimated fair value of certain assets measured on a recurring basis at December 31, 2020, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 77,465,440	\$ 77,465,440	\$ —	\$ —
Obligations of the U.S.				
Government or its agencies	9,745,805	9,745,805	—	—
Corporate obligations	6,909,475	6,909,475	—	—
Other investments				
Commodity indexed trust	<u>3,191,146</u>	<u>3,191,146</u>	<u>—</u>	<u>—</u>
Total	\$ 97,311,866	\$ <u>97,311,866</u>	\$ <u>—</u>	\$ <u>—</u>
Fair value measured at net asset value – other nonpublicly traded investments	<u>8,784,629</u>			
Total	\$ <u>106,096,495</u>			

THE ARTHUR VINING DAVIS FOUNDATION NO. 2
 NOTES TO FINANCIAL STATEMENTS

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

As of December 31, 2021, the estimated fair values and unfunded commitments for other nonpublicly traded investments are as follows:

	<u>Estimated Fair Value</u>	<u>Unfunded Commitments</u>
Investments in hedge funds	\$ 3,853,285	\$ —
Investments in private equity funds	<u>8,680,046</u>	<u>4,975,000</u>
Total	<u>\$ 12,533,331</u>	<u>\$ 4,975,000</u>

As of December 31, 2020, the estimated fair values and unfunded commitments for other nonpublicly traded investments are as follows:

	<u>Estimated Fair Value</u>	<u>Unfunded Commitments</u>
Investments in hedge funds	\$ 3,648,290	\$ —
Investments in private equity funds	<u>5,136,339</u>	<u>2,975,000</u>
Total	<u>\$ 8,784,629</u>	<u>\$ 2,975,000</u>

Other nonpublicly traded investments include various hedge funds and private equity funds which use an array of diversified investment strategies focused on long-term capital appreciation, risk diversification, and low volatility. These nontraditional investment opportunities seek to exceed the returns offered by traditional investments. There are no lock-up periods associated with these investments, and such investments can generally be liquidated at an amount approximating net asset value in the near-term with proper notice. The financial statements of the nonpublicly traded investments in which such investments have been made are generally subject to annual external audits which are ordinarily conducted by nationally-recognized certified public accounting firms.

The Foundation’s other significant financial instrument is cash and cash equivalents, for which carrying value approximates fair value.

NOTE F – EMPLOYEE BENEFIT PLAN

The Arthur Vining Davis Foundation No. 3 has a defined contribution pension plan (“the Plan”) covering all employees. Contributions to the Plan are based on a percentage of each employee’s salary and are made at the direction of the Board of Trustees. The Foundation contributed \$66,294 and \$64,249 to the Plan through the Administrative account for the years ended December 31, 2021 and 2020, respectively.

SUPPLEMENTAL SCHEDULES

THE ARTHUR VINING DAVIS FOUNDATION NO. 2
SUPPLEMENTAL SCHEDULE OF GRANTS PAID, APPROVED, AND PAYABLE
For The Year Ended December 31, 2021

	Grants Payable 1/1/21	Approved	Paid	Grants Payable 12/31/21
PRIVATE HIGHER EDUCATION				
Braver Angels	\$ —	\$ 281,932	\$ 281,932	\$ —
Bryn Mawr College	—	150,000	150,000	—
HBCU Career Development Marketplace	—	50,000	50,000	—
Independent Colleges of Washington	—	125,000	125,000	—
Michigan Community College Foundation	—	137,500	—	137,500
Minnesota Private College Fund	—	199,200	99,600	99,600
Northwestern University	150,000	—	150,000	—
OpenMind Platform	—	305,173	152,587	152,586
Total private higher education	<u>150,000</u>	<u>1,248,805</u>	<u>1,009,119</u>	<u>389,686</u>
PUBLIC EDUCATIONAL MEDIA				
Fred Rogers Productions	600,000	—	300,000	300,000
Total public educational media	<u>600,000</u>	<u>—</u>	<u>300,000</u>	<u>300,000</u>
INTERFAITH LEADERSHIP AND RELIGIOUS LITERACY				
BRIJ	—	100,000	50,000	50,000
Christianity Today	—	150,000	75,000	75,000
El-Hibri Foundation	75,000	—	75,000	—
Interfaith Youth Core (for Neighborly Faith, Inc.)	150,000	—	150,000	—
InterVarsity Christian Fellowship	—	200,000	200,000	—
Kuhn Foundation	—	325,000	162,500	162,500
Tablet Magazine	—	108,000	108,000	—
Tufts University	—	223,965	223,965	—
Total interfaith leadership and religious literacy	<u>225,000</u>	<u>1,106,965</u>	<u>1,044,465</u>	<u>287,500</u>
ENVIRONMENTAL ENGAGEMENT, STEWARDSHIP & SOLUTIONS				
RARE	300,000	—	300,000	-
Solutions Journalism Network	—	250,000	—	250,000
Total environmental engagement, stewardship, and solutions	<u>300,000</u>	<u>250,000</u>	<u>300,000</u>	<u>250,000</u>
PALLIATIVE CARE				
Aquifer, Inc.	198,120	—	198,120	—
Center to Advance Palliative Care	—	500,156	—	500,156
Duke University School of Medicine	153,300	—	153,300	—
Rita & Alex Hillman Foundation	400,000	250,000	400,000	250,000
Seattle Children's Research Institute	181,211	—	181,211	—
Total palliative care	<u>932,631</u>	<u>750,156</u>	<u>932,631</u>	<u>750,156</u>

See The Accompanying Report of Independent Auditor

THE ARTHUR VINING DAVIS FOUNDATION NO. 2
 SUPPLEMENTAL SCHEDULE OF GRANTS PAID, APPROVED, AND PAYABLE (Continued)
 For The Year Ended December 31, 2021

	<u>Grants Payable 1/1/21</u>	<u>Approved</u>	<u>Paid</u>	<u>Grants Payable 12/31/21</u>
SPECIAL PROJECTS				
Baptist Medical Center-Alex's Dragonfly Endowment	\$ —	\$ 100,000	\$ 100,000	\$ —
Brain Tumor Network	—	5,000	5,000	—
Total special projects	—	105,000	105,000	—
TOTAL GRANTS	<u>\$ 2,207,631</u>	<u>\$ 3,460,926</u>	<u>\$ 3,691,215</u>	<u>\$ 1,977,342</u>

THE ARTHUR VINING DAVIS FOUNDATION NO. 2

**SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS AND
DISBURSEMENTS OF THE ADMINISTRATIVE ACCOUNT**

For The Year Ended December 31, 2021

RECEIPTS

Funds advanced by The Arthur Vining Davis Foundation No. 2	\$ 637,218
Interest on the Administrative Account	95
	<hr/>
Total receipts	637,313
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DISBURSEMENTS

Salaries	327,442
Pension costs	66,294
Employee benefits	57,068
Rent	31,649
Payroll taxes	21,061
Software	17,619
Consultants	16,983
Staff travel	13,858
IT support	8,180
Copier and office supplies	7,140
Website	6,609
Trustee meetings	5,074
Other trustee expense	4,200
Communications	3,242
Computer equipment and maintenance	2,440
Dues and subscriptions	2,427
Outreach	1,944
Insurance	1,689
Staff development	1,313
Legal fees	1,249
Memberships	828
Postage and delivery	435
	<hr/>
Total disbursements	598,744

CHANGE IN ADMINISTRATIVE ACCOUNT BALANCE 38,569

CASH BALANCE - Beginning of year

73,550

CASH BALANCE - End of year

\$ 112,119



THE ARTHUR VINING DAVIS FOUNDATION NO. 3

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020





REPORT OF INDEPENDENT AUDITOR

The Board of Trustees
The Arthur Vining Davis Foundation No. 3
Ponte Vedra Beach, Florida

Opinion

We have audited the accompanying financial statements of The Arthur Vining Davis Foundation No. 3 (“the Foundation”), which consist of the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities 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 Arthur Vining Davis Foundation No. 3 as of December 31, 2021 and 2020, 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 Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 audit.

BATTIS MORRISON WALES & LEE, P.A. • CERTIFIED PUBLIC ACCOUNTANTS

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Supplemental Schedule of Grants Paid, Approved, and Payable, and Supplemental Schedule of Cash Receipts and Disbursements of the Administrative Account are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida
October 7, 2022

THE ARTHUR VINING DAVIS FOUNDATION NO. 3
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2021	2020
CASH AND CASH EQUIVALENTS		
Administrative account	\$ 201,882	\$ 126,838
Trust account	3,806,866	10,163,287
Total cash and cash equivalents	4,008,748	10,290,125
ACCRUED INTEREST AND DIVIDENDS	129,631	105,442
INVESTMENTS , at estimated fair value		
Equity securities	166,557,729	146,190,119
Obligations of the U.S. Government or its agencies	10,914,954	10,056,144
Corporate obligations	7,415,057	7,997,507
Other investments	28,293,719	22,533,933
Total investments	213,181,459	186,777,703
OTHER ASSETS	24,514	53,065
Total assets	\$ 217,344,352	\$ 197,226,335
LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS		
LIABILITIES		
Grants payable	\$ 6,479,976	\$ 5,010,249
Federal excise tax payable	61,850	182,500
Total liabilities	6,541,826	5,192,749
NET ASSETS WITHOUT DONOR RESTRICTIONS	210,802,526	192,033,586
Total liabilities and net assets without donor restrictions	\$ 217,344,352	\$ 197,226,335

The Accompanying Notes are an Integral
Part of These Financial Statements

THE ARTHUR VINING DAVIS FOUNDATION NO. 3
STATEMENTS OF ACTIVITIES

	For The Years Ended	
	December 31,	
	2021	2020
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Investment and other income		
Dividends	\$ 1,980,684	\$ 1,781,204
Interest	456,622	488,888
	2,437,306	2,270,092
Supporting expenses		
Office expenses	1,566,140	1,271,541
Federal excise tax	312,287	215,500
Professional fees	42,043	29,950
	1,920,470	1,516,991
Investment and other income available for grants	516,836	753,101
Program expenses - grants approved		
Private higher education	(2,975,988)	(3,896,333)
Public educational media	(850,000)	(4,950,000)
Interfaith leadership and religious literacy	(907,450)	(1,491,602)
Environmental engagement, stewardship, and solutions	(3,450,000)	(700,000)
Palliative care	—	(100,000)
Other	(364,515)	(886,000)
	(8,547,953)	(12,023,935)
Expenses and grants approved over investment and other income before investment gains, net	(8,031,117)	(11,270,834)
Investment gains, net		
Realized gains on sales and maturities of investments, net	20,127,963	13,239,114
Unrealized gains on investments, net	6,672,094	9,997,011
	26,800,057	23,236,125
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	18,768,940	11,965,291
NET ASSETS WITHOUT DONOR RESTRICTIONS - Beginning of year	192,033,586	180,068,295
NET ASSETS WITHOUT DONOR RESTRICTIONS - End of year	\$ 210,802,526	\$ 192,033,586

The Accompanying Notes are an Integral
Part of These Financial Statements

THE ARTHUR VINING DAVIS FOUNDATION NO. 3
STATEMENTS OF CASH FLOWS

	For The Years Ended	
	December 31,	
	2021	2020
OPERATING CASH FLOWS		
Investment and other income received	\$ 2,413,117	\$ 2,269,163
Cash paid to grantees	(7,078,226)	(7,013,686)
Cash paid for operating activities and costs	(1,579,632)	(1,351,406)
Federal excise taxes paid	(432,937)	(55,080)
Net operating cash flows	(6,677,678)	(6,151,009)
INVESTING CASH FLOWS		
Proceeds from sales and maturities of investments	28,769,993	157,817,820
Purchases of investments	(28,373,692)	(146,852,257)
Net investing cash flows	396,301	10,965,563
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,281,377)	4,814,554
CASH AND CASH EQUIVALENTS - Beginning of year	10,290,125	5,475,571
CASH AND CASH EQUIVALENTS - End of year	\$ 4,008,748	\$ 10,290,125

The Accompanying Notes are an Integral
Part of These Financial Statements

THE ARTHUR VINING DAVIS FOUNDATION NO. 3
NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

The Arthur Vining Davis Foundation No. 3 (“the Foundation”) was established for the purpose of aiding charitable organizations within the United States. Emphasis is placed on the support of private higher education, public educational media, interfaith leadership and religious literacy, environmental engagement, stewardship and solutions, and palliative care. Although the Foundation is to continue perpetually, the principal of the Foundation may be distributed to meet minimum distribution requirements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

The Foundation considers investment instruments purchased with original maturities of three months or less to be cash equivalents.

Investments

Investments in securities that are traded on national or international securities exchanges are carried at estimated fair value, based upon quoted market prices provided by external investment managers and the Foundation’s custodians and are accepted by the Foundation’s management.

Investments in alternative structures including hedge funds, and private equity funds are carried at estimated fair value. Estimated fair values for these “alternative investments” are provided by the investee and accepted by the Foundation’s management. Alternative investments are not readily marketable and are often highly illiquid. The estimated fair values of alternative investments included in the accompanying financial statements are subject to a high degree of uncertainty and the actual fair values could differ materially from the estimated fair values. Management of the Foundation believes that the Foundation’s alternative investments are carried at reasonable estimates of their fair value.

Functional allocation of expenses

The statements of activities present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas.

Income taxes

The Foundation is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and from state income tax pursuant to corresponding Florida law. The Foundation is a private foundation for federal income tax purposes and is subject to an excise tax of 1.39% on its net investment income. Deferred taxes, if any, are not recognized in the accompanying financial statements due to uncertainty of realization.

Use of estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. The most significant estimates used in the financial statements relate to the estimated fair value of investments. Actual results could differ from the estimates.

Economic uncertainties

In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). Management is closely monitoring the potential impact of the pandemic on the Foundation’s financial condition. Because of the uncertain impact on global commerce, management is not currently able to estimate the effects of the pandemic on its operating results, financial condition, or liquidity.

THE ARTHUR VINING DAVIS FOUNDATION NO. 3
 NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent events

The Foundation has evaluated for possible financial reporting and disclosure subsequent events through October 7, 2022, the date as of which the financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the statements of financial position are as follows:

	December 31,	
	2021	2020
Financial assets available:		
Cash and cash equivalents	\$ 4,008,748	\$ 10,290,125
Investments	213,181,459	186,777,703
Total financial assets available	217,190,207	197,067,828
Less: assets unavailable for general expenditure	—	—
Net financial assets available within one year	\$ 217,190,207	\$ 197,067,828

The Foundation is supported by investment income. As part of the Foundation’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management believes the Foundation has sufficient liquid assets to draw upon in the case of an immediate financial need.

NOTE D – CONCENTRATION OF CREDIT RISK

The Foundation maintains its cash, cash equivalents, and investments in deposit or brokerage accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash, cash equivalents, and investments.

NOTE E – FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States (“GAAP”) define fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

THE ARTHUR VINING DAVIS FOUNDATION NO. 3
NOTES TO FINANCIAL STATEMENTS

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

Level 1 – quoted prices in active markets for identical assets

Level 2 – other significant observable inputs (such as quoted prices for similar investments)

Level 3 – significant unobservable inputs

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Estimated fair value of certain assets measured on a recurring basis at December 31, 2021, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 166,557,729	\$ 166,557,729	\$ —	\$ —
Obligations of the U.S.				
Government or its agencies	10,914,954	10,914,954	—	—
Corporate obligations	<u>7,415,057</u>	<u>7,415,057</u>	<u>—</u>	<u>—</u>
Total	\$ 184,887,740	<u>\$ 184,887,740</u>	<u>\$ —</u>	<u>\$ —</u>
Fair value measured at net asset value – other nonpublicly traded investments	<u>28,293,719</u>			
Total	<u>\$ 213,181,459</u>			

Estimated fair value of certain assets measured on a recurring basis at December 31, 2020, is as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 146,190,119	\$ 146,190,119	\$ —	\$ —
Obligations of the U.S.				
Government or its agencies	10,056,144	10,056,144	—	—
Corporate obligations	<u>7,997,507</u>	<u>7,997,507</u>	<u>—</u>	<u>—</u>
Total	\$ 164,243,770	<u>\$ 164,243,770</u>	<u>\$ —</u>	<u>\$ —</u>
Fair value measured at net asset value – other nonpublicly traded investments	<u>22,533,933</u>			
Total	<u>\$ 186,777,703</u>			

As of December 31, 2021, the estimated fair values and unfunded commitments for other nonpublicly traded investments are as follows:

	<u>Estimated Fair Value</u>	<u>Unfunded Commitments</u>
Investments in hedge funds	\$ 22,431,238	\$ 1,000,000
Investments in private equity funds	<u>5,862,481</u>	<u>2,510,000</u>
Total	<u>\$ 28,293,719</u>	<u>\$ 3,510,000</u>

THE ARTHUR VINING DAVIS FOUNDATION NO. 3
 NOTES TO FINANCIAL STATEMENTS

NOTE E – FAIR VALUE MEASUREMENTS (Continued)

As of December 31, 2020, the estimated fair values and unfunded commitments for other nonpublicly traded investments are as follows:

	<u>Estimated Fair Value</u>	<u>Unfunded Commitments</u>
Investments in hedge funds	\$ 18,666,484	\$ 1,000,000
Investments in private equity funds	<u>3,867,449</u>	<u>3,447,500</u>
Total	<u>\$ 22,533,933</u>	<u>\$ 4,447,500</u>

Other nonpublicly traded investments include various hedge funds and private equity funds which use an array of diversified investment strategies focused on long-term capital appreciation, risk diversification, and low volatility. These nontraditional investment opportunities seek to exceed the returns offered by traditional investments. There are no lock-up periods associated with these investments, and such investments can generally be liquidated at an amount approximating net asset value in the near-term with proper notice. The financial statements of the nonpublicly traded investments in which such investments have been made are generally subject to annual external audits which are ordinarily conducted by nationally-recognized certified public accounting firms.

The Foundation’s other significant financial instrument is cash, for which carrying value approximates fair value.

NOTE F – EMPLOYEE BENEFIT PLAN

The Foundation has a contributory, defined contribution pension plan (“the Plan”) covering all employees. Contributions to the Plan are based on a percentage of each employee’s salary and are made at the direction of the Board of Trustees. \$112,878 and \$109,397 was contributed to the Plan through the Administrative account for the year ended December 31, 2021 and 2020, respectively.

SUPPLEMENTAL SCHEDULES

THE ARTHUR VINING DAVIS FOUNDATION NO. 3
SUPPLEMENTAL SCHEDULE OF GRANTS PAID, APPROVED, AND PAYABLE
For The Year Ended December 31, 2021

	Grants Payable 1/1/21	Approved	Paid	Grants Payable 12/31/21
PRIVATE HIGHER EDUCATION				
Albion College	\$ —	\$ 265,000	\$ 265,000	\$ —
Associated Colleges of Illinois	—	25,000	25,000	—
Association of American Colleges and Universities	185,249	—	185,249	—
Belmont University	—	200,000	200,000	—
Bridge USA	—	195,300	195,300	—
Corrigan Electric	—	247,500	247,500	—
Council of Independent Colleges	—	200,000	200,000	—
Eckerd College	—	50,000	50,000	—
Independent Media Institute	125,000	—	125,000	—
Interfaith Youth Core	—	465,825	230,000	235,825
Loyola University	150,000	—	150,000	—
Marine Biological Laboratory	—	304,968	152,484	152,484
Meredith College	—	227,395	227,395	—
Mount St. Joseph University	—	245,000	245,000	—
New England Board of Higher Education	—	50,000	50,000	—
Rice University	—	500,000	—	500,000
Warren Wilson College	150,000	—	150,000	—
	<u>610,249</u>	<u>2,975,988</u>	<u>2,697,928</u>	<u>888,309</u>
Total private higher education				
PUBLIC EDUCATIONAL MEDIA				
American Journalist Project	750,000	—	250,000	500,000
Interfaith Youth Core	—	25,000	25,000	—
PBS Foundation	300,000	—	300,000	—
PRX	—	125,000	—	125,000
PRX-TRAX The Genius Generation Podcast	—	100,000	100,000	—
WETA	600,000	—	300,000	300,000
WETA PBS NewsHour	—	100,000	100,000	—
WETA/Florentine Films	1,000,000	—	500,000	500,000
WGBH	800,000	—	400,000	400,000
WJCT	250,000	500,000	250,000	500,000
	<u>3,700,000</u>	<u>850,000</u>	<u>2,225,000</u>	<u>2,325,000</u>
Total public educational media				
INTERFAITH LEADERSHIP AND RELIGIOUS LITERACY				
Corrigan Electric/PRX	—	175,000	175,000	—
FOCUS	—	150,000	150,000	—
Hillel International	—	200,000	200,000	—
University of St. Thomas	—	100,000	100,000	—
Veritas Forum	—	282,450	282,450	—
	<u>—</u>	<u>907,450</u>	<u>907,450</u>	<u>—</u>
Total interfaith leadership and religious literacy				
ENVIRONMENTAL ENGAGEMENT, STEWARDSHIP & SOLUTIONS				
Ceres	—	500,000	—	500,000
Conservation X Labs	350,000	—	350,000	—
National Fish and Wildlife Foundation	350,000	—	350,000	—
Partnership Project	—	300,000	—	300,000
RARE	—	300,000	—	300,000
REBA Institute	—	500,000	—	500,000

See The Accompanying Report of Independent Auditor

THE ARTHUR VINING DAVIS FOUNDATION NO. 3
SUPPLEMENTAL SCHEDULE OF GRANTS PAID, APPROVED, AND PAYABLE (Continued)
For The Year Ended December 31, 2021

	Grants Payable 1/1/21	Approved	Paid	Grants Payable 12/31/21
ENVIRONMENTAL ENGAGEMENT, STEWARDSHIP & SOLUTIONS (Continued)				
Windward Fund	\$ —	\$ 1,000,000	\$ —	\$ 1,000,000
The Pew Charitable Trusts	—	550,000	183,333	366,667
Yale University - School of the Environment	—	300,000	—	300,000
	<u>700,000</u>	<u>3,450,000</u>	<u>883,333</u>	<u>3,266,667</u>
Total environmental engagement, stewardship & solutions				
SPECIAL PROJECTS				
A Place to Turn, Inc.	—	2,000	2,000	—
Alliance for Tompotika Conservation	—	1,000	1,000	—
American Bird Conservancy	—	1,000	1,000	—
Amnesty International	—	1,000	1,000	—
Bainbridge Island Land Trust	—	1,000	1,000	—
Baptist Health Foundation/Wolfson Children's Hospital	—	5,000	5,000	—
Beloved Asheville	—	2,000	2,000	—
Billion Oyster Project	—	3,000	3,000	—
Calmer Choice	—	2,000	2,000	—
Cape Kid Meals	—	5,000	5,000	—
Cathedral Arts Project	—	10,000	10,000	—
Charlottesville Area Community Foundation	—	1,000	1,000	—
Chesapeake Bay Foundation	—	1,000	1,000	—
Communities in Schools	—	10,000	10,000	—
Community Foundation for Loudoun and Northern Fauquier Counties	—	6,000	6,000	—
Cornell University - Lab of Ornithology	—	1,000	1,000	—
Cummer Museum of Art & Gardens	—	10,000	10,000	—
Doctors without Borders	—	1,000	1,000	—
Ethics & Public Policy Center	—	15,000	15,000	—
Food Bank of the Rockies	—	3,000	3,000	—
Food Bank of the Southern Tier	—	2,000	2,000	—
Grand County Pet Pals	—	1,500	1,500	—
High Meadows School	—	7,000	7,000	—
Hockaday School	—	2,000	2,000	—
Hope Street	—	20,000	20,000	—
Inova Loudoun Hospital Foundation	—	2,000	2,000	—
Island Conservation	—	1,000	1,000	—
Jacksonville Symphony	—	10,000	10,000	—
Jacksonville Zoological Society, Inc.	—	10,000	10,000	—
Jerusalem Peacebuilders	—	2,000	2,000	—
KIPP Jacksonville Schools	—	10,000	10,000	—
Literacy Alliance	—	5,000	5,000	—
Local Initiative Support Corporation (LISC)	—	10,000	10,000	—
Mind Springs Foundation	—	3,000	3,000	—
Museum of Science and History (MOSH)	—	10,000	10,000	—
National Resources Defense Council	—	1,000	1,000	—
Natl Ctr for Family Philanthropy	—	15,000	15,000	—
Nonprofit Center of Northeast Florida	—	5,000	5,000	—
Pilgrim Church	—	2,000	2,000	—
Preservation Society of Charleston	—	1,000	1,000	—
Rocky Mountain PBS	—	1,500	1,500	—
Rocky Mountain Repertory Theatre	—	1,500	1,500	—

See The Accompanying Report of Independent Auditor

THE ARTHUR VINING DAVIS FOUNDATION NO. 3
 SUPPLEMENTAL SCHEDULE OF GRANTS PAID, APPROVED, AND PAYABLE (Continued)
 For The Year Ended December 31, 2021

	<u>Grants Payable 1/1/21</u>	<u>Approved</u>	<u>Paid</u>	<u>Grants Payable 12/31/21</u>
SPECIAL PROJECTS (Continued)				
South Carolina Coastal Conservation League	\$ —	\$ 2,000	\$ 2,000	\$ —
South Carolina ETV Network	—	1,000	1,000	—
Sea Education Association	—	1,000	1,000	—
Shining Stars Foundation	—	1,500	1,500	—
Southeastern Council of Foundations	—	10,290	10,290	—
Spartanburg Methodist College	—	5,000	5,000	—
St. Johns Riverkeeper	—	5,000	5,000	—
St. Anne's Episcopal Church	—	2,000	2,000	—
The Howard School	—	5,000	5,000	—
Tioga County Rural Ministry	—	2,000	2,000	—
Union of Concerned Scientists	—	4,000	4,000	—
University of St Francis	—	58,400	58,400	—
WellStrong	—	5,000	5,000	—
Wesley College	—	25,000	25,000	—
WJCT	—	5,000	5,000	—
Women's Giving Alliance/Community Foundation for Northeast Florida	—	5,000	5,000	—
Woodwell Climate Research Center	—	20,000	20,000	—
World Wildlife Fund	—	1,000	1,000	—
Total special projects	<u>—</u>	<u>361,690</u>	<u>361,690</u>	<u>—</u>
EMPLOYEE MATCHING DONATIONS	<u>—</u>	<u>2,825</u>	<u>2,825</u>	<u>—</u>
TOTAL GRANTS	<u>\$ 5,010,249</u>	<u>\$ 8,547,953</u>	<u>\$ 7,078,226</u>	<u>\$ 6,479,976</u>

THE ARTHUR VINING DAVIS FOUNDATION NO. 3
SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS
AND DISBURSEMENTS OF THE ADMINISTRATIVE ACCOUNT
For The Year Ended December 31, 2021

RECEIPTS

Funds advanced by The Arthur Vining Davis Foundation No. 3	\$ 1,097,190
Interest on the Administrative Account	<u>161</u>
Total receipts	<u>1,097,351</u>

DISBURSEMENTS

Salaries	557,536
Pension costs	112,878
Employee benefits	97,171
Rent	53,890
Payroll taxes	35,860
Software	30,000
Consultants	28,917
Staff travel	23,597
IT Support	13,929
Copier and office supplies	12,156
Website	11,252
Trustee meetings	8,639
Other trustee expense	7,151
Communications	5,521
Computer equipment and maintenance	4,154
Dues and subscriptions	4,133
Outreach	3,311
Insurance	2,875
Staff development	2,235
Legal fees	2,126
Employee matching grants	2,825
Memberships	1,411
Postage and delivery	<u>740</u>
Total disbursements	<u>1,022,307</u>

CHANGE IN ADMINISTRATIVE ACCOUNT BALANCE 75,044

CASH BALANCE - Beginning of year 126,838

CASH BALANCE - End of year \$ 201,882