

FISA Foundation

Financial Statements

Years Ended June 30, 2020 and 2019
with Independent Auditor's Report

MaherDuessel

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FISA FOUNDATION

YEARS ENDED JUNE 30, 2020 AND 2019

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Independent Auditor's Report

Board of Directors FISA Foundation

We have audited the accompanying financial statements of FISA Foundation (FISA), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FISA as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Maher Duessel

Pittsburgh, Pennsylvania
October 22, 2020

FISA FOUNDATION

STATEMENTS OF FINANCIAL POSITION

YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash	\$ 144,980	\$ 154,772
Investments	38,998,650	40,754,458
Prepaid taxes	13,854	-
Other assets	8,807	6,861
Total Assets	<u>\$ 39,166,291</u>	<u>\$ 40,916,091</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 6,092	\$ 9,131
Grants payable	282,500	501,615
Excise tax payable	-	6,698
Accrued compensation and amounts withheld from compensation	16,245	12,446
Total Liabilities	<u>304,837</u>	<u>529,890</u>
Net Assets:		
Without donor restrictions	38,748,090	40,269,152
With donor restrictions:		
Perpetual in nature	113,364	117,049
Total Net Assets	<u>38,861,454</u>	<u>40,386,201</u>
Total Liabilities and Net Assets	<u>\$ 39,166,291</u>	<u>\$ 40,916,091</u>

See accompanying notes to financial statements.

FISA FOUNDATION

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Net Assets Without Donor Restrictions:		
<hr/>		
Revenues, gains, and other support:		
Contributions	\$ 12,418	\$ 11,008
Investment income (loss), net	294,961	1,805,029
Net assets released from restrictions	-	95,000
	<hr/>	<hr/>
Total revenues, gains, and other support	307,379	1,911,037
Expenses:		
Program expenses:		
Program grants	1,191,000	1,718,211
Direct charitable expenses	248,535	235,092
	<hr/>	<hr/>
Total program expenses	1,439,535	1,953,303
Management and general expenses:		
Salaries, wages, and benefits	134,148	127,753
Office operations	141,199	118,917
Insurance	5,089	5,148
Legal and professional	35,172	31,808
Depreciation	-	1,020
Excise tax	53,396	32,866
Other expenses	9,037	15,390
	<hr/>	<hr/>
Total management and general expenses	378,041	332,902
Total expenses	<hr/>	<hr/>
	1,817,576	2,286,205
Excess (Deficiency) of Revenues, Gains, and Other Support Over Expenses	(1,510,197)	(375,168)
Discontinued operations revenues (expenses):		
Other	(10,865)	(10,865)
	<hr/>	<hr/>
Change in Net Assets Without Donor Restrictions	(1,521,062)	(386,033)
Net Assets With Donor Restrictions (Time or Purpose):		
<hr/>		
Net assets released from restrictions	-	(95,000)
	<hr/>	<hr/>
Change in Net Assets With Donor Restrictions (Time or Purpose)	-	(95,000)
Net Assets With Donor Restrictions (Perpetual in Nature):		
<hr/>		
Investment income (loss)	(3,685)	(3,287)
	<hr/>	<hr/>
Change in Net Assets With Donor Restrictions (Perpetual in Nature)	(3,685)	(3,287)
Change in Net Assets	(1,524,747)	(484,320)
Net Assets:		
<hr/>		
Beginning of year	40,386,201	40,870,521
End of year	<hr/> <u>\$ 38,861,454</u>	<hr/> <u>\$ 40,386,201</u>

See accompanying notes to financial statements.

FISA FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash Flows From Operating Activities:		
Change in net assets	\$ (1,524,747)	\$ (484,320)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	-	1,020
Net (appreciation) depreciation of investments	5,056,636	(150,800)
Change in:		
Prepaid taxes	(13,854)	6,178
Other assets	(1,946)	(1,211)
Accounts payable and accrued compensation	760	(12,335)
Grants payable	(219,115)	360,615
Excise tax payable	(6,698)	6,698
Total adjustments	4,815,783	210,165
Net cash provided by (used in) operating activities	3,291,036	(274,155)
Cash Flows From Investing Activities:		
Purchase of investments	(37,713,672)	(2,609,824)
Proceeds from sale of investments	34,412,843	2,819,990
Net cash provided by (used in) investing activities	(3,300,828)	210,166
Net Increase (Decrease) in Cash	(9,792)	(63,989)
Cash:		
Beginning of year	154,772	218,761
End of year	\$ 144,980	\$ 154,772
Supplemental Information:		
Excise tax paid	\$ 67,250	\$ 20,150
Unrelated business income tax paid	\$ -	\$ 1,000

See accompanying notes to financial statements.

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

1. Organization and Summary of Accounting Policies

Organization

FISA Foundation (FISA) is a private non-operating foundation whose principal activity is awarding charitable grants to nonprofit organizations in southwestern Pennsylvania. Its mission is to build a culture of respect and improve the quality of life for three populations: women, girls, and people with disabilities. FISA envisions a community where these three populations reach their full potential, are safe and healthy, and participate fully in community life, thus enriching their own lives and those of others.

Since 1911, FISA Foundation and its predecessors, Harmarville Convalescent Home for Women and Harmarville Rehabilitation Center, have focused on addressing important but overlooked issues affecting the lives of its target populations. Over the intervening century, FISA's mission has remained consistent, but the nature of its activities has evolved to meet changing needs. Initially the organization provided direct services, and today it provides financial support for a network of nonprofit organizations that benefit women, girls, and people with disabilities.

FISA strives to raise awareness and promote positive systemic change. Besides grantmaking, FISA furthers its mission through a variety of other activities. The most significant of these activities include:

- Leading programs like Southwest PA Says No More, a regional effort to address gender-based violence. This collaboration with United Way of Southwest PA and other nonprofits and funders seeks to build community leadership to prevent sexual assault and domestic violence.
- Providing leadership and administrative support for periodic events and programs, including co-producing *ReelAbilities*, a disability-themed film festival.
- Convening and participating in workgroups to address strategic issues and gaps in service.

With its exclusive focus on three underserved and under-funded populations, FISA provides effective community leadership on issues related to women, girls, and people with disabilities.

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. FISA's net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of FISA and changes therein are reported as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions

Time/Purpose Restrictions – Net assets whose use is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of FISA pursuant to those stipulations. At June 30, 2020, FISA had no net assets with donor restrictions for purpose restrictions. At June 30, 2019, FISA had no net assets with donor restrictions for purpose restrictions, having released the \$95,000 balance from June 30, 2018, restricted to be spent on individuals with disabilities in Southwestern Pennsylvania.

Perpetual in Nature – Net assets whose use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by the actions of FISA. FISA's permanently restricted net assets includes FISA's portion of funds held in a perpetual trust.

Cash

Cash consists of demand deposits held in financial institutions.

Investments

Investments in equity securities, debt securities, and alternate investments are stated at fair value based on quoted market prices within active markets. Private equity and hedge funds are also carried at fair value as described in Note 2. The cost assigned to investments received by gift is the fair value at the date the gift is received. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in revenues, gains, and other support. Net realized gains/losses are determined using the specific identification method.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

In accordance with Internal Revenue Service regulations, FISA is generally required to distribute at least 5% of its investable assets each year. After considering the long-term expected return on its investment assets and the possible effect of inflation, FISA's Board of Directors has established a policy of spending only the required 5% of investable assets annually. FISA's investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Funds are invested in a well-diversified asset mix, which includes primarily equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, FISA expects its investment assets, over time, to produce an average rate of return of approximately 7% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total investment portfolio, investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Contributions

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

Furniture, Fixtures, and Equipment

Office furniture, fixtures, and equipment over \$5,000 are recorded at cost. Depreciation is provided by the straight-line method over the estimated useful lives of the related assets.

Grants Payable

Grants payable represents all unconditional grants that have been authorized prior to year-end but remain unpaid as of the statements of financial position date. Conditional grants, that is those with a measurable performance or other barrier and a right of return, are expensed and considered payable in the period the conditions are substantially satisfied. There were no conditional grants at June 30, 2020 and 2019.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

Income Taxes

FISA was incorporated in 1913 as a nonprofit corporation. FISA became subject to tax treatment as a private foundation beginning July 1, 2001, as it no longer qualified as a publicly supported organization. As a private foundation, FISA is qualified as a private, non-operating foundation under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax under Section 501(a) of the Internal Revenue Code. FISA is obligated to pay federal excise tax on net investment income. In addition, FISA is obligated to pay income taxes on its unrelated business income, if any. Further, FISA annually files a Form 990PF and, as needed, a Form 990T.

Risks and Uncertainties

Financial instruments, which potentially expose FISA to concentrations of credit risk, include cash and investments in marketable securities. As a matter of policy, FISA maintains cash balances only with financial institutions having a high credit quality. Concentration of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. Investment securities are also exposed to various other risks such as interest rate and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and that such change could materially affect the amount reported on the statements of financial position.

Presentation of Expenses on the Statements of Activities

The costs of providing the various programs and other activities have been allocated between program (grants and direct charitable) and management and general expenses in the accompanying statements of activities based on management's estimates of the time and effort devoted to each activity. Program grants and direct charitable expenses are

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

charitable costs, expended for the benefit of others. Direct charitable expenses included on the statements of activities include allocated salary and benefits for direct charitable expenses and other employment costs totaling \$248,535 and \$235,092 in 2020 and 2019, respectively. Management and general expenses relate to administrative operational costs.

Discontinued Operations

The Discontinued Operations referenced in the statements of activities represent cash payments made by FISA that relate to discontinued operations assumed by FISA from the sale of the Center and are considered to be disbursements for charitable purposes pursuant to its private ruling letter.

Adopted Accounting Standards Update

The provisions of this Standards Update have been adopted and incorporated into these financial statements.

ASU 2018-08, "*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*." The amendments provide guidance for characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. Implementation of these amendments had no impact on the financial statements.

Pending Accounting Standards Updates

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Updates (individually and collectively, ASU) that will become effective in future years as outlined below. Management has not yet determined the impact of these updates on the financial statements.

ASU 2016-02, "*Leases (Topic 842)*," is effective, as delayed, for the financial statements for the year beginning after December 15, 2021. These amendments and related amendments will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

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ASU 2018-13, "Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)," is effective for the financial statements for the year beginning after December 15, 2019. The amendments remove and modify certain fair value hierarchy leveling disclosures.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

2. Investments

Investments consisted of the following at June 30, 2020 and 2019:

	2020	2019
	<u>Fair Value</u>	<u>Fair Value</u>
Money market accounts	\$ 1,837,706	\$ 489,435
Private equity funds	3,149,218	2,891,959
Fixed income mutual funds	7,827,231	6,874,589
Equity mutual funds	22,475,199	26,188,774
Other investments	1,718,166	-
Offshore hedge funds	1,877,766	4,192,652
Perpetual trust	113,364	117,049
	<u>\$ 38,998,650</u>	<u>\$ 40,754,458</u>

Investment income consisted of the following for the years ended June 30, 2020 and 2019:

	2020	2019
Dividend and interest income	\$ 773,819	\$ 1,368,012
Unrealized/realized gains (losses)	<u>(342,671)</u>	<u>611,109</u>
	431,148	1,979,121
Less: investment expenses	<u>(139,872)</u>	<u>(177,379)</u>
Investment income, net	<u>\$ 291,276</u>	<u>\$ 1,801,742</u>

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

At June 30, 2020, the Foundation was in the process of changing investment managers. This change resulted in the movement of investments within the categories noted above. Such movement began prior to June 30, 2020 and resulted in the liquidation of various investments and an increase in cash holdings at year-end.

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value, maximizing the use of observable inputs and minimizing the use of unobservable inputs by requiring that the observable inputs be used when available. Investments whose values are based on quoted market prices in active markets are classified within Level 1. Investments determined by reference to quoted prices for similar investments in active markets are classified within Level 2. Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all.

FISA reports investments at fair value in accordance with fair value accounting standards. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These standards require an entity to maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, the organization reports hedge and private equity funds using the net asset value per share as determined by investment managers under the so-called “practical expedient.” The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value measurement standards also require the organization to classify these financial instruments into a three-level hierarchy, based upon priority of inputs to the valuation technique or in accordance with the net asset value practical expedient rule.

Determination of Fair Value

FISA measures fair value based upon market price, where available. The carrying amount of cash and cash equivalents approximates fair value due to the short-term nature of these instruments. Fixed income, equity mutual funds and other investments are valued at fair value, which are the amounts reported in the statements of financial position, based on quoted market prices for identical securities in active markets that FISA has the ability to access at the measurement date.

FISA’s investment in private equity funds is accomplished by investment in various limited partnerships or multi-fund pools that are very long lived (often more than 10 years) and illiquid. Limited partnerships are valued at fair value, which are the amounts reported in the statements of financial position, based on the net asset value per share of the fund at

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

June 30, 2020 and 2019. The valuation of each fund is based upon the compilation of the prices from each underlying private equity investment. For the limited partnerships, fair value is based on the best information available and is determined by reference to information including, but not limited to, the following: projected sales, net earnings, earnings before interest, taxes, depreciation and amortization, balance sheets, public or private transactions, valuations for publicly-traded comparable companies, and/or other measures, and consideration of any other pertinent information including the types of securities held and restrictions on disposition. Upon completion of the fund valuation, FISA's quarterly individual investor valuations are based upon their ownership share of each pool. Per the terms of the limited partnership agreements, FISA cannot withdraw funds or sell funds until the limited partnership liquidates. Liquidation is not expected in the near-term.

Offshore hedge funds include investments in multi-fund pools that are commonly referred to as "fund of funds." The underlying hedge fund manager invests in marketable securities that trade in well-established and highly-liquid markets (stocks, bonds, futures, options, etc.). The objective of these investments is to realize long-term total return by investing in a diversified group of pooled investment vehicles. The offshore hedge funds are valued at fair value, which are the amounts reported in the statements of financial position, based on the net asset value per share of the fund at June 30, 2020 and 2019. The valuation of each fund is based upon the compilation of the prices from each underlying hedge fund administrator. Upon completion of the fund valuation, FISA's monthly individual investor valuations are based upon their ownership share of each pool. Individual hedge funds typically have provisions in their partnership agreements that restrict investors from liquidating their investments for some period of time. After this "lock-up" period has been satisfied, these funds offer quarterly liquidity with advance notice (anywhere from 30 to 90 days). Subsequent to June 30, 2020, a sale of the hedge funds investments occurred for a total of approximately \$1.9 million. The sale price approximated the net asset value per share reported at June 30, 2020.

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

The following table summarizes investments by fair value measurement categories as of June 30, 2020:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market accounts	\$ 1,837,706	\$ 1,837,706	\$ -	\$ -
Fixed income mutual funds	7,827,231	7,827,231	-	-
Equity mutual funds:				
US Large Cap Equity	12,402,090	12,402,090	-	-
US Mid Cap Equity	502,712	502,712	-	-
EAFE Equity	4,533,615	4,533,615	-	-
Japanese Large Cap Equity	521,210	521,210	-	-
Asia ex-Japan Equity	1,255,258	1,255,258	-	-
Emerging Market Equity	2,471,893	2,471,893	-	-
Global Equity	788,421	788,421	-	-
Total equity mutual funds	<u>22,475,199</u>	<u>22,475,199</u>	<u>-</u>	<u>-</u>
Other investments:				
Real Estate & Infrastructure	618,490	618,490	-	-
Hard Assets	1,099,676	1,099,676	-	-
Total other investments	<u>1,718,166</u>	<u>1,718,166</u>	<u>-</u>	<u>-</u>
Perpetual trust	113,364	-	-	113,364
Total assets in fair value hierarchy	<u>33,971,666</u>	<u>\$ 33,858,302</u>	<u>\$ -</u>	<u>\$ 113,364</u>
Investments measured at net asset value:				
Private equity funds	3,149,218			
Equity hedge funds	1,877,766			
Total investments at fair value	<u>\$ 38,998,650</u>			

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

The following table summarizes investments by fair value measurement categories as of June 30, 2019:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market accounts	\$ 489,435	\$ 489,435	\$ -	\$ -
Fixed income mutual funds:				
Investment grade bonds	3,877,734	3,877,734	-	-
Treasury inflation protected securities	1,409,078	1,409,078	-	-
Fixed income opportunity	1,587,777	1,587,777	-	-
Total fixed income mutual funds	<u>6,874,589</u>	<u>6,874,589</u>	<u>-</u>	<u>-</u>
Equity mutual funds:				
U.S. large/mid cap value	6,966,896	6,966,896	-	-
U.S. large/mid cap growth	6,933,928	6,933,928	-	-
U.S. small cap	595,398	595,398	-	-
Non-U.S. developed markets	7,454,540	7,454,540	-	-
Non-U.S. emerging markets	3,711,772	3,711,772	-	-
Commodities and real estate	526,240	526,240	-	-
Total equity mutual funds	<u>26,188,774</u>	<u>26,188,774</u>	<u>-</u>	<u>-</u>
Perpetual trust	117,049	-	-	117,049
Total assets in fair value hierarchy	<u>33,669,847</u>	<u>\$ 33,552,798</u>	<u>\$ -</u>	<u>\$ 117,049</u>
Investments measured at net asset value:				
Private equity funds	2,891,959			
Equity hedge funds	4,192,652			
Total investments at fair value	<u>\$ 40,754,458</u>			

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

3. Private Equity Capital Commitments

FISA has entered into agreements to commit capital into various private equity funds. The callable capital can be requested at any time by the fund. The remaining capital commitments as of June 30, 2020 are estimated as follows:

	Amount Committed	Amount Drawn	Amount Distributed	Remaining Capital Commitment
Hirtle Callaghan Private Equity Fund V	\$ 400,000	\$ 342,864	\$ 355,244	\$ -
Hirtle Callaghan Private Equity Fund VI	1,100,000	980,480	1,007,489	119,520
Hirtle Callaghan Private Equity Fund VII	1,175,000	927,554	988,542	247,446
Hirtle Callaghan Private Equity Fund VIII	130,000	115,394	115,046	14,606
Hirtle Callaghan Private Equity Fund IX	1,000,000	881,479	478,441	118,521
Hirtle Callaghan Private Equity Fund X	1,000,000	817,904	112,684	182,096
Hirtle Callaghan Private Equity Fund XI	1,200,000	562,713	52,456	637,287
Hirtle Callaghan Private Equity Fund XII	2,100,000	195,407	-	1,904,593
	<u>\$ 8,105,000</u>	<u>\$ 4,823,795</u>	<u>\$ 3,109,902</u>	<u>\$ 3,224,069</u>

Subsequent to year-end, FISA entered into new private equity commitment, PEG Global Private Equity Fund IX Offshore Special L.P., for a total of \$1 million.

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

4. Endowment Assets

The endowment assets used by FISA to provide income for the maintenance and granting activities is comprised of the various investments held by FISA. During 2020 and 2019, FISA had the following endowment-related investment activities:

	<u>2020</u>	<u>2019</u>
Investment return on endowment assets:		
Interest and dividends	\$ 773,819	\$ 1,368,012
Unrealized gains (losses)	(5,056,636)	150,800
Realized gains (losses)	4,713,965	460,309
Investment fees	<u>(139,872)</u>	<u>(177,379)</u>
Total investment return on endowment assets	291,276	1,801,742
Transfers out of endowment	<u>(2,047,084)</u>	<u>(1,861,108)</u>
Total change in endowment funds	(1,755,808)	(59,366)
Endowment Investment Funds:		
Beginning of year	<u>40,754,458</u>	<u>40,813,824</u>
End of year	<u><u>\$ 38,998,650</u></u>	<u><u>\$ 40,754,458</u></u>

5. Grants Payable

FISA has made unconditional promises to give to other organizations the amounts of \$282,500 and \$501,615 at June 30, 2020 and 2019, respectively. These amounts are reflected on the statements of financial position as grants payable. The total grants payable at June 30, 2020 is expected to be paid during the year ending June 30, 2021.

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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6. Leases

During fiscal year 2013, FISA entered into a ten-year lease for building and office space for its operations and administration. The term of the lease is for the period April 1, 2013 through March 31, 2023. Future minimum lease payments at June 30, 2020 are as follows:

Year Ending June 30,	Amount
2021	\$ 45,075
2022	45,075
2023	<u>33,806</u>
Total	<u>\$ 123,956</u>

Lease payments for the years ended June 30, 2020 and 2019 were \$45,075.

7. Related Party Transactions

During 2020 and 2019, certain grants were awarded to grantee organizations with which certain members of the Board of Directors (Board) of FISA are also affiliated as board members. Pursuant to the policies and practices of FISA, the Board was informed about the dual affiliations before voting and the conflicted Board members abstained from voting on those grants.

8. Liquidity and Availability

FISA manages its liquid resources by focusing on investment efforts, through an endowment fund, to ensure the entity has adequate investment returns to cover the grants that are being distributed and direct charitable efforts of FISA. In accordance with FISA's spending policy, as described in Note 1, they have established a policy of spending only the required 5% of investment assets annually. However, investments are available to be spent, if necessary. Included in the endowment is a portion of donor-restricted funds that are not available for general use. FISA prepares detailed budgets and has been very active in fiscal management to ensure the entity remains liquid.

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following cash and investments:

	<u>2020</u>	<u>2019</u>
Financial assets, at year-end	\$ 39,143,630	\$ 40,909,230
Donor-imposed restrictions:		
Investments held in perpetuity	<u>(113,364)</u>	<u>(117,049)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 39,030,266</u>	<u>\$ 40,792,181</u>