The Club Foundation

Financial Report
October 31, 2021

Contents

Independent Auditor's Report

Board of Governors
The Club Foundation

Report on the Financial Statements
We have audited the accompanying financial statements of The Club Foundation (the Foundation) which comprise the statements of financial position as of October 31, 2021 and 2020, the related statements of activities, functional expenses 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 Foundation'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 Foundation'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 The Club Foundation as of October 31, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Washington, D.C.
February 11, 2022

The Club Foundation

Statements of Financial Position
October 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	**$ 49,730**	$ 39,790
Promises to give, net current portion	**89,500**	22,650
Accounts receivable, net	**-**	38
Due from related party	**307,763**	231,230
Prepaid expenses and other assets	**11,881**	6,459
Total current assets	**458,874**	300,167
Promises to give, net noncurrent portion	**141,128**	137,882
Investments in marketable securities	**4,982,119**	4,028,953
Investment in LLC	**-**	46,993
Total assets	**$ 5,582,121**	$ 4,513,995
Liabilities and Net Assets		
Current liabilities:		
Accrued expenses	**$ -**	$ 5,165
Total current liabilities	**-**	5,165
Commitments and contingencies (Notes 8 and 10)		
Net assets:		
Without donor restrictions	**3,571,800**	2,723,960
With donor restrictions	**2,010,321**	1,784,870
Total net assets	**5,582,121**	4,508,830
Total liabilities and net assets	**$ 5,582,121**	$ 4,513,995

See notes to financial statements.

The Club Foundation

Statement of Activities
Year Ended October 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	$ 476,028	$ -	$ 476,028
Investment income, net	567,886	220,880	788,766
CMAA in-kind contributions	115,440	-	115,440
Campaign contributions	8,965	101,031	109,996
Fundraising events	15,632	-	15,632
Net assets released from restrictions	96,460	(96,460)	-
Total revenue and support	1,280,411	225,451	1,505,862
Expenses:			
Program services – grants and scholarships	229,669	-	229,669
Fundraising	144,930	-	144,930
General and administrative	57,972	-	57,972
Total expenses	432,571	-	432,571
Change in net assets	847,840	225,451	1,073,291
Net assets:			
Beginning	2,723,960	1,784,870	4,508,830
Ending	$ 3,571,800	$ 2,010,321	$ 5,582,121

See notes to financial statements.

The Club Foundation

Statement of Activities
Year Ended October 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	$ 399,459	$ -	$ 399,459
Investment income, net	59,092	31,850	90,942
CMAA in-kind contributions	54,141	-	54,141
Campaign contributions	1,240	11,000	12,240
Fundraising events	12,156	-	12,156
Net assets released from restrictions	30,308	(30,308)	-
Total revenue and support	556,396	12,542	568,938
Expenses:			
Program services – grants and scholarships	244,807	-	244,807
Fundraising	146,899	-	146,899
General and administrative	58,761	-	58,761
Total expenses	450,467	-	450,467
Change in net assets before other item	105,929	12,542	118,471
Other item:			
Income from investment in LLC	1,387	-	1,387
Change in net assets	107,316	12,542	119,858
Net assets:			
Beginning	2,616,644	1,772,328	4,388,972
Ending	$ 2,723,960	$ 1,784,870	$ 4,508,830

See notes to financial statements.

The Club Foundation

Statement of Functional Expenses
Year Ended October 31, 2021

	Program Services	Supporting Services		
	Grants and Scholarships	Fundraising	General and Administrative	Total
Management fee	$ 36,000	$ 60,000	$ 24,000	$ 120,000
In-kind expense	34,632	57,720	23,088	115,440
Kendall/Manager scholarships	41,270	-	-	41,270
Other operating expenses	9,939	16,562	6,625	33,126
Sally Burns Rambo scholarships	23,925	-	-	23,925
Professional services	6,389	10,648	4,259	21,296
Awards – Chapter of the year	21,000	-	-	21,000
Industry grant	20,000	-	-	20,000
Students grants and scholarships	18,319	-	-	18,319
Awards – new member recruitment	12,000	-	-	12,000
LaRocca scholarships	3,695	-	-	3,695
Faculty grants and scholarships	2,500			2,500
	$ 229,669	$ 144,930	$ 57,972	$ 432,571

See notes to financial statements.

The Club Foundation

Statement of Functional Expenses
Year Ended October 31, 2020

	Program Services	Supporting Services		
	Grants and Scholarships	Fundraising	General and Administrative	Total
Management fee	$ 36,000	$ 60,000	$ 24,000	$ 120,000
In-kind expense	16,242	27,071	10,828	54,141
Rent	14,987	24,978	9,991	49,956
Professional services	13,460	22,434	8,974	44,868
Kendall/Manager scholarships	37,635	-	-	37,635
Industry grant	31,052	-	-	31,052
Students grants and scholarships	30,087	-	-	30,087
Other operating expenses	7,449	12,416	4,968	24,833
Sally Burns Rambo scholarships	17,245	-	-	17,245
Awards – Chapter of the year	17,000	-	-	17,000
Awards – new member recruitment	12,000	-	-	12,000
Awards program development	6,000	-	-	6,000
LaRocca scholarships	4,650	-	-	4,650
James B. Singerling scholarships	1,000	-	-	1,000
	$ 244,807	$ 146,899	$ 58,761	$ 450,467

See notes to financial statements.

The Club Foundation

Statements of Cash Flows
Years Ended October 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 1,073,291	$ 119,858
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Net realized and unrealized gains on investments	(726,045)	(12,911)
Income on investment in LLC	-	(1,387)
Divestiture of investment in LLC	46,993	-
Bad debt	2,000	-
Change in discount on pledges receivable	(9,996)	(2,440)
Changes in assets and liabilities:		
(Increase) decrease in:		
Promises to give	(62,100)	34,100
Accounts receivable	38	11,922
Due from related party	(76,533)	121,156
Prepaid expenses and other assets	(5,422)	5,027
Decrease in:		
Accrued expenses	(5,165)	(1,175)
Net cash provided by operating activities	237,061	274,150
Cash flows from investing activities:		
Purchases of investments	(656,700)	(722,897)
Proceeds from sale of investments	429,579	442,837
Net cash used in investing activities	(227,121)	(280,060)
Net increase (decrease) in cash and cash equivalents	9,940	(5,910)
Cash and cash equivalents:		
Beginning	39,790	45,700
Ending	$ 49,730	$ 39,790
Supplemental disclosure of non-cash investing information:		
Divestiture of investment in LLC	$ 46,993	$ -

See notes to financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The Club Foundation (the Foundation) was created in 1988 as the charitable nonprofit organization focused solely on the club industry. The Foundation was formed for charitable and educational purposes to foster intellectual excellence in the field of club management. This purpose is achieved by awarding scholarships or research grants to individuals and by making gifts or contributions. The Foundation provides funding for the following five key areas: 1) students, 2) faculty, 3) club managers, 4) Club Management Association of America (CMAA) chapters and 5) industry at large. The Foundation has a donor base of constituents that seek to further the knowledge and skills of those individuals that operate country clubs, yacht clubs, city clubs and more.

A summary of the Foundation's significant accounting policies follows:

Basis of presentation: The financial statement presentation follows the accounting requirements of the Not-for-Profit entities topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the FASB ASC, the Foundation is required to report information regarding its net assets and its activities according to two categories: 1) net assets without donor restrictions and 2) net assets with donor restrictions.

Without donor restrictions**:** Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by Board designation.

With donor restrictions: Net assets with donor restrictions include those net assets whose use is subject to donor-imposed restrictions. Donor restrictions may be for a specified time or purpose limitation, or the donor may specify that the corpus of their original and certain subsequent gifts be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and cash equivalents: For purposes of reporting cash flows, the Foundation considers all highly liquid investments purchased with a maturity of three months or less to be cash or cash equivalents, excluding cash held by the investment custodian.

Financial risk: The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant financial risk on cash.

The Foundation invests in a professionally managed portfolio that contains fixed income and equity mutual funds, as well as common stocks and alternative investments. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near-term could materially affect investment balances and the amounts reported in the financial statements.

Investments: Investments with readily determinable fair values are reflected at fair value. The change in fair value of these investments is recorded as a component of investment income in the statements of activities.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Accounts receivables: The Foundation's management periodically reviews the status of all receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of the customer or donor, the Foundation's relationship with the customer or donor, and the age of the receivable balance. As a result of these reviews, customer or donor balances deemed to be uncollectible are charged directly to bad debt expense. Management believes that the use of the direct write-off method approximates the results that would be presented if an allowance for doubtful receivables had been recorded. Bad debt expense for the year ended October 31, 2021 totaled $2,000. There was no bad debt expense for the year ended October 31, 2020.

Promises to give: Promises to give that are expected to be collected in future years are recorded at their initial fair value upon receipt, measured as the net present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Receivables are stated at net realizable value.

Contributions: Unconditional contributions are recorded as support without or with donor restrictions, depending upon the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires, donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Adoption of recent accounting pronouncement: In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarifies the guidance used by entities other than non-for-profits to identify and account for contributions made. The Foundation adopted the standard for contributions received effective for the year ended October 31, 2020. The Foundation adopted the standard for contributions made (awards, scholarships and grant expense) effective for the year ended October 31, 2021, using the modified prospective method. There are no changes in revenue or expense recordation and presentation as a result of the adoption of this new standard.

Upcoming accounting pronouncement: In September 2020, the FASB issued ASU 2020-07 on Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires gifts-in-kind to be presented as a separate line item in the statement of activities instead of remaining grouped among contributions of cash or other financial assets. Additionally, gifts-in-kind are to be disaggregated into categories based on the type of gift received, with additional disclosures required regarding each category. The new standard is effective for fiscal years beginning after June 15, 2021, including interim periods within those fiscal years.

Functional allocation of expense: The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. The costs are allocated among program services and supporting services activities based on employee effort.

Income tax status: The Foundation is exempt from payment of income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation within the meaning of Section 509(a)(1) of the Internal Revenue Code.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent events: Subsequent events have been evaluated through February 11, 2022, which was the date the financial statements were available to be issued.

Note 2. Promises to Give

Promises to give consist of the following at October 31, 2021 and 2020:

	2021	2020
Amounts due within one year	$ 89,500	$ 42,150
Amounts due between one to five years	173,250	149,000
Amounts due in greater than five years	22,500	34,000
Total promises to give	285,250	225,150
Less discount to present value	(15,622)	(25,618)
Less allowance for uncollectible promises to give	(39,000)	(39,000)
Net promises to give	$ 230,628	$ 160,532

Promises to give with due dates extending beyond one year are discounted using Treasury bill rates for similar term investments.

Note 3. Investments

In accordance with U.S. GAAP, the Foundation uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

Level 2: Includes inputs other than Level 1 that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

Level 3: Unobservable inputs which reflect the reporting entity’s assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Investments recorded at fair value which are classified within Level 1 include common stocks and equity and fixed income mutual funds, the fair values for which were based on quoted prices for identical assets in active markets.

As a practical expedient, the Foundation is permitted to estimate fair value of an investment using the reported net asset value (NAV) without further adjustment unless the Foundation expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with U.S. GAAP. The Foundation has performed due diligence regarding these investments to ensure NAV is an appropriate measure of fair value as of October 31. Management monitors the reports provided by the fund managers and believes the estimates of value to be fair approximations of the exit price for these investments.

Note 3. Investments (Continued)

Investments measured at NAV include the Dynamic asset allocation overlay portfolios, which were valued by the portfolio managers. In determining fair value of the investments, the portfolio managers utilize the value of the underlying securities, which are mutual funds, common stocks, bonds, government securities and other securities.

Management believes the estimated fair value of investments to be a reasonable approximation of the exit price for the assets.

Investments recorded at cost include cash held within the investment portfolio.

All of the investments carried at fair value are considered Level 1. The following is a summary of investments, which were measured on a recurring basis, at October 31, 2021 and 2020:

	2021	2020
Mutual funds – equity	$ 826,079	$ 581,061
Mutual funds – fixed income	1,602,223	1,472,888
Common stocks	1,023,696	761,835
Investments carried at fair value	3,451,998	2,815,784
Cash and cash equivalents, at cost*	22,951	16,622
Investments measured at net asset value**	1,507,170	1,196,547
Total investments	$ 4,982,119	$ 4,028,953

* Cash and cash equivalents included in the investment portfolio are not subject to the provisions of fair value measurements as they are recorded at cost.

** In accordance with U.S. GAAP, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

Investments measured at NAV are presented in the above table to permit reconciliation of the tables to the amounts presented in the statements of financial position.

NAV is defined as the value of a fund that is reached by deducting the fund's liabilities Investments from the market value of all of its assets and then dividing the number of issued shares (or units of ownership). Depending on the type of fund and the nature of its assets, a variety of valuation techniques can be used to arrive at the market value of its assets. Investments recorded at net asset value consist of collective investment funds, private equity funds, real estate investment trusts, hedge funds, private debt funds, and MLP fund for which fair value is determined using the NAV per share of the investments, as provided by the fund manager, and are not classified within the fair value hierarchy. Although no observable inputs are currently available for funds categorized at net asset value, audited fund financial statements are available for management's review.

Investment income consists of the following for the years ended October 31, 2021 and 2020:

	2021	2020
Interest and dividends	$ 74,248	$ 90,016
Realized and unrealized gains	726,045	12,911
Investment fees	(11,527)	(11,985)
	$ 788,766	$ 90,942

Note 3. Investments (Continued)

Investments consist of the following at October 31, 2021 and 2020:

	2021	2020
Mutual funds:		
Mutual funds – equity	$ 826,079	$ 581,061
Mutual funds – fixed income	1,602,223	1,472,888
Common stock:		
Consumer	302,666	293,253
Financial	162,855	216,086
Technology	402,085	148,211
Utilities	24,498	8,008
Energy	20,298	34,508
Capital equipment	63,970	33,824
Services	25,258	9,454
Industrial commodities	11,810	18,491
Non-financial	10,256	-
Investments measured at net asset value	1,507,170	1,196,547
Cash and cash equivalents	22,951	16,622
	$ 4,982,119	$ 4,028,953

The following presents further information regarding the composition of the Foundation's investments measured under the NAV practical expedient at October 31, 2021 and 2020:

	2021	2020	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Dynamic asset allocation overlay portfolios	$ 1,507,170	$ 1,196,547	$ -	(a)	(a)

(a) Dynamic Overlay Portfolios A & B: The Dynamic Overlay Portfolios are organized as the Sanford C. Bernstein Fund, Inc. (the Fund) which is registered under the Investment Company Act of 1940 as an open-end registered investment company. The Fund, which is a Maryland corporation, operates as a series company currently comprised of fifteen portfolios which all have their own investment objectives. Each Portfolio is an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies. Redemptions are followed on a daily basis.

Note 4. Equity Interest in 1733 CMAA, LLC

CMAA established 1733 CMAA, LLC (the LLC) in January 2008 as a condition of refinancing the mortgage on its current headquarters and transferred the related building to the LLC. The Foundation owned a 30% membership interest in the LLC through October 31, 2020. The investment was accounted for on the equity method whereby the Foundation recognized its 30% share of the annual earnings or losses in the LLC as an adjustment to its investment balance. In February 2020, the Board of Governors of both the Foundation and CMAA agreed that the Foundation will transfer its 30% interest in building ownership to CMAA in a non-cash divesture, effective November 1, 2020. The result of this transaction gives 100% building ownership to CMAA. In connection with the transfer of ownership, the Foundation will receive in-kind rent from CMAA for the next 11 years.

Condensed financial information follows for the LLC as of October 31, 2020:

	2020
Assets	$ 2,519,438
Liabilities	(2,360,512)
Equity	$ 158,926
Revenue	$ 536,189
Expenses	(531,565)
Net income (loss)	$ 4,624

Note 5. Related Parties

Operating transactions with CMAA: CMAA receives and disburses funds on behalf of the Foundation. CMAA owed the Foundation $307,763 and $231,230 at October 31, 2021 and 2020, respectively.

The Foundation paid a management fee of $120,000 and $120,000 to CMAA during the years ended October 31, 2021 and 2020, respectively. The fee is to reimburse CMAA for staff time dedicated to support of the Club Foundation.

Contributed services: CMAA provides in-kind management services to the Foundation. In accordance with FASB ASU 2013-06, *Services Received from Personnel of an Affiliate*, the Foundation recorded $64,269 and $54,141 of in-kind management services during the years ended October 31, 2021 and 2020, respectively. In addition, the Foundation recorded $51,171 as in-kind rent expense during the year ended October 31, 2021. The corresponding expenses are allocated among the various expense functions in the statements of activities. Because the contributed services and rent are recorded as revenue and expense, there is no effect on net asset balances.

Transactions with 1733 CMAA, LLC: As discussed in Note 4, the Foundation had a 30% investment in the LLC. The LLC rented office space to the Foundation under a 12-year lease which expired in January 2020. Rent expense was $49,956 for the year ended October 31, 2020, respectively.

Note 6. Net Assets With Donor Restrictions

Net assets with donor restrictions include those net assets whose use has been restricted by the donors for a specific purpose and/or a specified time limitation. Net assets with donor restrictions that were restricted for purpose consisted of the following at October 31, 2021 and 2020:

	2021	2020
Other fund:		
Scholarship funds	$ 255,115	$ 181,704
Endowment funds:		
Endowment – appreciation	378,410	226,370
Endowment – held in perpetuity	1,376,796	1,376,796
Endowment funds	1,755,206	1,603,166
Total	$ 2,010,321	$ 1,784,870

Net assets released from restriction due to program satisfaction and other events are as follows for the years ended October 31, 2021 and 2020:

	2021	2020
Endowment	$ 68,840	$ 19,360
Scholarship funds	27,620	10,948
	$ 96,460	$ 30,308

Note 7. Endowment Funds

Net assets with donor restrictions whose restrictions are perpetual in nature include capital campaign endowment funds. At October 31, 2021 and 2020, the Foundation's endowment consists of multiple donor-restricted funds established for Foundation programs. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The donor-restricted endowment funds are classified within net assets with donor restrictions and must be maintained in perpetuity.

The Board of Governors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions: a) the original value of gifts donated to the permanent endowment, b) the original value of subsequent gifts to the permanent endowment and c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets (consisting of earnings on the permanently restricted amounts) is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with its spending policy and the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: 1) the duration and preservation of the funds, 2) the purposes of the donor-restricted endowment funds, 3) general economic conditions, 4) the possible effect of inflation and deflation, 5) the expected total return from income and the appreciation of investments, 6) other resources of the Foundation and 7) the Foundation's investment policies.

Note 7. Endowment Funds (Continued)

Investment and spending policies: The Foundation has adopted investment and spending policies, approved by the Board of Governors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, the endowment assets are invested so as to achieve a reasonable rate of return relative to the broad equity and fixed income markets across the full business cycle. To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The goal of the Foundation's spending policy is to provide a reasonable, predictable and sustainable structure that supports the intentions of the original endowment.

The changes in endowment funds for the years ended October 31, 2021 and 2020, are as follows:

	Restricted for Purpose (including earnings)	Held in Perpetuity	Total
Endowment net assets at October 31, 2019	$ 213,880	$ 1,376,796	$ 1,590,676
Interest and dividends	27,855	-	27,855
Net gain on investments in marketable securities	3,995	-	3,995
Appropriations	(19,360)	-	(19,360)
Endowment net assets at October 31, 2020	226,370	1,376,796	1,603,166
Interest and dividends	20,492	-	20,492
Net gain on investments in marketable securities	200,388	-	200,388
Appropriations	(68,840)	-	(68,840)
Endowment net assets at October 31, 2021	$ 378,410	$ 1,376,796	$ 1,755,206

Note 8. Commitments

Lease: As discussed in Note 5, the Foundation leased office space from the LLC under an agreement which expired in January 2020. In February 2020, the Board of Governors of both the Foundation and CMAA agreed that the Foundation will transfer its 30% interest in building ownership to CMAA, effective November 1, 2020. The result of this transaction gives 100% building ownership to CMAA. In connection with the transfer of ownership, the Foundation will receive in-kind rent from CMAA for the next 11 years.

Note 9. Liquidity And Availability

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The following represents the Foundation's financial assets as of October 31, 2021 and 2020, reduced by amounts not available for general use within one year due to contractual or donor-imposed restrictions:

	2021	2020
Cash and cash equivalents	$ 49,730	$ 39,790
Promises to give, net current portion	89,500	22,650
Promises to give, net noncurrent portion	141,128	137,882
Accounts receivable, net	-	38
Due from related party	307,763	231,230
Investments	4,982,119	4,028,953
Subtotal financial assets	5,570,240	4,460,543
Less amounts not available within one year:		
Net assets with donor restrictions including promises to give to be received in greater than one year	(1,920,821)	(1,762,220)
Financial assets available to meet cash needs for general expenditures within one year	$ 3,649,419	$ 2,698,323

Note 10. COVID-19 Pandemic

Subsequent to the coronavirus outbreak in 2020 in the United States, there has been substantial volatility in financial markets and the economy. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Foundation operates. Since this could have long lasting impacts on the Foundation, management will continue to review and adjust planned expenditures should it be determined, the outbreak will significantly impact the statements of financial position and statements of activities of the Foundation.