

**HARTFORD FOUNDATION
FOR PUBLIC GIVING**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021



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**HARTFORD FOUNDATION FOR PUBLIC GIVING
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hartford Foundation for Public Giving
Hartford, Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hartford Foundation for Public Giving, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, 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 Hartford Foundation for Public Giving, as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Hartford Foundation for Public Giving 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2022, Hartford Foundation for Public Giving adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the 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 Hartford Foundation for Public Giving's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hartford Foundation for Public Giving'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.



CliftonLarsonAllen LLP

West Hartford, Connecticut
April 5, 2023

HARTFORD FOUNDATION FOR PUBLIC GIVING
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
INVESTMENTS, AT MARKET VALUE		
U.S. Equities	\$ 373,385,226	\$ 451,151,738
International Equities	226,348,981	280,391,218
Fixed Income	187,557,522	217,820,698
Alternative Investments	174,688,923	174,863,585
Emerging Market Equities	45,707,925	41,397,402
Cash Equivalents	25,584,860	58,340,703
Split-Interest Agreements	5,727,669	7,425,804
Other Investments	404,730	404,730
Total Investments	1,039,405,836	1,231,795,878
OTHER ASSETS		
Cash	3,062,617	3,782,494
Assets Held as Fiscal Agent	7,307,403	6,287,799
Contributions Receivable - Split-Interest Agreements	3,068,586	3,709,713
Property and Equipment, Net	749,911	974,908
Operating Lease Right-of-Use Asset	2,394,909	-
Other Assets	1,805,655	1,339,751
Total Other Assets	18,389,081	16,094,665
Total Assets	\$ 1,057,794,917	\$ 1,247,890,543
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grants and Other Payables	\$ 22,494,608	\$ 20,330,597
Liability Held as Fiscal Agent	7,307,403	6,287,799
Annuity Liability	3,206,279	3,815,666
Agency Endowments	3,968,995	4,854,212
Accounts Payable and Other Liabilities	653,197	703,135
Lease Liability - Operating	2,424,044	-
Total Liabilities	40,054,526	35,991,409
NET ASSETS		
Without Donor Restrictions	28,586,475	37,602,764
With Donor Restrictions	989,153,916	1,174,296,370
Total Net Assets	1,017,740,391	1,211,899,134
Total Liabilities and Net Assets	\$ 1,057,794,917	\$ 1,247,890,543

See accompanying Notes to Financial Statements.

**HARTFORD FOUNDATION FOR PUBLIC GIVING
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT						
Donations and Bequests, Net	\$ -	\$ 40,575,694	\$ 40,575,694	\$ -	\$ 24,529,055	\$ 24,529,055
Investment Income, Net of Investment and Trustees						
Fees of \$812,646 in 2022 and \$962,793 in 2021	850,149	16,784,045	17,634,194	740,020	21,995,256	22,735,276
Change in Value of Split-Interest Agreements and Other Assets	(422,361)	(1,052,467)	(1,474,828)	76,238	468,475	544,713
Net Assets Released from Restrictions	65,388,917	(65,388,917)	-	52,797,640	(52,797,640)	-
Other Revenues	1,265,141	465,794	1,730,935	388,125	602,467	990,592
Total Revenues, Gains, and Other Support	<u>67,081,846</u>	<u>(8,615,851)</u>	<u>58,465,995</u>	<u>54,002,023</u>	<u>(5,202,387)</u>	<u>48,799,636</u>
EXPENSES						
Program Expenses:						
Grants Authorized, Net	54,386,215	-	54,386,215	45,156,873	-	45,156,873
Related Program Activities and Foundation						
Administered Projects	2,469,275	-	2,469,275	2,637,116	-	2,637,116
Program Support	2,650,149	-	2,650,149	2,342,422	-	2,342,422
Management and General:						
Operating Expenses	4,763,708	-	4,763,708	4,289,636	-	4,289,636
Fundraising Expenses	1,935,740	-	1,935,740	1,847,472	-	1,847,472
Total Expenses	<u>66,205,087</u>	<u>-</u>	<u>66,205,087</u>	<u>56,273,519</u>	<u>-</u>	<u>56,273,519</u>
INCREASE (DECREASE) IN NET ASSETS BEFORE REALIZED AND UNREALIZED APPRECIATION (DEPRECIATION) ON INVESTMENTS AND OTHER ASSETS	876,759	(8,615,851)	(7,739,092)	(2,271,496)	(5,202,387)	(7,473,883)
REALIZED AND UNREALIZED APPRECIATION (DEPRECIATION) ON INVESTMENTS AND OTHER ASSETS, NET OF INVESTMENT AND TRUSTEE FEES OF \$3,229,077 IN 2022 AND \$4,497,902 IN 2021	<u>(9,893,048)</u>	<u>(176,526,603)</u>	<u>(186,419,651)</u>	<u>6,556,538</u>	<u>123,516,964</u>	<u>130,073,502</u>
INCREASE (DECREASE) IN NET ASSETS	(9,016,289)	(185,142,454)	(194,158,743)	4,285,042	118,314,577	122,599,619
Net Assets - Beginning of Year	<u>37,602,764</u>	<u>1,174,296,370</u>	<u>1,211,899,134</u>	<u>33,317,722</u>	<u>1,055,981,793</u>	<u>1,089,299,515</u>
NET ASSETS - END OF YEAR	<u>\$ 28,586,475</u>	<u>\$ 989,153,916</u>	<u>\$ 1,017,740,391</u>	<u>\$ 37,602,764</u>	<u>\$ 1,174,296,370</u>	<u>\$ 1,211,899,134</u>

See accompanying Notes to Financial Statements.

**HARTFORD FOUNDATION FOR PUBLIC GIVING
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Program Services					
	Activities and Foundation					
	Grants Authorized, Net	Administered Projects and Program Support	Total Program Services	Management and General	Fundraising	Total Expenses
Grants	\$ 54,386,215	\$ -	\$ 54,386,215	\$ -	\$ -	\$ 54,386,215
Salaries and Benefits	-	3,268,006	3,268,006	3,534,373	1,384,300	8,186,679
Consulting	-	954,618	954,618	266,558	179,992	1,401,168
Office Expense	-	276,093	276,093	256,528	103,058	635,679
Occupancy	-	257,396	257,396	239,156	96,079	592,631
Depreciation and Amortization	-	151,966	151,966	141,198	56,725	349,889
Miscellaneous Expense	-	72,277	72,277	154,089	24,401	250,767
Professional Fees	-	59,740	59,740	156,326	22,299	238,365
Communications and Marketing	-	79,328	79,328	15,480	68,886	163,694
Total Expenses	\$ 54,386,215	\$ 5,119,424	\$ 59,505,639	\$ 4,763,708	\$ 1,935,740	\$ 66,205,087

See accompanying Notes to Financial Statements.

**HARTFORD FOUNDATION FOR PUBLIC GIVING
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	Program Services					
	Activities and Foundation					
	Grants Authorized, Net	Administered Projects and Program Support	Total Program Services	Management and General	Fundraising	Total Expenses
Grants	\$ 45,156,873	\$ -	\$ 45,156,873	\$ -	\$ -	\$ 45,156,873
Salaries and Benefits	-	3,154,898	3,154,898	3,336,539	1,317,146	7,808,583
Consulting	-	1,034,776	1,034,776	167,713	180,230	1,382,719
Occupancy	-	235,482	235,482	221,146	87,270	543,898
Office Expense	-	196,023	196,023	162,572	72,646	431,241
Depreciation and Amortization	-	166,750	166,750	156,598	61,797	385,145
Miscellaneous Expense	-	62,546	62,546	126,130	20,734	209,410
Communications and Marketing	-	101,926	101,926	6,466	97,592	205,984
Professional Fees	-	27,137	27,137	112,472	10,057	149,666
Total Expenses	\$ 45,156,873	\$ 4,979,538	\$ 50,136,411	\$ 4,289,636	\$ 1,847,472	\$ 56,273,519

See accompanying Notes to Financial Statements.

**HARTFORD FOUNDATION FOR PUBLIC GIVING
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (194,158,743)	\$ 122,599,619
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization Expense	349,889	385,145
Amortization of Operating Lease Right-of-Use Asset	29,135	-
Realized and Unrealized Appreciation of Investments and Other Assets	186,419,651	(130,073,502)
Change in Value of Split- Interest Agreements	1,474,828	(544,713)
(Increase) Decrease in Operating Assets:		
Assets Held as Fiscal Agent	(1,019,604)	48,275
Contributions Receivable - Split-Interest Agreements	641,127	(433,070)
Other Assets	(585,904)	609,216
Increase (Decrease) in Operating Liabilities:		
Grants and Other Payables	2,164,011	(168,427)
Annuity Liability	(609,387)	(37,406)
Agency Endowments	(885,217)	402,150
Accounts Payable and Other Liabilities	(49,938)	36,861
Liability Held as Fiscal Agent	1,019,604	(48,275)
Net Cash Used by Operating Activities	(5,210,548)	(7,224,127)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(242,708,134)	(341,683,583)
Proceeds from Sales of Investments	247,203,697	348,285,910
Purchases of Property and Equipment	(4,892)	(36,741)
Net Cash Provided by Investing Activities	4,490,671	6,565,586
NET DECREASE IN CASH	(719,877)	(658,541)
Cash - Beginning of Year	3,782,494	4,441,035
CASH - END OF YEAR	\$ 3,062,617	\$ 3,782,494

See accompanying Notes to Financial Statements.

**HARTFORD FOUNDATION FOR PUBLIC GIVING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 DESCRIPTION OF THE FOUNDATION

Hartford Foundation for Public Giving (the Foundation) is a community foundation serving the Greater Hartford area. As a community grantor, the Foundation accepts applications from nonprofit organizations and agencies in need of financial assistance. The Foundation's affairs, including its grantmaking, are governed by an 11-member board of directors.

The financial statements of the Foundation include the combined accounts of the various funds held in trust for, or by, the Foundation and the assets of HFPG, Inc., HFPG Special Assets, Inc., and HFPG Impact, LLC (exempt nonprofit corporations). HFPG, Inc., and HFPG Special Assets, Inc., are component organizations whose purpose is substantially identical to the Foundation and whose board members are also members of the board of the Foundation. HFPG, Inc., and HFPG Special Assets, Inc., were established to provide the Foundation greater flexibility in receiving donations and managing investments.

In 2018, the Foundation created a wholly owned subsidiary, HFPG Impact, LLC (HFPG Impact!), designed to catalyze community and economic development in ways that lift up all residents and maximize the region's inclusive economic growth and quality of life. HFPG Impact! puts a greater portion of the Foundation's assets to work for the 29 towns it serves and provides the Foundation extensive flexibility, through partnerships or on its own, to make investments beyond the scope and range of the Foundation's traditional grantmaking. The Foundation envisions that HFPG Impact! can bring "patient capital" to areas that traditional capital tends to overlook. Through HFPG Impact!, the Foundation will seek opportunities to invest in projects throughout the region that have the potential to create inclusive community prosperity and transformative change. Investments may be to companies, organizations, or funds and may take the form of debt, equity, or guarantees. Terms will be negotiated on a deal-by-deal basis. The Foundation has committed \$10 million to HFPG Impact! and has funded \$1.7 million to date. \$1.2 million was funded in 2019 for Dillion Stadium and in 2020 \$500,000 was funded to Colt Park.

HFPG, Inc., had total assets of \$471,617,435 and \$539,447,095 and net assets of \$439,817,263 and \$513,689,371 as of December 31, 2022 and 2021, respectively. HFPG Impact! had total assets and net assets of \$960,000 and \$1,080,000 as of December 31, 2022 and 2021, respectively. HFPG Special Assets, Inc., had no net assets as of December 31, 2022 and 2021.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, Leases (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

HARTFORD FOUNDATION FOR PUBLIC GIVING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards (Continued)

The Foundation adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Foundation has elected to adopt the package of practical expedients available in the year of adoption. The Foundation has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Foundation's ROU asset.

As a result of the adoption of the new lease accounting guidance, the Foundation recognized on January 1, 2022 a lease liability of \$2,836,237, which represents the present value of the remaining operating lease payments of \$3,181,075, discounted using the Foundation's incremental borrowing rate of 3.99%, and a right-of-use asset of \$2,836,237.

Basis of Accounting and Presentation

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, the accounts of the Foundation are reported in the following categories:

Net Assets Without Donor Restrictions - These net assets are defined as assets that are free of donor-imposed restrictions and include all investment income and appreciation not subject to donor-imposed restrictions. The board has designated net assets without donor restrictions to function as an endowment. The board has also designated up to \$10 million to be used for the purposes of HFPG Impact!.

Net Assets With Donor Restrictions - Net assets with donor restrictions represent 1) contributions, unconditional promises to give, and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Foundation, 2) charitable remainder trusts, a charitable lead trust, pooled income funds, and contributions receivable, 3) endowment assets at historic dollar value, and 4) investment income and appreciation, which can be expended but for which restrictions have not yet been met.

**HARTFORD FOUNDATION FOR PUBLIC GIVING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment Fund Management and Variance Power

To ensure observation of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are managed as individual charitable funds according to their nature and purpose. Endowment funds are subject to the restriction of the gift instruments. Funds consist of the assets held in trust for, or by, the Foundation, the assets of HFPG, Inc., and certain other funds. The endowment assets held subject to the Foundation's Resolution and Declaration of Trust and subject to HFPG, Inc.'s Certificate of Incorporation are intended by the board of directors to be treated similarly for accounting and legal purposes. Such endowment and other funds are subject to both variance power (the unilateral power, pursuant to federal regulations, to modify any restriction or condition if it becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community) and limited invasion of corpus power. The Foundation's and HFPG, Inc.'s governance documents describe the criteria and limited circumstances under which these powers would be exercised.

Gifts and bequests received by the Foundation are accounted for and managed for endowment recordkeeping in certain categories described below:

Endowment

The Foundation's endowment funds consist of original assets and undistributed investment return on endowment funds. The Foundation makes distributions of investment return (i.e., interest, dividends, and appreciation or depreciation) from these funds in accordance with the spending formula and subject to the Resolution and Declaration of Trust.

Other

Other funds consist of the Foundation's operating funds for grants and administration, charitable gift annuities, charitable remainder trusts, pooled income funds, amounts internally designated for future grantmaking, and certain unspent investment return from designated and donor-advised funds.

Agency Endowments

The Foundation maintains assets under certain agency endowments with unrelated organizations. The amounts held but not yet distributed totaled \$3,968,995 and \$4,854,212 at December 31, 2022 and 2021, respectively, and are included on the statements of financial position in agency endowments. Amounts received and distributed under these relationships totaled \$25,000 and \$161,858 for the year ended December 31, 2022 and \$-0- and \$158,638 for the year ended December 31, 2021, respectively.

Fiscal Agent

The Foundation acts as a fiscal agent and maintains funds owned by other organizations. The Foundation reports these funds as assets held as fiscal agent and a corresponding liability held as fiscal agent on the statements of financial position.

**HARTFORD FOUNDATION FOR PUBLIC GIVING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

The Foundation maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Foundation's deposits are not subject to significant credit risk.

Investment Valuation and Income Recognition

Investments are reported at fair value. 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. See Note 4 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized appreciation (depreciation) on investments and other assets includes the Foundation's gains and losses on investments bought and sold as well as held during the year.

Bank of America, the trustee bank, holds all the investments for the trusts established on behalf of the Foundation in a variety of investment vehicles, including mutual funds and separate accounts. Trust Company of Connecticut, a division of KeyBank, is also named a trustee bank. All of the investments of HFPG, Inc., are held in a variety of investment vehicles, including mutual funds and separate accounts, held in custody by Northern Trust Company and State Street Bank and Trust Company of Boston, Massachusetts.

Donated Assets

Donated marketable securities and other assets are recorded as contributions at their estimated fair values as of the date of donation.

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives, which range from 3 to 10 years. The Foundation follows the practice of capitalizing all expenditures for capitalizable property and equipment in excess of \$1,000.

Contributions

The Foundation accounts for its contributions received as follows:

Contributions Received

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises to give that are scheduled to be received after the fiscal year end are shown as support with donor restrictions and reclassified to net assets without donor restrictions when the time restriction is met. Contributions whose restrictions are met in the same fiscal year are recorded as support without donor restrictions. Conditional promises to give (i.e., a donor stipulation that includes a barrier that must be overcome and a right of return of assets) are recognized when the conditions upon which they depend are substantially met.

HARTFORD FOUNDATION FOR PUBLIC GIVING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

Split-Interest Agreements

The Foundation's split-interest agreements with donors consist of charitable gift annuities, charitable remainder annuity trusts, charitable remainder unitrusts, a charitable lead annuity trust, and pooled income funds. Assets recognized under split-interest agreements are recorded at fair value. Assets are invested and payments are made to donors and/or other beneficiaries in accordance with the respective agreements. The present value of payments to beneficiaries under these arrangements is calculated using discount rates ranging from 2% to 8%. Such rates represent risk-free rates in existence at the date of gift. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the value of split-interest agreements in the statements of activities.

Donations relating to split-interest agreements of \$-0- in 2022 and \$9,236 in 2021 were recognized as support with donor restrictions. During December 31, 2022 and 2021, several split-interest agreement income beneficiaries passed away, and the remaining assets, totaling \$247,919 and \$159,148, respectively, reverted to the Foundation.

Bequests

Bequests are recorded as support when all events required for the transfer of the assets from the estate of the donor to the Foundation have occurred and the probate court has issued an order to transfer.

Leases

The Foundation leases an office facility. The Foundation determines if an arrangement is a lease at inception. The operating lease is included in operating lease right-of-use (ROU) asset and lease liability - operating on the statements of financial position.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Foundation uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Foundation has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

HARTFORD FOUNDATION FOR PUBLIC GIVING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The lease contract does not provide information about the discount rate implicit in the lease. Therefore, the Foundation has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of the lease liability. The risk-free discount rate used of 3.99% was the five-year treasury rate as of December 31, 2022.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been presented on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses are allocated based on time and effort and usage.

Income Taxes

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) as an organization other than a private foundation; however, the Foundation is subject to federal income tax on any unrelated business taxable income.

Measure of Operations

The Foundation's measure of operations, as presented, includes all changes in net assets except for realized and unrealized appreciation (depreciation) on investments.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Risks and Uncertainties

The Foundation invests in a variety of investments, including debt and equity securities, and alternative investments. These investments are exposed to interest rate, market, credit, and other risks depending on the nature of the specific investment. Accordingly, it is at least reasonably possible that these factors will result in changes in the value of the Foundation's investments that could materially affect amounts reported in the financial statements.

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through April 5, 2023, which represents the date the financial statements were available to be issued.

HARTFORD FOUNDATION FOR PUBLIC GIVING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3 PROPERTY AND EQUIPMENT

The components of property and equipment as of December 31, 2022 and 2021 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Buildings and Improvements	\$ 2,342,735	\$ 2,337,843
Furniture and Equipment	<u>568,480</u>	<u>568,480</u>
Subtotal	2,911,215	2,906,323
Less: Accumulated Depreciation	<u>2,161,304</u>	<u>1,931,415</u>
Total	<u>\$ 749,911</u>	<u>\$ 974,908</u>

Depreciation expense of \$229,889 and \$265,145 was recognized for the years ended December 31, 2022 and 2021, respectively.

NOTE 4 FAIR VALUE MEASUREMENTS

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As a practical expedient, certain investments are measured at fair value on the basis of net asset value. The fair value of these investments is not included in the fair value hierarchy.

HARTFORD FOUNDATION FOR PUBLIC GIVING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Financial Instruments Measured at Fair Value

The following is a description of the valuation methodologies and investment strategies used for assets measured at fair value:

Equity

Certain equity is valued at the closing price reported in the active market in which the individual securities are traded. Other equity is valued using the net asset value as reported by the investment manager of the fund. This net asset value is based on the fair value of the underlying assets and liabilities of the related fund at the measurement date. This investment class seeks to provide long-term capital appreciation. Equity managers are selected with the objective of building a portfolio that is diversified by geographic region, economic sector, industry, and market capitalization. The objective in selecting equity managers is to generate average annual compounded returns that exceed the relevant broad market indices (i.e., the S&P 500, the Russell 1000, MSCI EAFE and MSCI World), net of fees, over full market cycles (5-10 years). The redemption period for these investments ranges from daily to monthly with 30 days' written notice.

Fixed Income

Certain fixed income is valued at the closing price reported in the active market in which the individual securities are traded. Other fixed income is valued based on yields currently available on comparable securities of issuers with similar durations and credit ratings. This investment class seeks to provide current income from a broad range of U.S. and global fixed income securities, be an important source of liquidity for distribution for current expenses and create some measure of diversification. The redemption period for these investments ranges from daily and monthly to quarterly with 15 days' written notice.

Alternative Investments

The following alternative asset strategies include investments in private equity fund-of-funds and real assets:

Private Equity and Private Debt

Interests in private equity and private debt are valued using net asset values determined by the investment manager of the fund in accordance with the procedures outlined in each respective limited partnership agreement. This net asset value is based on the fair value of the underlying assets and liabilities of the related fund at the measurement date. The primary objective of these investments is to produce over their economic horizons an annualized return net of all costs that exceeds the annualized return produced over the same time period by the broad U.S. stock market and broadly syndicated leveraged finance market, respectively. The private equity funds seek to achieve these objectives by investing either directly in or via secondary purchases of privately offered funds that employ venture capital, growth and buyout strategies. The private debt funds primarily seek to achieve these objectives by investing in either directly originated debt and preferred equity deals, or in the secondary credit markets. These investments are deemed to be illiquid.

HARTFORD FOUNDATION FOR PUBLIC GIVING
NOTES TO FINANCIAL STATEMENTS
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NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Financial Instruments Measured at Fair Value (Continued)

Alternative Investments (Continued)

Absolute Return

Interests in absolute return are valued using net asset values determined by the investment manager of the fund in accordance with the procedures outlined in each respective limited partnership agreement. This net asset value is based on the fair value of the underlying assets and liabilities of the related fund at the measurement date. Absolute return investing describes a category of strategies whose objective is to earn a positive return over time regardless of whether markets rise, fall, or remain unchanged and to do so with lower volatility. Core strategies in the asset class include overweighting assets that are trading at attractive valuations and avoiding those which, in the analysis of the investment managers, are overvalued. The strategy is also intended to provide diversification benefits.

Real Assets

Interests in real assets are valued using net asset values as determined by the investment manager of the fund in accordance with written policies and procedures. The net asset value is based on the fair value of the underlying assets and liabilities of the related fund at the measurement date. To help guard against inflation risk, the Foundation invests in real assets that are normally expected to rise in value as inflation fears rise and actual inflation increases. The objective of this investment is to provide long-term total return in excess of an equal-sector-weighted version of the S&P Goldman Sachs Commodity Index, by investing in commodity-related instruments. The redemption period for these investments is monthly.

Cash Equivalents

Cash equivalents are valued at the quoted net asset value of shares held by the Foundation at year-end.

Split-Interest Agreements

Fair value inputs used for split-interest agreements are based on the estimated present value of the future payments to the Foundation, which is considered to be the fair value of the assets held in trust.

Other Investments

Included in other investments is real estate received through donation. This investment is presented at its estimated fair value as determined by independent appraisals.

Annuity Liability

The fair value of the annuity liability is based on the 2000 CM mortality tables.

There have been no changes in the methodologies used at December 31, 2022 and 2021.

HARTFORD FOUNDATION FOR PUBLIC GIVING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Annuity Liability (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets and liabilities at fair value as of December 31:

<u>Description</u>	December 31, 2022	Fair Value Measurements Using			Assets Valued at NAV (a)
		Level 1	Level 2	Level 3	
Assets:					
U.S. Equities	\$ 373,385,226	\$ 307,702,381	\$ -	\$ -	\$ 65,682,845
International Equities	226,348,981	65,664,353	-	-	160,684,628
Fixed Income	187,557,522	837,180	110,328,872	-	76,391,470
Alternative Investments:					
Private Equity	93,532,530	-	-	-	93,532,530
Absolute Return	40,199,785	-	40,199,785	-	-
Real Assets	36,739,937	7,838,345	7,814,491	-	21,087,101
Private Debt	4,216,671	-	-	-	4,216,671
Emerging Market Equities	45,707,925	14,344,357	-	-	31,363,568
Cash Equivalents	25,584,860	25,584,860	-	-	-
Split-Interest Agreements	5,727,669	2,764,428	-	-	2,963,241
Other Investments	404,730	-	404,730	-	-
Total Investments	1,039,405,836	424,735,904	158,747,878	-	455,922,054
Contributions Receivable - Split-Interest Agreements	3,068,586	-	-	3,068,586	-
Subtotal	1,042,474,422	424,735,904	158,747,878	3,068,586	455,922,054
Less: Cash Equivalents	(25,584,860)	(25,584,860)	-	-	-
Total Assets at Fair Value	<u>\$ 1,016,889,562</u>	<u>\$ 399,151,044</u>	<u>\$ 158,747,878</u>	<u>\$ 3,068,586</u>	<u>\$ 455,922,054</u>
Liabilities:					
Annuity Liability at Fair Value	<u>\$ 3,206,279</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,206,279</u>	<u>\$ -</u>

HARTFORD FOUNDATION FOR PUBLIC GIVING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Description	December 31, 2021	Fair Value Measurements Using			Assets Valued at NAV (a)
		Level 1	Level 2	Level 3	
Assets:					
U.S. Equities	\$ 451,151,738	\$ 350,586,738	\$ -	\$ -	\$ 100,565,000
International Equities	280,391,218	99,125,631	-	-	181,265,587
Fixed Income	217,820,698	-	128,827,085	-	88,993,613
Alternative Investments:					
Private Equity	116,644,812	-	-	-	116,644,812
Absolute Return	44,194,733	-	44,194,733	-	-
Real Assets	14,024,040	5,973,333	8,050,707	-	-
Emerging Market Equities	41,397,402	19,950,493	-	-	21,446,909
Cash Equivalents	58,340,703	58,340,703	-	-	-
Split-Interest Agreements	7,425,804	3,727,038	-	-	3,698,766
Other Investments	404,730	-	404,730	-	-
Total Investments	1,231,795,878	537,703,936	181,477,255	-	512,614,687
Contributions Receivable - Split-Interest Agreements	3,709,713	-	-	3,709,713	-
Subtotal	1,235,505,591	537,703,936	181,477,255	3,709,713	512,614,687
Less: Cash Equivalents	(58,340,703)	(58,340,703)	-	-	-
Total Assets at Fair Value	\$ 1,177,164,888	\$ 479,363,233	\$ 181,477,255	\$ 3,709,713	\$ 512,614,687
Liabilities:					
Annuity Liability at Fair Value	\$ 3,815,666	\$ -	\$ -	\$ 3,815,666	\$ -

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The following is a summary of the commitments and redemption rights of investments in entities that calculate net asset per share as of December 31:

Description	Fair Value 2022	Unfunded Commitments	Redemption	Redemption
			Terms	Restrictions
U.S. Equities	\$ 65,682,845	\$ -	Monthly - Quarterly	30 Days Written Notice
International Equities	160,684,628	-	Monthly - Semi-Annually	4-10 Days Written Notice
Fixed Income	76,391,470	-	Monthly - Quarterly	5-15 Days Written Notice
Private Equities	93,532,530	43,561,644	Illiquid	Illiquid
Real Assets	21,087,101	-	Quarterly	3 Months Written Notice
Private Debt	4,216,671	750,000	Illiquid	Illiquid
Emerging Market Equities	31,363,568	-	Monthly - Annually	30 Days Written Notice
Split-Interest Agreements	2,963,241	-	Illiquid	Illiquid
Total	\$ 455,922,054	\$ 44,311,644		

HARTFORD FOUNDATION FOR PUBLIC GIVING
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DECEMBER 31, 2022 AND 2021

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Description	Fair Value 2021	Unfunded Commitments	Redemption Terms	Redemption Restrictions
U.S. Equities	\$ 100,565,000	\$ -	Monthly	30 Days Written Notice
International Equities	181,265,587	-	Monthly	4-10 Days Written Notice
Fixed Income	88,993,613	-	Monthly	5-15 Days Written Notice
Private Equities	116,644,812	18,898,351	Illiquid	Illiquid
Emerging Market Equities	21,446,909	-	Monthly - Annually	10-30 Days Written Notice
Split-Interest Agreements	3,698,766	-	Illiquid	Illiquid
Total	<u>\$ 512,614,687</u>	<u>\$ 18,898,351</u>		

The following table presents information about significant unobservable inputs related to the Foundation's investment in Level 3 assets as of December 31:

Type	Fair Value 2022	Fair Value 2021	Valuation Technique	Significant Observable Inputs
Split-interest agreements	\$ 3,068,586	\$ 3,709,713	Discounted Cash Flow	Discount Rates Duration

NOTE 5 EMPLOYEE BENEFIT PLAN

The Foundation sponsors a 401k defined contribution employee benefit plan in which the Foundation makes profit sharing contributions based on each employee's level of compensation and matches employee deferrals. The Foundation contributes to the plan at the rate of 4% for staff earning over \$75,000 and at the rate of 6% for staff earning \$75,000 or less. The Foundation matches all employee deferrals at 100% up to a maximum of 4% of compensation. All active employees as of January 1, 2020 are immediately 100% vested in all contributions. Subsequent hires receive contributions immediately upon hire and vest in contributions based on years of service (at a schedule of 25% of holdings per year until reaching 100% vested after 4 years). The Foundation contributed \$526,212 and \$487,975 for the plan years ended December 31, 2022 and 2021, respectively.

NOTE 6 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	2022	2021
Cash	\$ 3,062,617	\$ 3,782,494
Investments	15,533,046	12,066,205
Board Designations:		
Approved Appropriation of Endowment Assets for Expenditure in the Next Year	<u>56,600,000</u>	<u>58,600,000</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 75,195,663</u>	<u>\$ 74,448,699</u>

**HARTFORD FOUNDATION FOR PUBLIC GIVING
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

Liquidity Management

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of monthly requirements in short-term investments. As of December 31, 2022 and 2021, the Foundation's governing board has designated \$28,586,475 and \$37,602,764 of its resources without donor restrictions. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the board.

NOTE 7 ENDOWMENT

The Foundation's endowment consists of approximately 1,503 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act (CTUPMIFA) 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 would classify 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 as a permanent endowment would be classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by CTUPMIFA. In accordance with CTUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

HARTFORD FOUNDATION FOR PUBLIC GIVING
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

In accordance with the provisions, donor-restricted endowment funds subject to the limited invasion of corpus over time may be an endowment fund within the meaning of CTUPMIFA, but is not a permanent endowment fund to be held in perpetuity. A significant portion of the Foundation's endowment funds, as authorized under the Foundation's governing documents and gift instruments, are held subject to both variance power and limited invasion of corpus power and, as such, are classified as net assets with donor restrictions.

Endowment Net Assets

Changes in endowment net assets are as follows for the years ended December 31:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - January 1, 2021	\$ 33,317,722	\$ 1,055,981,793	\$ 1,089,299,515
Investment Income	740,020	21,995,256	22,735,276
Investment Gains	<u>6,556,538</u>	<u>123,516,964</u>	<u>130,073,502</u>
Net Investment Return	7,296,558	145,512,220	152,808,778
Contributions	-	24,529,055	24,529,055
Appropriation of Endowment Assets for Expenditure	(5,299,686)	(52,797,640)	(58,097,326)
Other Changes:			
Unexpended Funds Appropriated	1,823,807	-	1,823,807
Other Revenue	388,125	602,467	990,592
Change in Value of Split-Interest Agreements and Other Assets	<u>76,238</u>	<u>468,475</u>	<u>544,713</u>
Total Other Changes	<u>2,288,170</u>	<u>1,070,942</u>	<u>3,359,112</u>
Endowment Net Assets - December 31, 2021	37,602,764	1,174,296,370	1,211,899,134
Investment Income	850,149	16,784,045	17,634,194
Investment Gains	<u>(9,893,049)</u>	<u>(176,526,602)</u>	<u>(186,419,651)</u>
Net Investment Return	(9,042,900)	(159,742,557)	(168,785,457)
Contributions	-	40,575,694	40,575,694
Appropriation of endowment Assets for Expenditure	(816,169)	(65,388,918)	(66,205,087)
Other Changes:			
Other Revenue	1,265,141	465,794	1,730,935
Change in Value of Split-Interest Agreements and Other Assets	<u>(422,361)</u>	<u>(1,052,467)</u>	<u>(1,474,828)</u>
Total Other Changes	<u>842,780</u>	<u>(586,673)</u>	<u>256,107</u>
Endowment Net Assets - December 31, 2022	<u>\$ 28,586,475</u>	<u>\$ 989,153,916</u>	<u>\$ 1,017,740,391</u>

**HARTFORD FOUNDATION FOR PUBLIC GIVING
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 ENDOWMENT (CONTINUED)

Endowment Net Assets (Continued)

Amounts classified as net assets with donor restrictions (endowment only) are as follows at December 31:

	2022	2021
Net Assets With Donor Restrictions:		
Endowment Funds Subject to Time Restriction	\$ 984,566,060	\$ 1,168,403,129
Charitable Remainder Trusts, Charitable Lead Trust, Pooled Income Funds, and Contributions Receivable	4,587,856	5,893,241
Total Endowment Funds Classified as Net Assets With Donor Restrictions	\$ 989,153,916	\$ 1,174,296,370

Spending Formula

With a few exceptions, all funds are managed in accordance with a spending formula based upon the total return concept, which emphasizes total investment return, consisting of investment income and realized and unrealized gains and losses. There are certain funds that, based upon donor's intent, are not considered in this spending formula. Under this spending formula, a distribution of investment return is provided for program support that is independent of the cash yield and appreciation of investments in that year. The Foundation has adopted this spending formula designed specifically to stabilize annual spending levels and to preserve the real value of the fund portfolio over time.

The Foundation's spending policy limits spending to 5% of the 20-quarter trailing average, subject to a floor of 4.25% of current assets and a ceiling of 5.75% of current assets. The board of directors continues to examine the limit on spending. The Foundation does not consider appreciation or depreciation on endowment investments or realized gains and losses as a component of its operations as presented in the statements of activities. Total investment gains (losses) (i.e., investment income net of all investment fees, net realized and unrealized gains or losses on investments, and change in value of split-interest agreements) totaled approximately \$(170.3) million and \$153.5 million for the years ended December 31, 2022 and 2021, respectively. The Foundation has a policy that permits spending from endowment funds with deficiencies depending on the degree to which the fund is deficient, unless otherwise precluded by donor intent or relevant laws and regulations.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the historic dollar value as referenced in CTUPMIFA. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. As of December 31, 2022, the aggregate fair value of funds with deficiencies was \$37,741,914 and the historical dollar value was \$41,211,170, resulting in a difference of \$3,469,256. As of December 31, 2021, the aggregate fair value of funds with deficiencies was \$220,973 and the historic dollar value was \$225,757, resulting in a difference of \$4,784. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions and continued appropriation for certain programs that was deemed prudent by the board of directors.

**HARTFORD FOUNDATION FOR PUBLIC GIVING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 7 ENDOWMENT (CONTINUED)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the Foundation's long-term spending needs adjusted for inflation while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return that meets or exceeds the consumer price index plus 5%. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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 Foundation targets a diversified asset allocation that places a greater emphasis on equity investments to achieve its long-term return objectives within prudent risk constraints.

NOTE 8 GRANTS

Grants are recorded as expenses when authorized by the board of directors and committed to a specified recipient and all material conditions have been satisfied by the recipient.

As of December 31, 2022 and 2021, grants payable are committed as follows:

	<u>2022</u>	<u>2021</u>
Due Within One Year	\$ 15,478,375	\$ 16,228,664
Due in One to Five Years	7,016,233	4,101,933
Total	<u>\$ 22,494,608</u>	<u>\$ 20,330,597</u>

For the years ended December 31, 2022 and 2021, the Foundation cancelled previously authorized grants of \$1,571,464 and \$868,331, respectively. Grant cancellations are recorded in other revenues in the statements of activities.

NOTE 9 LEASES

The Foundation leases a facility under a long-term, noncancelable lease agreement which expires in 2027. In the normal course of business, it is expected that the lease will be renewed or replaced by a similar lease. The lease requires the Foundation to pay real estate taxes, insurance, and repairs.

HARTFORD FOUNDATION FOR PUBLIC GIVING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 9 LEASES (CONTINUED)

The following provides quantitative information concerning the Foundation's lease.

Leases Cost:	
Operating Lease Costs	<u>\$ 545,327</u>
Other Information:	
Operating Cash Flows from Operating Lease	\$ (516,192)
Right-of-Use Asset Obtained in Exchange for New Operating Lease Liability	\$ 2,836,237
Weight-Average Remaining Lease Term - Operating Lease	4.8 Years
Weight-Average Discount Rate - Operating Lease	3.99%

A maturity analysis of annual undiscounted cash flows for lease liability as of December 31, 2022, is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 528,308
2024	540,423
2025	552,539
2026	564,654
2027	<u>478,959</u>
Total Lease Payments	2,664,883
Less: Imputed Interest	<u>(240,839)</u>
Present Value of Lease Liability	<u>\$ 2,424,044</u>