
Polk Bros. Foundation, Inc.

Financial Report
August 31, 2022

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Independent Auditor's Report

To the Board of Directors
Polk Bros. Foundation, Inc.

Opinion

We have audited the financial statements of Polk Bros. Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of August 31, 2022 and 2021 and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of August 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 *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 3, the financial statements include investments valued at net asset value of \$149.9 million (36 percent of net assets) at August 31, 2022 and \$155.3 million (31 percent of net assets) at August 31, 2021 whose fair values have been estimated in the absence of observable inputs used to determine the market value. Management's estimates are based on information provided by the investment managers. 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits of the Financial Statements

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

To the Board of Directors
Polk Bros. Foundation, Inc.

In performing audits in accordance with GAAS, we:

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

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

Plante & Moran, PLLC

November 15, 2022

Statement of Financial Position

August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 7,179,412	\$ 12,537,962
Investments	407,657,390	484,467,318
Pending trade receivable	-	1,590,665
Other assets - Prepaid excise and income taxes	<u>504,600</u>	<u>164,000</u>
Total assets	<u>\$ 415,341,402</u>	<u>\$ 498,759,945</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 250,000	\$ 761,000
Other liabilities	38,629	28,730
Deferred excise tax	<u>1,000,000</u>	<u>2,350,000</u>
Total liabilities	1,288,629	3,139,730
Net Assets - Without donor restrictions	<u>414,052,773</u>	<u>495,620,215</u>
Total liabilities and net assets	<u>\$ 415,341,402</u>	<u>\$ 498,759,945</u>

Polk Bros. Foundation, Inc.

Statement of Activities and Changes in Net Assets

Years Ended August 31, 2022 and 2021

	2022	2021
Changes in Net Assets without Donor Restrictions		
Revenue, (losses) gains, and other support:		
Dividends from investments other than partnerships - Net of fees	\$ 1,934,989	\$ 1,060,243
Interest from investments other than partnerships	103,818	99,708
Net realized gains from partnerships	11,454,362	42,466,128
Net realized gains (losses) from sales of securities other than partnerships	7,482,538	(947,377)
Unrealized (losses) gains from investments	(68,140,015)	73,252,098
Capital gain dividends	40,878	7,966
Miscellaneous income	536,031	254,091
Total revenue, (losses) gains, and other support	(46,587,399)	116,192,857
Grants and other expenses:		
Grants	31,982,316	33,081,203
Expenses:		
Administrative and operating expenses	3,480,822	3,428,194
Deferred excise tax (gain) loss	(1,350,000)	844,000
Provision for excise and income taxes	866,905	517,826
Total grants and other expenses	34,980,043	37,871,223
(Decrease) Increase in Net Assets	(81,567,442)	78,321,634
Net Assets - Beginning of year	495,620,215	417,298,581
Net Assets - End of year	\$ 414,052,773	\$ 495,620,215

Statement of Cash Flows

Years Ended August 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
(Decrease) increase in net assets	\$ (81,567,442)	\$ 78,321,634
Adjustments to reconcile (decrease) increase in net assets to net cash and cash equivalents from operating activities:		
Net realized gains from partnerships	(11,454,362)	(42,466,128)
Net realized (gains) losses from sales of securities other than partnerships	(7,523,416)	947,377
Change in unrealized gains on investments	68,140,015	(73,252,098)
Investments redeemed for fees	553,187	630,158
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Pending trade receivable	1,590,665	(1,590,665)
Dividends receivable	(2,633,708)	(1,400,149)
Prepaid excise and income taxes	(340,600)	(157,000)
Accounts payable and other liabilities	(501,101)	779,482
Deferred excise tax	(1,350,000)	844,000
Net cash and cash equivalents used in operating activities	(35,086,762)	(37,343,389)
Cash Flows from Investing Activities		
Proceeds from sales of securities	114,783,091	45,996,014
Purchases of securities	(99,162,040)	(100,684,636)
Purchases of partnership interests	(37,380,738)	(33,231,300)
Liquidating distributions and return of capital from partnership	51,487,899	134,230,047
Net cash and cash equivalents provided by investing activities	29,728,212	46,310,125
Net (Decrease) Increase in Cash and Cash Equivalents	(5,358,550)	8,966,736
Cash and Cash Equivalents - Beginning of year	12,537,962	3,571,226
Cash and Cash Equivalents - End of year	\$ 7,179,412	\$ 12,537,962
Supplemental Disclosure of Cash Flow Information - Cash paid for taxes	\$ 1,207,505	\$ 674,826

August 31, 2022 and 2021

Note 1 - Nature of Business

Polk Bros. Foundation, Inc. (the "Foundation") is a private independent foundation dedicated to building and strengthening Chicago's families and communities, especially those most affected by poverty. The Foundation focuses its work at the intersection of Chicago's most pressing issues to address the complex roots and devastating effects of poverty, challenge inequity, and ensure that all Chicagoans have the opportunity to reach their full potential. Since its founding in 1988, the Foundation has partnered with more than 3,000 Chicago nonprofits to build strong communities and families, increase access to quality education and the arts, improve health, and strengthen organizations and the sectors in which they work.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Foundation have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions. The Foundation's net assets consisted only of net assets without donor restrictions as of August 31, 2022 and 2021.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The Foundation maintains its cash equivalents in bank deposit accounts that exceed federally insured limits. Substantially all of the Foundation's cash equivalents are held at Morgan Stanley Bank N.A. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash equivalents.

Investments

Investments are reported at fair value. Investment income or loss (including realized gains and losses on investments, changes in unrealized holding gains and losses, interest, and dividends) is included in the statement of activities and changes in net assets and is recorded on the accrual basis of accounting. Gains and losses on securities transactions are accounted for using the specific identification method.

Net realized gains and losses from sales of securities and from the sale of shares distributed by certain limited partnership investments are separately presented in the statement of activities and changes in net assets.

The Foundation's investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in value of investments will occur in the near term and could materially affect the amounts reported in the financial statements.

Furniture and Equipment

Purchases of furniture, equipment, and leasehold improvements are charged to expense rather than capitalized. As a result, depreciation expense is not reflected in the financial statements. This policy does not have a material effect on the financial statements as a whole.

August 31, 2022 and 2021

Note 2 - Significant Accounting Policies (Continued)

Deferred Excise Taxes

The Foundation provides for deferred excise taxes, which represent taxes on the net unrealized appreciation of investments using a 1.39 percent rate for the years ended August 31, 2022 and 2021.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code. As a private foundation, the Foundation is subject to an excise tax of 1.39 percent for the years ended August 31, 2022 and 2021. In addition, the Foundation is subject to unrelated business income taxes on a portion of the income provided by certain investment partnerships. Total current federal excise tax expense for the years ended August 31, 2022 and 2021 was \$866,905 and \$517,826, respectively. Total deferred federal excise tax gain was \$1,350,000 for the year ended August 31, 2022, and the total deferred federal excise tax loss was \$844,000 for the year ended August 31, 2021.

Functional Allocation of Expenses

Costs of providing program and support services have been reported on a functional basis, as disclosed in Note 10. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and related expenses are allocated on the basis of time and effort. Expenses deemed to be indirect to employee work, such as professional services, insurance, and maintenance and repairs, are considered to be management and general expenses. Other expenses utilized by all employees, such as rent, utilities, and office supplies, are also allocated on the basis of time and effort. Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Upcoming Accounting Pronouncement

The Financial Accounting Standards Board issued Accounting Standards Update No. 2016-02, *Leases*, which will supersede the current lease requirements in Accounting Standards Codification (ASC) 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as operating. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Foundation's year ending August 31, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The change will not have a material impact on the financial statements of the Foundation.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including November 15, 2022, which is the date the financial statements were available to be issued.

Note 3 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

August 31, 2022 and 2021

Note 3 - Fair Value Measurements (Continued)

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Net asset value inputs include interests in investment companies at year end where the fair value of the investment held is estimated based on net asset value per share (NAV) (or its equivalent) of the investment company.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at August 31, 2022 and 2021 and the valuation techniques used by the Foundation to determine those fair values:

Assets Measured at Fair Value on a Recurring Basis at August 31, 2022				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at August 31, 2022
Common stock funds	\$ 131,506,802	\$ -	\$ -	\$ 131,506,802
Fixed-income partnerships and funds	20,776,672	-	-	20,776,672
Total	\$ 152,283,474	\$ -	\$ -	152,283,474
Alternative investments - Measured at NAV:				
Private equity partnerships and funds				105,668,079
Hedged equity partnerships and funds				49,856,531
Absolute return partnerships and funds				18,570,196
Real estate partnerships and funds				21,625,197
Commodity partnerships and funds				22,601,238
Domestic and international equity partnerships and funds				<u>37,052,675</u>
Total investments measured at NAV				<u>255,373,916</u>
Total assets				<u><u>\$ 407,657,390</u></u>

Notes to Financial Statements

August 31, 2022 and 2021

Note 3 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at August 31, 2021			Balance at August 31, 2021
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Common stock funds	\$ 122,863,521	\$ -	\$ -	\$ 122,863,521
Fixed-income partnerships and funds	29,243,906	-	-	29,243,906
Total	\$ 152,107,427	\$ -	\$ -	152,107,427
Alternative investments - Measured at NAV:				
Private equity partnerships and funds				121,239,870
Hedged equity partnerships and funds				64,958,159
Absolute return partnerships and funds				18,058,935
Real estate partnerships and funds				16,343,067
Commodity partnerships and funds				17,715,246
Domestic and international equity partnerships and funds				94,044,614
Total investments measured at NAV				332,359,891
Total assets				\$ 484,467,318

As of August 31, 2022 and 2021, investments valued at NAV of \$149.9 million and \$155.3 million, respectively, were valued in the absence of observable inputs used to determine market value.

Investments in Partnerships and Funds that Calculate Net Asset Value per Share

The Foundation holds shares or interests in investment companies at year end where the fair value of the investment held is estimated based on net asset value per share (or its equivalent) of the investment company.

Notes to Financial Statements

August 31, 2022 and 2021

Note 3 - Fair Value Measurements (Continued)

At year end, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	August 31, 2022	August 31, 2021	August 31, 2022		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Private equity partnerships and funds (a)	\$ 105,668,079	\$ 121,239,870	\$ 33,649,196	N/A	N/A
Hedged equity partnerships and funds (b)	49,856,531	64,958,159	-	Monthly, quarterly, semiannually	45-90 days
Absolute return partnerships and funds (c)	18,570,196	18,058,935	-	Monthly, quarterly, semiannually	60-65 days
Real estate partnerships and funds (a)	21,625,197	16,343,067	7,945,794	N/A	N/A
Commodity partnerships and funds (a)	22,601,238	17,715,246	3,584,976	N/A	N/A
Domestic and international equity partnerships and funds (d)	37,052,675	94,044,614	-	Weekly, monthly, quarterly, biannually, triennially	5-150 days
Total	\$ 255,373,916	\$ 332,359,891	\$ 45,179,966		

(a) This category includes private equity, real estate, and commodities partnerships and funds. These investments are not redeemable. Instead, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets in the funds. The remaining terms of these investments range up to in excess of 10 years. The fair values of the investments in this category have been estimated using net asset value as the practical expedient provided by the investment managers.

(b) This category includes investments in hedge funds and partnerships, which invest both long and short, primarily in publicly traded securities. The fair values of the investments in this category have been estimated using net asset value of the investments. As of August 31, 2022, one investment (with a net asset value of \$3,392,025) in this category is in soft lockup until September 1, 2022. All other investments in this category have passed their initial lockup periods. Some of the investments in this category include fewer liquid assets, which may be restricted from redemption until the asset is realized.

(c) This category includes absolute return partnerships and funds, which invest in a variety of strategies and securities with the objective of achieving an absolute level of return. The fair values of the investments in this category have been estimated using net asset value of the investments. As of August 31, 2022, one investment (with a net asset value of \$5,121,052) in this category is in soft lockup until November 1, 2022. All other investments in this category have passed their initial lockup periods. Some of the investments in this category include fewer liquid assets, which may be restricted from redemption until the asset is realized.

(d) This category includes investments in partnerships and funds that focus primarily on long-only investments in domestic and international equity securities, as well as investments in international fixed-income securities. The fair values of the investments in this category have been estimated using net asset value of the investments. As of August 31, 2022, one investment (with a net asset value of \$10,341,934) in this category is in lockup until December 31, 2022. As of August 31, 2022 all other investments in this category have passed their initial lockup periods and can be redeemed daily, weekly, monthly, quarterly, biannually, or triennially.

August 31, 2022 and 2021

Note 4 - Investments

Investments consisted of the following at August 31, 2022:

	<u>Cost</u>	<u>Fair Value</u>
Investments:		
Common stock funds	\$ 134,856,417	\$ 131,506,802
Fixed-income partnerships and funds	22,614,896	20,776,672
Private equity partnerships and funds	64,756,017	105,668,079
Hedged equity partnerships and funds	25,541,089	49,856,531
Absolute return partnerships and funds	18,355,744	18,570,196
Real estate partnerships and funds	14,213,308	21,625,197
Commodity partnerships and funds	24,312,511	22,601,238
Domestic and international equity partnerships and funds	32,223,557	37,052,675
Total	<u>\$ 336,873,539</u>	<u>\$ 407,657,390</u>

Investments consisted of the following at August 31, 2021:

	<u>Cost</u>	<u>Fair Value</u>
Investments:		
Common stock funds	\$ 97,574,925	\$ 122,863,521
Fixed-income partnerships and funds	29,448,909	29,243,906
Private equity partnerships and funds	52,459,128	121,239,870
Hedged equity partnerships and funds	25,775,428	64,958,159
Absolute return partnerships and funds	14,896,382	18,058,935
Real estate partnerships and funds	12,105,912	16,343,067
Commodity partnerships and funds	26,006,734	17,715,246
Domestic and international equity partnerships and funds	56,846,134	94,044,614
Total	<u>\$ 315,113,552</u>	<u>\$ 484,467,318</u>

Note 5 - Income from Partnerships/Gain from All Investments

A summary of the composition of the Foundation's income from partnerships from their individual tax returns is included below, along with a reconciliation to total gains from all investments:

	<u>2022</u>	<u>2021</u>
Partnerships:		
Realized gains from partnerships	\$ 11,454,362	\$ 42,466,128
Other sources of income from tax returns that are part of the Foundation's unrealized gains	<u>30,429,904</u>	<u>12,831,171</u>
Total income from tax returns	41,884,266	55,297,299
Additional change in unrealized (losses) gains	<u>(68,298,484)</u>	<u>41,478,144</u>
Total (loss) income from partnerships	(26,414,218)	96,775,443
Net realized gain (loss) from sales of securities other than partnerships	7,482,538	(947,377)
Capital gain dividends	40,878	7,966
Change in unrealized (loss) gain from investments other than partnerships	<u>(30,271,434)</u>	<u>18,942,783</u>
Total (loss) gain on investments	<u>\$ (49,162,236)</u>	<u>\$ 114,778,815</u>

Note 6 - Lease Commitments

The Foundation is obligated under an operating lease for its office space in Chicago through June 30, 2027.

The future minimum lease payments are as follows:

Years Ending August 31	Amount
2023	\$ 163,784
2024	167,059
2025	170,396
2026	173,794
2027	147,224
Total	<u>\$ 822,257</u>

Occupancy expense for 2022 and 2021 was \$306,245 and \$293,782, respectively.

Note 7 - Liquidity and Availability of Resources

The Foundation has \$265.0 million of financial assets available within one year of August 31, 2022 to meet cash needs for general expenditure, which consist of cash of \$7.2 million and short-term investments of \$257.8 million. At August 31, 2021, the Foundation had \$316.3 million of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure, which consisted of cash of \$12.5 million and short-term investments of \$303.8 million. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Foundation has a goal to maintain financial assets, consisting of cash and short-term investments, on hand to meet 45 days of normal operating expenses, which are, on average, approximately \$4.6 million at August 31, 2022 and \$3.5 million at August 31, 2021. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Foundation invests cash in excess of daily requirements in a mutual fund composed of high-quality money market instruments. The Foundation also has access to a liquidity access line of credit. See Note 11 for detail.

Note 8 - Grants Approved but Not Paid

The Foundation has conditionally approved future grant commitments of \$7,235,000 and \$10,775,000 for the years ended August 31, 2022 and 2021, respectively. These amounts have not been recorded as liabilities because all grants are formally awarded on a year-by-year basis. In addition, the Foundation reserves the right to cancel a grant at any time.

Note 9 - Retirement Plan

The Foundation sponsors a defined contribution 401(k) plan for all eligible employees, as defined. The employees may make elective contributions to the 401(k) plan in accordance with Internal Revenue Service regulations. The Foundation made contributions to the 401(k) plan equal to between 10 and 12 percent of the eligible participants' compensation for 2022 and 2021.

Retirement plan expense for the years ended August 31, 2022 and 2021 amounted to \$215,647 and \$221,390, respectively.

Notes to Financial Statements

August 31, 2022 and 2021

Note 10 - Functional Expenses

The Foundation provides various services to its members. Expenses related to providing these services are as follows for the years ended August 31:

	<u>2022</u>	<u>2021</u>
Program services:		
Grants	\$ 31,982,316	\$ 33,081,203
Compensation	2,108,605	2,062,734
Occupancy	244,683	234,753
Professional fees	23,321	31,057
Administrative expenses	<u>120,292</u>	<u>111,165</u>
Total program services	34,479,217	35,520,912
Support services:		
Compensation	717,932	751,710
Occupancy	65,042	62,403
Professional fees	93,745	64,068
Administrative expenses	107,202	110,304
Excise taxes	(1,350,000)	844,000
Federal and state taxes	<u>866,905</u>	<u>517,826</u>
Total support services	<u>500,826</u>	<u>2,350,311</u>
Total	<u>\$ 34,980,043</u>	<u>\$ 37,871,223</u>

Note 11 - Line of Credit

On November 30, 2021, the Foundation entered into a liquidity access line agreement with a bank. Under this agreement, the Foundation has available borrowings of \$40,000,000, and borrowings are subject to an interest rate at the Secured Overnight Financing Rate (SOFR) plus 1.00 percent (3.29 percent as of August 31, 2022). There were no outstanding borrowings under the liquidity access line at August 31, 2022, and the liquidity access line agreement may be terminated by either party with 30 days' notice. The line is secured by certain assets held by the Foundation.