



**AKRON COMMUNITY FOUNDATION
AND SUBSIDIARIES
(A NON-PROFIT ORGANIZATION)**

CONSOLIDATED FINANCIAL STATEMENTS

**March 31, 2021
(With Summarized Comparative Information
at March 31, 2020)**

SIKICH.COM

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Akron Community Foundation and Subsidiaries:

We have audited the accompanying consolidated financial statements of Akron Community Foundation and Subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of March 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated 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 organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Akron Community Foundation and Subsidiaries as of March 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2021 on our consideration of Akron Community Foundation and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Akron Community Foundation and Subsidiaries' internal control over financial reporting and compliance.

Summarized Comparative Information

We have previously audited Akron Community Foundation and Subsidiaries' 2020 financial statements and we expressed an unmodified opinion on those statements in our report dated September 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Sikich LLP

Akron, Ohio
September 9, 2021

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****March 31, 2021****(With summarized comparative financial information at March 31, 2020)****(Amounts in thousands)**

ASSETS	2021	2020
Cash and cash equivalents	\$ 441	\$ 244
Contributions receivable, net	130	193
Prepaid expenses	98	100
Note receivable	468	590
Property and equipment, net	3,108	2,944
Accrued investment income	247	263
Cash surrender value of life insurance	39	40
Investments	223,825	162,076
Funds held as agency endowment obligations	32,214	22,666
Beneficial interest in perpetual trusts	12,968	9,740
Real property held for investment	552	552
TOTAL ASSETS	\$ 274,090	\$ 199,409
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grants approved for future payment	\$ 1,037	\$ 708
Accounts payable and other liabilities	675	596
Funds held as agency endowment obligations	32,214	22,666
Total liabilities	33,926	23,970
NET ASSETS		
Without donor restriction	125,628	90,845
With donor restriction	114,537	84,594
Total net assets	240,164	175,439
TOTAL LIABILITIES AND NET ASSETS	\$ 274,090	\$ 199,409

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
for the year ended March 31, 2021
(With summarized comparative financial information for the year ended March 31, 2020)
(Amounts in thousands)

	2021			2020
	Without Donor Restriction	With Donor Restriction	Total	Total
REVENUES AND OTHER SUPPORT				
Contributions and grants	\$ 11,340	\$ 11,062	\$ 22,402	\$ 11,760
Investment income, net	4,354	2,777	7,131	4,525
Net appreciation (depreciation) on investments	40,553	25,144	65,697	(20,841)
Change in beneficial interest in perpetual trusts	-	3,228	3,228	(1,446)
Less amounts for agency endowments:				
Contributions	(1,664)	-	(1,664)	(1,007)
Investment income	(803)	-	(803)	(390)
Net (appreciation) depreciation in investments	(8,008)	-	(8,008)	2,465
Net assets released from restrictions	<u>12,268</u>	<u>(12,268)</u>	<u>-</u>	<u>-</u>
 Total revenues and other support	 <u>58,040</u>	 <u>29,943</u>	 <u>87,983</u>	 <u>(4,934)</u>
EXPENSES				
Grants and other distributions	20,755	-	20,755	11,621
Administrative expenses	3,130	-	3,130	3,101
Less amounts for agency endowments:				
Grants and other distributions	<u>(628)</u>	<u>-</u>	<u>(628)</u>	<u>(1,132)</u>
 Total expenses	 <u>23,257</u>	 <u>-</u>	 <u>23,257</u>	 <u>13,590</u>
 INCREASE (DECREASE) IN NET ASSETS	 34,783	 29,943	 64,725	 (18,524)
 NET ASSETS, BEGINNING OF YEAR	 <u>90,845</u>	 <u>84,594</u>	 <u>175,439</u>	 <u>193,963</u>
 NET ASSETS, END OF YEAR	 <u>\$ 125,628</u>	 <u>\$ 114,537</u>	 <u>\$ 240,164</u>	 <u>\$ 175,439</u>

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

for the year ended March 31, 2021

(With summarized comparative financial information for the year ended March 31, 2020)

(Amounts in thousands)

		Supporting Services				
	Program Services	Management and General	Development and Fundraising	Total Supporting Services	2020	2019
Grants and other distributions	\$ 20,755	\$ -	\$ -	\$ -	\$ 20,755	\$ 11,621
Less: grants and other distributions from agency endowments	(628)	-	-	-	(628)	(1,132)
TOTAL GRANTS AND OTHER DISTRIBUTIONS	20,127	-	-	-	20,127	10,489
Salaries and related expenses	960	878	657	1,535	2,495	2,326
Professional fees	2	2	1	3	5	8
Office supplies	3	3	2	5	8	12
Telephone	8	7	6	13	21	21
Postage and shipping	4	4	2	6	10	11
Utilities and building maintenance	21	19	15	34	55	45
Equipment rental and maintenance	47	43	32	75	122	128
Printing and publications	16	60	11	71	87	192
Travel	-	-	-	-	-	17
Conferences, conventions and meetings	6	5	4	9	15	56
Interest expense	8	8	5	13	21	33
Depreciation	61	62	42	104	165	91
Insurance	16	16	11	27	43	25
Dues and subscriptions	12	13	9	22	34	34
Advertising	-	17	-	17	17	32
Miscellaneous	1	31	-	31	32	70
TOTAL ADMINISTRATIVE EXPENSES	1,165	1,168	797	1,965	3,130	3,101
TOTAL FUNCTIONAL EXPENSES	\$ 21,292	\$ 1,168	\$ 797	\$ 1,965	\$ 23,257	\$ 13,590

See accompanying notes to consolidated financial statements.

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
for the years ended March 31, 2021
(with summarized financial information at March 31, 2020)
(Amounts in thousands)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 64,725	\$ (18,524)
Reconciliation of change in net assets to net cash from operating activities:		
Net (appreciation) depreciation in investments and trust accounts	(65,697)	20,841
Change in beneficial interest in perpetual trusts	(3,228)	1,446
Depreciation	165	91
Contributions received for long-term purposes	(1,131)	(335)
Noncash contributions	(3,407)	(3,086)
Change in net present value of pledges receivable	(5)	2
(Increase) decrease in operating assets:		
Accrued investment income	16	(29)
Contributions receivable, net	68	(116)
Prepaid expenses	1	18
Increase (decrease) in operating liabilities:		
Grants approved for future payment	329	(323)
Accounts payable and other liabilities	<u>79</u>	<u>12</u>
Net cash from operating activities	<u>(8,084)</u>	<u>(3)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(66,906)	(78,131)
Proceeds from sales and maturities of investments	74,263	79,502
Payments received from notes receivable	122	120
Expenditures for property and equipment	<u>(329)</u>	<u>(1,625)</u>
Net cash from investing activities	<u>7,150</u>	<u>(134)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Contributions received for long-term purposes	<u>1,131</u>	<u>335</u>
Net cash from financing activities	<u>1,131</u>	<u>335</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	197	198
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>244</u>	<u>46</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 441</u></u>	<u><u>\$ 244</u></u>

See accompanying notes to consolidated financial statements.

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

(with summarized comparative information as of March 31, 2020)

(amounts in thousands)

1. NATURE OF ACTIVITIES

Akron Community Foundation and Subsidiaries (the Foundation) is a nonprofit organization which was organized in 1955. Its primary mission is to improve the quality of life in the greater Akron area by building permanent endowments and providing philanthropic leadership that enables donors to make lasting investments in the community. The Foundation is committed to enriching the life of the community through grant making in distinct areas: arts and culture, education, health and human services and civic affairs/community services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The Foundation prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation – The consolidated financial statements include the accounts of Akron Community Foundation, ACF Properties, LLC and Akron Digital Media Center/Akronist.com, LLC. ACF Properties, LLC holds certain donated and acquired real property which is included on the consolidated statements of financial position as real property held for investment. Akron Digital Media is focused on promoting citizen journalism and community involvement. All significant transactions between these entities have been eliminated from the consolidated amounts.

Financial Statement Presentation – The Foundation presents information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restriction include general and board-designated net assets of the Foundation and are not subject to donor-imposed restrictions. The net assets without donor restriction of the Foundation may be used at the discretion of management to support the Foundation's purposes and operations.

Net assets with donor restriction are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions and Grants – Effective March 31, 2020, the Foundation adopted ASU No. 2018-08, *Not-For-Profit Entities (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (grants made)*. The new guidance helps distinguish if grants and contracts with resource providers are exchange transactions or contributions. Once a transaction is deemed to be a contribution, the ASU also provides guidance to help determine when a contribution is conditional and evaluates the possibility that a condition will not be met is remote. Unconditional contributions are recognized immediately and classified as either net assets with or without donor restrictions, while conditional contributions received are accounted for as a liability until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with or without restrictions.

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Continued for the year ended March 31, 2021 (with summarized comparative information as of March 31, 2020) (amounts in thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Contributions and Grants, Continued - March 31, 2021 and 2020 are presented under ASU No. 2018-08. There was no material impact to the consolidated financial statements as a result of adoption.

Contributions and grants received are recorded as those without donor restrictions and those with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

In regards to grants made, the ASU provides guidance to help determine when a grant is conditional and evaluates the possibility that a condition will not be met is remote. Unconditional grants made are recognized immediately and classified as grants and awards expense, while conditional grants are not recorded until the barriers to entitlement are overcome, at which point the transaction is recognized as grants and awards expense.

Use of Estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Cash and cash equivalents primarily include amounts held for grants and other disbursements and amounts received from contributions which are held pending investment. Cash and cash equivalents include cash on hand and cash in checking and money market accounts and all highly liquid investments with an original maturity when purchased of three months or less.

Concentrations of Credit Risk – The Foundation maintains their cash in accounts that at times exceed federally insured limits. At March 31, 2021 and 2020, the Foundation's cash accounts exceeded federally insured limits by approximately \$648 and \$438, respectively. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Continued for the year ended March 31, 2021 (with summarized comparative information as of March 31, 2020) (amounts in thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Investments – The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statements of financial position. In addition, the Foundation holds certain funds in alternative investments which are carried at the funds' net asset value. Realized and unrealized gains and losses are recognized as changes in net assets in the periods in which they occur, and interest and dividends are recognized as revenue in the period earned. Realized gains and losses are determined on the specific identification method. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the consolidated statements of financial position and the consolidated statement of activities. Investment income is reported net of investment fees in the statements of activities. Income that is restricted by the donor is reported as increases in net assets with donor restriction and reclassified to net assets without donor restriction when the restriction expires.

Pooled Life Income Funds – Upon death of the donors, the Foundation is the beneficiary to the residual value of certain pooled life income funds. Deferred revenue is the difference between the fair value of the pooled life income funds at the time of receipt of the gift and the present value of the estimated future cash flows and is included in accounts payable and other liabilities.

Contributions Receivable – Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restriction until the restriction expires at which time amounts are reclassified to net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. An allowance for uncollectible pledges is provided based on experience and anticipated collection efforts and is adjusted for current conditions as deemed appropriate. Noncash bequests, gifts, and donations are recorded at the fair market value of the asset at the date of donation.

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Continued for the year ended March 31, 2021 (with summarized comparative information as of March 31, 2020) (amounts in thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Property and Equipment – Property and equipment acquisitions with a cost of \$1 or more and that have an estimated useful life greater than one year are capitalized at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets ranging from 3 to 30 years. Repairs and maintenance costs are expensed as incurred.

Grants – The Board of Directors has established a spending policy based upon the quarterly market value of assets. The spending policy provides guidelines for amounts to be expended for grants and other expenses. All grants and other distributions are approved by the Board of Directors. Unconditional grants are recognized when approved. Grants approved by the Board of Directors that are payable upon performance of specified conditions by the grantee are recognized in the consolidated statement of activities when the specified conditions are substantially satisfied.

Functional Expenses – 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. The expenses allocated include salaries and wages, employee benefits and payroll taxes, supplies, utilities, equipment rental and maintenance, travel, conferences, conventions and meetings which are allocated based on time and effort. All other expenses are charged directly to the corresponding function by account.

Comparative Financial Information – The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended March 31, 2020, from which the summarized information was derived.

Income Taxes – The Foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from income taxes. The Foundation is not a private foundation. ACF Properties, LLC and Akron Digital Media Center/Akronist.com, LLC are limited liability companies and are not tax paying entities for federal or state income tax purposes. Therefore, no provisions for federal and state income taxes have been recorded in the consolidated financial statements.

Funds Held as Agency Endowments – *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others* establishes accounting and reporting standards for transactions in which a donor transfers assets to a not-for-profit organization that accepts the assets from the donor and agrees to transfer those assets, the return on investment, or both, to the donor or another entity specified by the donor. Pursuant to this pronouncement, certain agency endowment funds received by the Foundation are considered liabilities, rather than net assets of the Foundation.

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Continued for the year ended March 31, 2021 (with summarized comparative information as of March 31, 2020) (amounts in thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

COVID Uncertainty - During March 2020, the COVID-19 virus was declared a global pandemic and it continues to spread rapidly. Business continuity across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time, believing it reasonably possible that operations will be negatively impacted. No adjustments have been made to these consolidated financial statements as a result of this uncertainty.

Subsequent Events – Subsequent events are transactions that occur after year end but before financial statements are issued or are available to be issued. These events and transactions either provide additional evidence about conditions that existed at year end, including the estimates inherent in the process of preparing financial statements (that is, recognized subsequent events), or provide evidence about conditions that did not exist at year end but arose after that date (that is, non-recognized subsequent events).

The Foundation has evaluated subsequent events through September 9, 2021, which was the date these financial statements were available for issuance and determined that there were no significant non-recognized subsequent events through that date.

3. AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets available for general expenditures within one-year of the statement of financial position at March 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 441	\$ 244
Contributions receivable, due within one-year	63	78
Note receivable, current portion	<u>125</u>	<u>120</u>
Assets available for use within one year	<u>\$ 629</u>	<u>\$ 442</u>

Board-designated endowment funds are shown as unavailable because it is the Foundation's intention to invest those resources for the long-term support of the Foundation's charitable mission. However, in the case of need, the Board of Directors could appropriate resources for use in general expenditure. In addition, the Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restriction. As described in Note 13, the Foundation has established a spending policy to provide guidelines for amounts available annually for distribution in the form of grants and operating expenses. The assets above include a spendable amount of \$26,300 for 2021 and \$20,282 for 2020 to be made available for grant-making and operating expenses from board-designated and donor-restricted endowment funds within the next 12 months.

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Continued for the year ended March 31, 2021 (with summarized comparative information as of March 31, 2020) (amounts in thousands)

4. REAL PROPERTY HELD FOR INVESTMENT

The Foundation has ownership in a real estate property through its status as a tenant- in-common in a development agreement (46% ownership by the Foundation). Revenue is restricted from the property to support a scholarship fund held as a fund of the Foundation. As a tenant-in-common, the Foundation does not take part in management of the business or affairs of the partnership and does not have the right or authority to act on behalf of the partnership. Further, the Foundation is not liable for any losses, debts or liabilities of the partnership. The property's value was \$552 at March 31, 2021 and 2020 and is valued using an income capitalization analysis.

5. CONTRIBUTIONS RECEIVABLE

Contributions receivable represent promises to pay recorded at the present value of estimated future cash flows using a risk-adjusted rate of 3.25%, which approximates the prevailing borrowing rate. Aggregate maturities of contributions receivable are as follows:

2022	\$	63
2023		43
2024		20
2025		<u>10</u>
		136
Less: Discounts to net present value		<u>6</u>
	\$	<u><u>130</u></u>

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31:

	<u>Useful Life</u>	<u>2021</u>	<u>2020</u>
Land	-	\$ 344	\$ 344
Building and improvements	3-30 years	2,774	2,488
Furniture and fixtures	5-7 years	546	515
Construction-in-progress	-	<u>-</u>	<u>82</u>
		3,664	3,429
Less accumulated depreciation		<u>556</u>	<u>485</u>
Property and equipment, net		<u><u>\$ 3,108</u></u>	<u><u>\$ 2,944</u></u>

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Continued **for the year ended March 31, 2021** **(with summarized comparative information as of March 31, 2020)** **(amounts in thousands)**

7. CASH SURRENDER VALUE OF LIFE INSURANCE

The Foundation is the beneficiary of five individual life insurance policies with face values totaling \$193 at March 31, 2021 and 2020. The amount reported in the accompanying consolidated statements of financial position represents the cash surrender value of the policies as of fiscal year end.

8. RETIREMENT PLANS

The Foundation offers a voluntary tax deferred plan under the provisions of Section 403(b) of the Internal Revenue Code, which permits employees to elect to invest a portion of their compensation until retirement. The plan is available to all full-time employees. The Foundation does not make contributions to this plan.

The Foundation also has a plan to provide supplemental retirement benefits to a former employee. Payments of approximately \$3 are made monthly and continue for 15 years or until the former employee's death. After 15 years, the payments increase by approximately \$1 per month. Benefit payments totaled approximately \$32 in 2021 and 2020.

The Foundation has a non-qualified, tax- deferred compensation plan under Section 457(f) of the Internal Revenue Code (IRC) for the benefit of certain key managerial employees. Under this plan, the Foundation may make a discretionary employer contribution to the plan. Employer discretionary contributions made to the plan totaled \$65 during 2021 and 2020. The Foundation also has a non-qualified, tax-deferred compensation plan under Section 457(b) of the IRC for the benefit of certain key managerial employees. The plan allows for only employee contributions to this plan. The plans' investment assets and the related liabilities are included in the consolidated statement of financial position and totaled \$308 at March 31, 2021 and \$158 at March 31, 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Continued
for the year ended March 31, 2021
(with summarized comparative information as of March 31, 2020)
(amounts in thousands)

9. FAIR VALUE MEASUREMENTS

GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. GAAP requires the Foundation to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in active markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Levels 1, 2, or 3, but are separately reported.

Valuation Techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended March 31, 2021 and 2020.

U.S. domestic equity, mutual funds, fixed income comprise securities measured at Levels 1 and 2. Investments whose values are based on quoted market prices in active markets are classified within Level 1. These investments generally include equity and mutual fund securities traded on a national securities exchange or listed on the Nasdaq and U.S. government obligations. Corporate bonds, U.S. government agencies and municipal obligations are measured at Level 2 and are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Continued for the year ended March 31, 2021 (with summarized comparative information as of March 31, 2020) (amounts in thousands)

9. FAIR VALUE MEASUREMENTS, (Continued)

Real property held for investment categorized as Level 3 (unobservable inputs), is reported at the fair value of the property at the time of the donation to the Foundation less any impairment losses. The fair value is based on a combination of capitalized income from the property as well as comparable direct sales.

Alternative investments comprise of investments in private equity and real estate funds measured using net asset value per share as the practical expedient. The fair value amounts presented in the fair value hierarchy table below are intended to permit reconciliation of the fair value hierarchy to amounts presented in the statement of financial position.

Beneficial interests in perpetual trusts are valued using the fair value of the assets held in the trust reported by the trustee as of March 31, 2021 and 2020. The Foundation considers the measurement of its beneficial interest in the perpetual trusts to be a Level 3 measurement within the hierarchy because even though that measurement is based on the unadjusted fair value of trust assets reported by the trustee, the Foundation will never receive those assets or have the ability to direct the trustee to redeem them.

Recurring Measurements – Assets measured on a recurring basis as of March 31:

	2021			
	Level 1	Level 2	Level 3	Total
U.S. domestic equity:				
Stock	\$ 53,503	\$ -	\$ -	\$ 53,503
Mutual funds	145,125	-	-	145,125
Total equities	198,628	-	-	198,628
Fixed income:				
Government obligations	-	14,717	-	14,717
Corporate bonds	-	13,566	-	13,566
Collateralized mortgage obligations	-	407	-	407
Mutual funds	2,874	-	-	2,874
Total fixed income	2,874	28,690	-	31,564
Real property held for investment	-	-	552	552
Total assets at fair value	201,502	28,690	\$ 552	230,744

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Continued
for the year ended March 31, 2021
(with summarized comparative information as of March 31, 2020)
(amounts in thousands)
9. FAIR VALUE MEASUREMENTS, (Continued)

	2021			Total
	Level 1	Level 2	Level 3	
Real estate fund				3,603
Private equity fund				13,238
Other				<u>196</u>
Total investments valued using NAV				<u>17,037</u>
Investments in money market at cost				<u>8,809</u>
Total investments				<u>256,590</u>
Beneficial interest in perpetual trusts	\$ -	\$ -	\$ 12,968	<u>12,968</u>
Total assets				<u>\$ 269,558</u>
	2020			Total
	Level 1	Level 2	Level 3	
Equities:				
Stock	\$ 47,601	\$ -	\$ -	\$ 47,601
Mutual funds	<u>86,207</u>	<u>-</u>	<u>-</u>	<u>86,207</u>
Total equities	<u>133,808</u>	<u>-</u>	<u>-</u>	<u>133,808</u>
Fixed income:				
Government obligations	-	12,152	-	12,152
Corporate bonds	-	11,239	-	11,239
Collateralized mortgage obligations	-	937	-	937
Mutual funds	<u>2,375</u>	<u>-</u>	<u>-</u>	<u>2,375</u>
Total fixed income	<u>2,375</u>	<u>24,328</u>	<u>-</u>	<u>26,703</u>
Real property held for investment	<u>-</u>	<u>-</u>	<u>552</u>	<u>552</u>
Total assets at fair value	<u>\$ 136,183</u>	<u>\$ 34,068</u>	<u>\$ 552</u>	<u>170,803</u>

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Continued
for the year ended March 31, 2021
(with summarized comparative information as of March 31, 2020)
(amounts in thousands)
9. FAIR VALUE MEASUREMENTS, (Continued)

	2020			Total
Real estate fund				3,879
Private equity fund				8,466
Other				<u>292</u>
Total investments valued using NAV				<u>12,637</u>
Investments in money market at cost				<u>11,594</u>
Total investments				<u>\$ 185,294</u>
Beneficial interest in perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,740</u>	<u>9,740</u>
Total assets				<u>\$ 195,034</u>

The following tables set forth a summary of the Foundations investments with a reported NAV as of March 31:

	2021			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Real estate fund (a)	\$ 3,603	\$ 2,924	None	None
Private equity fund (b)	13,238	1,780	None	None
Other (c)	<u>196</u>	<u>-</u>	None	None
Total	<u>\$ 17,037</u>	<u>\$ 4,704</u>		

	2020			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Real estate fund (a)	\$ 3,879	\$ 1,940	None	None
Private equity fund (b)	8,466	700	None	None
Other (c)	<u>292</u>	<u>-</u>	None	None
Total	<u>\$ 12,637</u>	<u>\$ 2,640</u>		

- (a) Funds included in this category comprise of real estate private equity funds for the purpose of income and capital appreciation.

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Continued for the year ended March 31, 2021 (with summarized comparative information as of March 31, 2020) (amounts in thousands)

9. FAIR VALUE MEASUREMENTS, (Continued)

- (b) Funds included in this category comprise private equity funds held in a limited partnership that are focused primarily on making buyout and growth capital investments in companies that are organized or headquartered within the United States and that have EBITDA below \$25 million and enterprise values below \$100 million.
- (c) The fund included in this category is an investment in an LLC whose main purpose is investing in pre-market-entry-stage businesses that have high growth potential.

Unobservable (Level 3) Inputs

The activity for the beneficial interest in perpetual trusts, which are measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs), are as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 9,740	\$ 11,186
Change in beneficial interest in perpetual trusts	<u>3,228</u>	<u>(1,446)</u>
Balance, end of year	<u>\$ 12,968</u>	<u>\$ 9,740</u>

The change in value of the beneficial interest in perpetual trusts is reported in that line of the consolidated statement of activities.

10. BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

The Foundation has a beneficial interest in perpetual trusts that provide the right to receive income earned on the trusts into perpetuity. The independent trustee controls the investment decisions and timing of distributions to the Foundation and the Foundation cannot transfer its interest in the trusts. The perpetual trusts are recorded at fair value based on the fair value of the underlying assets and are shown as net assets with donor restrictions. These investments are classified in Level 3 of the Fair value Hierarchy, as the Foundation is not a party of the investment direction or valuation of the underlying assets.

The Foundation has a majority remainder interest in the distributions of the Adam trust and has variance power over how the earnings are spent.

The Foundation is the sole beneficiary in the Robertson trust and has variance power over how the earnings are spent.

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Continued for the year ended March 31, 2021 (with summarized comparative information as of March 31, 2020) (amounts in thousands)

11. NET ASSETS

Net assets without donor restriction are available for the following purposes as of March 31:

	<u>2021</u>	<u>2020</u>
Undesignated funds	\$ 3,588	\$ 3,193
Donor-advised funds	62,068	44,555
Board-designated funds functioning as endowments	<u>59,972</u>	<u>43,097</u>
Total	<u>\$ 125,628</u>	<u>\$ 90,845</u>

Board designated funds functioning as endowments are invested in accordance with the investment policy adopted and approved by the Board of Directors of the Foundation. The primary objective of board designated funds is the preservation of capital while providing long-term growth.

Donor Advised funds are subject to ongoing recommendations or designations by donors. Donors serve as advisory members to the fund and recommend to the Foundation the charitable organizations or fields of interest to receive grants from the funds.

Net assets with donor restriction include the following types of restrictions by donors:

Donor Restricted funds are restricted for grant-making to specified types of not-for-profit agencies.

Scholarship funds are restricted to provide scholarships for specified fields of study, schools or types of students.

Net assets with donor restriction include the following types of restrictions by donors:

Donor Restricted funds are restricted for grant-making to specified types of not-for-profit agencies.

Scholarship funds are restricted to provide scholarships for specified fields of study, schools or types of students.

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Continued for the year ended March 31, 2021 (with summarized comparative information as of March 31, 2020) (amounts in thousands)

11. NET ASSETS, (Continued)

Net assets with donor restriction are available for the following time or purpose as of March 31:

	<u>2021</u>	<u>2020</u>
Donor- restricted funds	\$ 36,375	\$ 17,650
Scholarship funds	9,536	6,880
Building fund	335	452
Other funds	9,025	4,988
Endowment funds required to be retained in perpetuity, the income on which is spendable for the following purposes:		
Donor-restricted funds	36,703	35,289
Beneficial interest in perpetual trusts	12,968	9,740
Other funds	<u>9,595</u>	<u>9,595</u>
Total net assets with donor restriction	<u>\$ 114,537</u>	<u>\$ 84,594</u>

12. ENDOWMENT

The Foundation's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, 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 – Contributions made to the Foundation are subject to the terms of the Foundation's governing documents. Certain contributions are received subject to other gift instruments or are subject to specific agreements with the Foundation. In addition, under the terms of agreements with donors, the Foundation has variance power over amounts contributed to the Foundation; that is, the ultimate discretion of the use of such funds lies with the discretion of the Board of Directors.

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Continued
for the year ended March 31, 2021
(with summarized comparative information as of March 31, 2020)
(amounts in thousands)

12. ENDOWMENT, (Continued)

Endowment Net Asset Classification by Type of Fund

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 101,569	\$ 101,569
Beneficial interest in perpetual trusts		12,698	12,968
Donor–advised funds	62,068	-	62,068
Board-designated funds functioning as endowment	<u>59,972</u>	<u>-</u>	<u>59,972</u>
Total funds	<u>\$ 122,040</u>	<u>\$ 114,537</u>	<u>\$ 236,577</u>
2020			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 74,854	\$ 74,854
Beneficial interest in perpetual trusts	-	9,740	9,740
Donor–advised funds	44,555	-	44,555
Board-designated reserve funds	<u>43,097</u>	<u>-</u>	<u>43,097</u>
Total funds	<u>\$ 87,652</u>	<u>\$ 84,594</u>	<u>\$ 172,246</u>

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Continued
for the year ended March 31, 2021
(with summarized comparative information as of March 31, 2020)
(amounts in thousands)

12. ENDOWMENT, (Continued)

Changes in Endowment Net Assets

	Without donor restriction	With donor restriction	Total
Endowment net assets, March 31, 2019	<u>\$ 98,390</u>	<u>\$ 93,675</u>	<u>\$ 195,065</u>
Investment return:			
Investment income	2,800	1,720	4,520
Net depreciation	<u>(10,485)</u>	<u>(7,889)</u>	<u>(18,374)</u>
Total investment return	<u>(7,685)</u>	<u>(6,169)</u>	<u>(13,854)</u>
Contributions	<u>7,143</u>	<u>3,612</u>	<u>10,755</u>
Change in beneficial interest in perpetual trusts	<u>-</u>	<u>(1,446)</u>	<u>(1,446)</u>
Appropriation of endowment assets for expenditure	<u>(10,196)</u>	<u>(5,078)</u>	<u>(15,274)</u>
Endowment net assets, March 31, 2020	<u>\$ 87,652</u>	<u>\$ 84,594</u>	<u>\$ 172,246</u>
Investment return:			
Investment income	3,991	2,777	6,768
Net appreciation	<u>32,395</u>	<u>25,144</u>	<u>57,539</u>
Total investment return	<u>36,386</u>	<u>27,921</u>	<u>64,307</u>
Contributions	<u>9,376</u>	<u>11,062</u>	<u>20,438</u>
Change in beneficial interest in perpetual trusts	<u>-</u>	<u>3,228</u>	<u>3,228</u>
Appropriation of endowment assets for expenditure	<u>(11,374)</u>	<u>(12,268)</u>	<u>(23,642)</u>
Endowment net assets, March 31, 2021	<u>\$ 122,040</u>	<u>\$ 114,537</u>	<u>\$ 236,577</u>

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Continued for the year ended March 31, 2021 (with summarized comparative information as of March 31, 2020) (amounts in thousands)

12. ENDOWMENT, (Continued)

Description of Amounts Classified as Net Assets With Donor Restrictions

	<u>2021</u>	<u>2020</u>
Net Assets With Donor Restrictions		
The portion of perpetual endowment funds that is required to be retained permanently by donor stipulation	\$ 59,266	\$ 54,624
Beneficial interest in perpetual trusts	<u>12,698</u>	<u>9,740</u>
Total	<u>\$ 71,694</u>	<u>\$ 64,364</u>

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 grants supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The Foundation’s spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. Actual returns in any given year may vary.

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-based investments to achieve its long-term return objectives.

Spending Policy and How the Investment Objectives Relate to Spending Policy – The Foundation has established a spending policy providing guidelines for amounts available annually for distribution in the form of grants and operating expenses net of certain offsetting contributions and administrative fee income. Investment management fees are not included in the spending policy. The spending policy is based upon a maximum of 5% of the average market value of the Foundation’s total investment pool for the previous 12 calendar quarters. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the Foundation’s objective to maintain purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

Underwater Endowment Funds – From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. Such endowments are often referred to as “underwater” endowments. Though the Foundation is not required by donor-imposed restriction or law to use its unrestricted resources to restore the endowments to their historic dollar value, accounting guidance for not-for-profit organization require that such losses and subsequent gains be reflected as changes in net assets with donor restriction. There were no such deficiencies at March 31, 2021 and 2020.

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Continued
for the year ended March 31, 2021
(with summarized comparative information as of March 31, 2020)
(amounts in thousands)

13. LEGAL MATTERS

During the normal course of business, the Foundation may, from time to time, be involved in routine legal matters which management intends to defend. Management believes the likelihood of any material adverse outcome to be remote. As of the date of this report, the Foundation has no open legal matters.

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

**SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended March 31, 2021**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number		Federal Expenditures	Passed Through to Subrecipients
<u>US Department of the Treasury:</u>				
Coronavirus Relief Fund	21.019	*	\$ 5,234,000	\$ -

* Denotes major federal program

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

(with summarized comparative information as of March 31, 2020)

(amounts in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Akron Community Foundation and Subsidiaries (the Foundation) under programs of the federal government for the year ended March 31, 2021. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Foundation; it is not intended to and does not present the financial position, changes in net assets, functional expenses, or cash flows of the Foundation.

Basis of Accounting – Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. NON-CASH ASSISTANCE, LOANS OUTSTANDING, AND INSURANCE

The Foundation did not receive any federal non-cash assistance, federal loans or federal insurance for the year ended March 31, 2021.

3. DE MINIMIS RATE

The Foundation did not elect to use the de minimis rate of 10% for the year ended March 31, 2021.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
Akron Community Foundation and Subsidiaries:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Akron Community Foundation and Subsidiaries' (nonprofit organizations), which comprise the statement of financial position as of March 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Akron Community Foundation and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Akron Community Foundation and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Akron Community Foundation and Subsidiaries internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Akron Community Foundation and Subsidiaries' consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Akron Community Foundation and Subsidiaries' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Akron Community Foundation and Subsidiaries' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich LLP

Akron, Ohio
September 9, 2021

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**AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Akron Community Foundation and Subsidiaries:

Report on Compliance for Each Major Federal Program

We have audited Akron Community Foundation and Subsidiaries' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Akron Community Foundation and Subsidiaries' major federal programs for the year ended March 31, 2021. Akron Community Foundation and Subsidiaries' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Akron Community Foundation and Subsidiaries' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Akron Community Foundation and Subsidiaries' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Akron Community Foundation and Subsidiaries' compliance.

Opinion on Each Major Federal Program

In our opinion, Akron Community Foundation and Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2021.

Report on Internal Control Over Compliance

Management of Akron Community Foundation and Subsidiaries is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Akron Community Foundation and Subsidiaries' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Akron Community Foundation and Subsidiaries' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sikich LLP

Akron, Ohio
September 9, 2021

AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

**SUPPLEMENTAL SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended March 31, 2021
(amounts in thousands)**

Section I – Summary of Auditor’s Results

Financial Statements

	<u>Yes</u>	<u>No</u>	<u>None Reported</u>
Type of auditor’s report issued – unmodified			
Internal control over financial reporting:			
• Material weakness(es) identified?	_____	<u>√</u>	_____
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	_____	<u>√</u>
Noncompliance material to consolidated financial statements noted?	_____	<u>√</u>	_____

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	_____	<u>√</u>	_____
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____	_____	<u>√</u>

Type of auditor’s report issued on compliance for major programs – unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200. 516(a)?	_____	<u>√</u>	_____
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Identification of major programs:

US Department of the Treasury
Coronavirus Relief Fund
CFDA No. 21.019

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?	_____	<u>√</u>	_____
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AKRON COMMUNITY FOUNDATION AND SUBSIDIARIES

**SUPPLEMENTAL SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended March 31, 2021
(amounts in thousands)**

Section II – Financial Statement Findings

None

Section III –Major Federal Award Programs Finding and Questioned Costs

None

Section IV – Summary of Prior Audit Findings

None