



**BOSTON FOUNDATION, INC.**

Consolidated Financial Statements

June 30, 2021 and 2020

(With Independent Auditors' Report Thereon)



KPMG LLP  
Two Financial Center  
60 South Street  
Boston, MA 02111

## Independent Auditors' Report

The Board of Directors  
Boston Foundation, Inc.:

We have audited the accompanying consolidated financial statements of Boston Foundation, Inc. and its affiliates, which comprise the consolidated statement of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditors' 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 Boston Foundation, Inc. and its affiliates as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

**KPMG LLP**

Boston, Massachusetts  
November 23, 2021

**BOSTON FOUNDATION, INC.**

Consolidated Statements of Financial Position

June 30, 2021 and 2020

(Dollars in thousands)

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 12,561	13,504
U.S. Treasuries	25,598	27,127
Contributions receivable, net	1,713	25
Program-related investments, net	20,598	20,196
Investments, at fair value	1,645,019	1,156,978
Other assets	850	918
Fixed assets, net	3,345	3,782
Total assets	<u>\$ 1,709,684</u>	<u>1,222,530</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 8,135	7,765
Grants payable	5,056	1,418
Total liabilities	<u>13,191</u>	<u>9,183</u>
Net assets:		
Without donor restrictions		
Undesignated	1,121,987	762,441
Designated by the Board for endowment	31,124	24,293
Total without donor restrictions	<u>1,153,111</u>	<u>786,734</u>
With donor restrictions	<u>543,382</u>	<u>426,613</u>
Total net assets	<u>1,696,493</u>	<u>1,213,347</u>
Total liabilities and net assets	<u>\$ 1,709,684</u>	<u>1,222,530</u>

See accompanying notes to consolidated financial statements.

**BOSTON FOUNDATION, INC.**  
Consolidated Statement of Activities  
Year ended June 30, 2021  
(Dollars in thousands)

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Revenues and investment activity:			
Contributions	\$ 308,339	355	308,694
Service fees	2,240	—	2,240
Investment returns, net	230,443	140,120	370,563
Net assets released from restrictions	23,706	(23,706)	—
Total revenues	564,728	116,769	681,497
Expenses:			
Grants	174,222	—	174,222
Change in split interest	(363)	—	(363)
Salary and benefits	15,513	—	15,513
Professional fees	4,825	—	4,825
Meetings, conferences and travel	509	—	509
Marketing	620	—	620
Office expenses	138	—	138
Technology	898	—	898
Occupancy	1,989	—	1,989
Total expenses	198,351	—	198,351
Change in net assets	366,377	116,769	483,146
Net assets, beginning of year	786,734	426,613	1,213,347
Net assets, end of year	\$ 1,153,111	543,382	1,696,493

See accompanying notes to consolidated financial statements.

**BOSTON FOUNDATION, INC.**  
Consolidated Statement of Activities  
Year ended June 30, 2020  
(Dollars in thousands)

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
Revenues and investment activity:			
Contributions	\$ 165,978	2,663	168,641
Service fees	1,998	—	1,998
Investment returns, net	2,215	(544)	1,671
Net assets released from restrictions	23,987	(23,987)	—
Total revenues	194,178	(21,868)	172,310
Expenses:			
Grants	215,240	—	215,240
Change in split interest	499	—	499
Salary and benefits	14,497	—	14,497
Professional fees	3,762	—	3,762
Meetings, conferences and travel	931	—	931
Marketing	652	—	652
Office expenses	3,503	—	3,503
Technology	654	—	654
Occupancy	1,979	—	1,979
Total expenses	241,717	—	241,717
Change in net assets	(47,539)	(21,868)	(69,407)
Net assets, beginning of year	834,273	448,481	1,282,754
Net assets, end of year	\$ 786,734	426,613	1,213,347

See accompanying notes to consolidated financial statements.

**BOSTON FOUNDATION, INC.**  
Consolidated Statements of Cash Flows  
Years ended June 30, 2021 and 2020  
(Dollars in thousands)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from contributions and service fees	\$ 308,890	167,551
Interest and dividends received, net of fees	13,100	13,694
Annuity and beneficiary payments	(125)	(291)
Grants paid	(169,584)	(216,485)
Cash paid:		
For program expenses	(4,394)	(6,941)
To employees and suppliers	(19,751)	(19,791)
Net cash provided by (used in) operating activities	<u>128,136</u>	<u>(62,263)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	592,062	276,375
Purchases of investments	(721,496)	(207,956)
Purchases of fixed assets	—	(18)
Net cash provided by (used in) investing activities	<u>(129,434)</u>	<u>68,401</u>
Cash flows from financing activities:		
Contributions restricted for long-term investments	355	2,663
Net cash provided by financing activities	<u>355</u>	<u>2,663</u>
Net change in cash and cash equivalents	(943)	8,801
Cash and cash equivalents, beginning of year	<u>13,504</u>	<u>4,703</u>
Cash and cash equivalents, end of year	<u>\$ 12,561</u>	<u>13,504</u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ 483,146	(69,407)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	436	458
Change in annuity and beneficiary payables	(289)	278
Change in grants payable	3,638	(1,245)
Change in contributions receivable, net	(1,688)	281
Changes in other assets and liabilities, net	868	(1,639)
Contributions restricted for long-term investments	(355)	(2,663)
Unrealized and realized net (gain) loss on investments	(357,620)	11,674
Net cash provided by (used in) operating activities	<u>\$ 128,136</u>	<u>(62,263)</u>

See accompanying notes to consolidated financial statements.

BOSTON FOUNDATION, INC.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

**(1) Description of the Boston Foundation**

**(a) Organization**

Founded in 1915, the Boston Foundation, Inc. (the Foundation) is one of the nation's oldest and largest community foundations – a major grantmaker, partner in philanthropy, provider of information, and civic leader addressing Greater Boston's most pressing challenges.

The Foundation is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is generally exempt from income taxes pursuant to Section 501(a) of the Code and qualifies as a public charity under Section 170(b)(1)(A)(vi) of the Code.

The Foundation has not taken any tax positions which would have a material effect, individually or in the aggregate, upon the Foundation's consolidated financial statements. The Foundation believes it has not taken any significant uncertain tax positions or any tax positions that would jeopardize the Foundation's tax-exempt status.

The Philanthropic Initiative, Inc. (TPI), an internationally recognized provider of customized philanthropic consulting, operates as a distinct unit of the Foundation.

**(b) Activity**

The Boston Foundation's strategic vision centers on the remarkable power and provenance of its civic leadership role in greater Boston and beyond. The Foundation's defining ambition is to achieve equity, which is, first, to acknowledge and then, seek to eliminate the structural and underlying causes of outcome disparities for historically marginalized communities. The Foundation's primary purposes are threefold: to make charitable grants to qualified recipients; to assist donors with their philanthropic goals; and to be a civic leader, convener, and information provider in the Boston community. The Foundation receives support directly from the public. Due to the generosity of donors, the Foundation is able to serve as a major grantmaker in Greater Boston, supporting hundreds of not-for-profit organizations that are helping to build a strong and healthy community.

**(c) Financial Operating Model**

The Foundation maintains the following groups of funds:

*(i) Without Donor Restrictions*

**Operating funds** include the core operating activities of the Foundation and its life annuities. The core operating activities of the Foundation are funded primarily by administrative fees allocated from other fund categories based upon balances. Other sources include the Foundation's annual Civic Leadership Campaign, service fees and income derived from investment of available cash balances. The Foundation's Board of Directors (the Board) approves the operating budget annually.

**Donor advised funds (DAFs)** represent donations received for which the donor specifies one or more individuals to serve as the advisor to the fund. Fund advisors can then recommend the investment of the fund in one of the Foundation's four investment pools or in other selected investment alternatives. The fund advisor also can recommend the distribution of grants to eligible

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charities. Grant recommendations submitted by fund advisors are paid weekly from the four investment pools after review and approval by the Foundation's management. Requests to invest in alternative investments generally result in agreements that limit the availability of funds for immediate grantmaking. Administrative fees are charged to DAFs quarterly based upon the greater of the average daily balance of the prior quarter or the balance at the end of the prior quarter. A pass-through fee is applied when the volume of grants paid exceeds the average daily balance.

**Program funds** represent resources allocated for the Foundation's programmatic and discretionary grantmaking activities and include the balance of funds designated by the Foundation's Board of Directors (Board) for endowment. Additional liquid resources are released each year due to the application of spending policy calculations to fund expenditures of about the same amount. The resources of these funds are distributed as grants and for direct programmatic expenses as approved by the Board.

**Other funds** include those received by the Foundation with donor intended restrictions, but for the application of variance power which results in these funds being reflected as funds without donor restrictions. Distributable income from designated endowment funds based upon applying the Foundation's spending policy formula is allocated from endowment balances annually. Grants and expenses are paid in accordance with the wishes of the donors.

**Supporting Organizations** are separate, but controlled by the Foundation, charities and are considered funds without donor restrictions due to the control retained by the Foundation through the appointment of the directors of each organization. Grants and expenditures are approved by the directors of each entity.

(ii) *With Donor Restrictions*

**Endowment funds** have been restricted by the donor to be held in perpetuity. Annually a spending policy formula is applied to the invested balance of each fund to determine the amount that is grantable. The formula referred to as the "Yale Model" combines the prior year spending amount incremented by inflation and weighted at 70% and the invested balance as of December 31 multiplied by the Board approved annual spending policy rate weighted at 30%. These calculated amounts are transferred from the invested balance to the grantmaking balance in each fund as of July 1. Administrative fees at 1.2% for discretionary and 0.95% for designated funds are calculated based upon the average of the total fund balances as of the eight quarters ending December 31. The net amounts are then transferred to the relevant program and other funds.

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Presentation**

The accompanying consolidated financial statements, which are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP), have been prepared to focus on the Foundation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. The consolidated financial statements include the accounts of the Foundation and those of its affiliated supporting organizations, which are also 501(c)(3) tax-exempt organizations. Inter-organizational transactions and balances have been



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eliminated in consolidation. Dollar amounts presented in the accompanying footnotes are in thousands unless otherwise noted.

**(b) Use of Estimates**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, as of the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

**(c) Classification of Net Assets**

The Foundation reports information regarding its financial position and activities in two classes of net assets based upon the existence or absence of donor-imposed restrictions, as follows:

- **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.
- **Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activity. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Contributions and endowment investment earnings subject to donor-imposed restrictions are reported as increases in net assets with donor restrictions.

The Articles of Organization of the Foundation include a variance power provision, which gives the Board the power to modify a purpose-related restriction or condition placed on gifts, if in its sole judgment the Board determines that it is unwise or impracticable to apply the funds available to the purposes indicated by the donor. As a result of this variance power provision, the Foundation classifies for financial reporting purposes all funds received, except those funds with perpetual time restrictions (endowment funds), as net assets without restrictions, regardless of donor intended purpose restrictions. During 2021, the Board did not utilize variance power. During 2020, the Board utilized variance power once to replace a beneficiary community center with another in order to continue a scholarship award program as stated in the fund's purpose.

**(d) Board Designated**

From time to time the Board has designated funds received to be maintained to function as endowment. The Foundation annually applies its discretionary endowment spending policy calculation to determine the amount available for discretionary grantmaking within its Program activities. At any time, the Board may decide to expend some or all of these funds for any purpose.

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**(e) Spending Policy**

Generally, the Foundation manages its endowment funds using a total return concept, which emphasizes total investment return, including interest and dividends and realized and unrealized gains and losses. Annually the Foundation's Board determines the level of grantmaking based on two components that serve to stabilize annual spending levels and preserve the value of the endowment over time. In fiscal years 2021 and 2020, those factors are 70% of the prior year's spending, adjusted for inflation, plus 30% of a spending rate applied to the estimated fair value of its endowment. The discretionary endowment is made up of funds with no restrictions placed on the way income may be used and funds identified for utilization in broad fields of interest. The designated endowment is composed of funds created for specifically named agencies or projects. The spending policy rates were as follows:

	<u>2021</u>	<u>2020</u>
Discretionary endowment	5.25%	5.50%
Designated endowment	5.00%	5.00%
Endowed donor advised funds	5.00%	5.00%

For underwater funds, where the current market value is less than the aggregate gifts to the fund, the rates for fiscal years 2021 and 2020 were 1.0% less than the above rates.

For fiscal year 2022, the Board has approved the spending policy rate of 5.00% for its discretionary endowment, designated endowments and endowed donor advised funds, except for underwater funds where the spending rates are 4.00%, respectively.

**(f) Cash and Cash Equivalents**

Except for amounts included in the Foundation's investment pools, the Foundation records liquid investments purchased with original maturities of less than 90 days as cash equivalents.

**(g) Fair Value Measurements**

Investments are reported at estimated fair value. GAAP defines fair value and requires certain disclosures about fair value measurements. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. GAAP also establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels:

- Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities;
- Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and
- Level 3 – inputs are derived from valuation methodologies conducted by independent third parties, including pricing models, discounted cash flow models, and similar techniques, and are not based on market, exchange, dealer, or broker-traded transactions. In addition, Level 3 valuations

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incorporate assumptions and projections that are not observable in the market, and significant professional judgment is required in determining the fair value assigned to such assets or liabilities.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

The majority of the Foundation's investments are held in entities for which fair value is estimated using net asset value (NAV) as reported by the fund manager as a practical expedient, unless it is probable that the investment will be sold for a different amount from NAV. As of June 30, 2021 and 2020, the Foundation had no plans or intention to sell investments at amounts different from NAV. Such NAV-measured investments are not categorized in the fair value hierarchy. Although the Foundation's managers adhere to fair value accounting as required by the Financial Accounting Standards Board Accounting Standards Codification (ASC) 820-10, *Fair Value Measurements and Disclosures*, because of the inherent uncertainties in valuation assumption, the estimated fair values for investments may differ significantly from values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, earnings of the underlying holdings, projected cash flows, recent sales prices, and other pertinent information.

The NAVs or their equivalent, as estimated and reported by the investment managers, are reviewed by the Foundation's Treasurer, Chief Investment Officer, and its investment consultant.

**(h) U.S. Treasuries**

The U.S. Treasuries are carried at fair value and classified in Level 2 of the fair value hierarchy. The Treasuries have maturities laddered through 2028.

The total of cash and cash equivalents and U.S. Treasuries are resources available to meet the Foundation's current operating needs.

**(i) Contributions Receivable**

Contributions receivable consist of unconditional promises to give that are expected to be collected within one year.

**(j) Fixed Assets**

The Foundation capitalizes expenditures over \$10 incurred to purchase office equipment, computer systems, furniture, and leasehold improvements. Depreciation is recognized over the estimated useful life of the assets, typically from three to five years, on a straight-line basis. Leasehold improvements are amortized over the lesser of their useful lives or the remaining term of the lease.

**(k) Grants Expense**

The Foundation records grants as expenses when all conditions stipulated by the grant have been substantially met by the grantee. Grants issued with future payment dates and without substantive conditions are accrued and expensed when approved by the Board of Directors or committed to

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Notes to Consolidated Financial Statements

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grantees. Grants scheduled to be paid after one year are discounted at a rate commensurate with the duration involved.

**(l) Contributions and Bequests**

Contributions, including unconditional promises from donors, are recorded as revenue at fair value when received. Promises to give subject to donor-imposed stipulations that the corpus be maintained permanently are shown as increases in net assets with donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Bequests generally are accrued as revenue when the respective will has been admitted to probate and all appeal periods have expired. Contributions to be received after one year are discounted at the appropriate rate commensurate with the risks and duration involved.

**(m) Administrative Fees**

Administrative fees include a variety of support fees, investment oversight fees and overhead recovery fees. Support fees of 0.95% to 1.2% of the net asset balance by fund are charged to each designated and discretionary fund to cover operating expenses. Support fees for DAFs are charged on a sliding scale based upon fund balance beginning at 1% on the first \$500 of fund balance. Investment oversight fees are charged based upon the invested balance of each fund ranging from 0.15% to 0.19%. For some funds, an allocation of overhead is charged based upon a percentage (20% to 40%) of directly charged personnel costs.

**(n) Reclassifications**

Certain amounts in the prior financial statement have been reclassified to conform to the presentation of the current year. These reclassifications had no effect on the previous reported change in net assets.

**(3) Program-Related Investments**

Program-related investments are loans made to certain not-for-profit organizations which have a longer maturity term at lower than market interest rates, generally 1.0%-1.5%. These loans are invested in projects intended to help low-income areas develop and improve housing, transportation and other key facets affecting the quality of life in the geographic area. The Foundation invests a portion of its discretionary endowment in projects that advance its philanthropic purposes by providing these loans. At June 30, 2021 and 2020 loans made from discretionary endowment, net of unamortized discounts of \$465 and \$644, totaled \$4,535 and \$4,356, respectively. Loans made from donor advised funds, net of unamortized discounts of \$1,595 and \$1,928, totaled \$13,143 and \$13,387 respectively. The loans have various repayment dates beginning in 2023 and ending in 2032. As of June 30, 2021, there were no commitments to fund additional loans.

The Foundation also invests a portion of its funds in minority business enterprises to enhance organizational capacity to build scale, thereby providing relief for the poor, lessening neighborhood tensions, eliminating prejudice and discrimination, and combatting community deterioration and juvenile delinquency. As of June 30, 2021 and 2020, these loans totaled \$1,733 and \$1,505, respectively, with interest rates of 5%-6% and maturities of 5-10 years through 2028. In addition to the minority business loans, the Foundation issued emergency loans to small businesses affected by the Covid-19 pandemic with

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0% interest rate and maturing in 5 years through 2026. As of June 30, 2021 and 2020, these loans totaled \$1,187 and \$948, respectively, The principal repayment on these loans have been deferred for 12 months.

In addition, the Foundation had a \$4,000 loan guarantee which expired June 2021. This guarantee was for the purpose of building or improving charter schools in Massachusetts that have been funded by the Massachusetts Development Finance Agency. The Foundation has a \$3,000 loan guarantee expiring in 2031 for the purpose of reducing the cash-funded reserves in credit projects that have a first mortgage financing from the Massachusetts Housing Partnership Fund Board. The Foundation's \$4,000 loan guarantee served as a backup to guarantees made by other entities. The Foundation's \$3,000 guarantee is matched by the same amount from another foundation. As of June 30, 2021 and 2020, the Foundation's guarantees have not been drawn. The Foundation believes the estimated fair value of the remaining guarantee and any potential liability is not material.

**(4) Investments**

The Foundation maintains four investment pools as part of its Fund for the 21st Century for investing its assets as follows:

- **Balanced Plus Pool** – Approximately 47 investment management firms manage the assets in this pool. This asset mix is intended to produce the highest long-term investment return. The Foundation invests its endowment assets in this pool.
- **Balanced Pool** – Approximately 28 investment management firms manage the assets in this pool. This pool includes a 25% allocation to U.S. Treasury bonds and does not include private equity and venture capital. Accordingly, this asset allocation is expected to produce a slightly lower investment return than the Balance Plus Pool. Donor advised funds desiring a higher allocation to U.S. Treasury bonds and limited exposure to illiquid investments are invested in this pool.
- **Short-Term Pool** – This pool is invested in money market funds and U.S. Treasury bills with remaining maturities that extend out six months.
- **Impact Pool** – Approximately 18 investment management firms manage the assets in this pool to generate positive social global impact with an eye towards our local community. This pool includes a 20% allocation to fixed income and a 65% allocation to equity investments that support strong corporate governance, environment and social sustainability, shareholder advocacy, and positive social impact initiatives such as affordable housing, education, energy efficiency, and others. In addition, the Impact Pool utilizes managers that seek to screen out investments in companies with high negative social impact such as alcohol, fossil fuels, gambling, tobacco and weapons companies.

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The following tables summarize the Foundation's investments in the fair value hierarchy as of June 30, 2021 and 2020:

	June 30, 2021				
	Investments measured at NAV	Investments classified in fair value hierarchy			Total
		Level 1	Level 2	Level 3	
Global equities	\$ 520,352	210,489	—	—	730,841
Flexible capital	281,239	—	—	—	281,239
Private equity and venture capital	220,026	—	—	1,051	221,077
Real assets:					
Real estate	63,977	24,580	—	—	88,557
Timber	5,051	—	—	—	5,051
Energy	3,457	—	—	—	3,457
	<u>72,485</u>	<u>24,580</u>	<u>—</u>	<u>—</u>	<u>97,065</u>
Fixed income:					
Money markets	—	57,870	—	—	57,870
U.S. Treasuries	—	—	159,010	—	159,010
U.S. TIPS	—	—	38,964	—	38,964
Fixed income bond fund	—	40,050	—	—	40,050
	—	97,920	197,974	—	295,894
Other investments					
Global equities	6,359	2,935	—	1,834	11,128
Fixed income bond fund	—	3	—	904	907
Other	—	—	—	6,868	6,868
	<u>6,359</u>	<u>2,938</u>	<u>—</u>	<u>9,606</u>	<u>18,903</u>
Total investments	<u>\$ 1,100,461</u>	<u>335,927</u>	<u>197,974</u>	<u>10,657</u>	<u>1,645,019</u>

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	June 30, 2020				
	Investments measured at NAV	Investments classified in fair value hierarchy			Total
		Level 1	Level 2	Level 3	
Global equities	\$ 405,377	98,265	—	7	503,649
Flexible capital	221,031	—	—	—	221,031
Private equity and venture capital	126,598	—	—	1,258	127,856
Real assets:					
Real estate	71,069	17,900	—	—	88,969
Timber	6,335	—	—	—	6,335
Energy	2,899	—	—	—	2,899
	<u>80,303</u>	<u>17,900</u>	<u>—</u>	<u>—</u>	<u>98,203</u>
Fixed income:					
Money markets	—	47,861	—	—	47,861
U.S. Treasuries	—	—	109,123	—	109,123
U.S. TIPS	—	—	33,953	—	33,953
Fixed income bond fund	—	1,190	—	—	1,190
	—	49,051	143,076	—	192,127
Other investments					
Global equities	4,803	—	—	1,550	6,353
Fixed income bond fund	—	3	—	1,023	1,026
Other	—	61	—	6,672	6,733
	<u>4,803</u>	<u>64</u>	<u>—</u>	<u>9,245</u>	<u>14,112</u>
Total investments	<u>\$ 838,112</u>	<u>165,280</u>	<u>143,076</u>	<u>10,510</u>	<u>1,156,978</u>

**(a) Investment Liquidity**

Investment fair values are aggregated below by redemption or liquidation period, availability, or sale in the case of marketable securities. Certain investments are redeemable at NAV under the original terms of the subscription agreement and entity agreements. The majority of such redemptions require 90 days or more written notice prior to the redemption period.

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	June 30, 2021					Total
	Daily	Monthly	Quarterly	1 to 5 years	Illiquid	
<b>Balanced Plus Pool:</b>						
Money markets	\$ 33,184	—	—	—	—	33,184
U.S. Treasury Notes	62,801	—	—	—	—	62,801
U.S. TIPS	33,966	—	—	—	—	33,966
Global equities	205,082	126,894	241,356	—	—	573,332
Flexible capital	—	—	24,749	205,315	28,690	258,754
Private equity and venture capital	—	—	—	—	219,904	219,904
Real assets	23,365	16,680	44,240	—	9,271	93,556
	<u>358,398</u>	<u>143,574</u>	<u>310,345</u>	<u>205,315</u>	<u>257,865</u>	<u>1,275,497</u>
<b>Balanced Pool:</b>						
Money markets	929	—	—	—	—	929
U.S. Treasury Notes	7,349	—	—	—	—	7,349
U.S. TIPS	1,619	—	—	—	—	1,619
Global equities	4,607	5,051	7,022	—	—	16,680
Flexible capital	—	—	1,009	8,371	1,170	10,550
Real assets	1,215	822	1,432	—	—	3,469
	<u>15,719</u>	<u>5,873</u>	<u>9,463</u>	<u>8,371</u>	<u>1,170</u>	<u>40,596</u>
<b>Short-Term Pool:</b>						
Money markets	21,757	—	—	—	—	21,757
U.S. Treasury Bills	79,990	—	—	—	—	79,990
	<u>101,747</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>101,747</u>
<b>Impact Pool:</b>						
Money Markets	2,000	—	—	—	—	2,000
U.S. Treasury Bonds	3,369	—	—	—	—	3,369
U.S. TIPS	3,379	—	—	—	—	3,379
Fixed income bond fund	3,666	—	—	—	—	3,666
Flexible capital	—	—	—	5,858	—	5,858
Global equities	32,466	3,186	5,428	3,220	—	44,300
Real Assets	—	—	—	—	40	40
Private equity and venture capital	—	—	—	—	122	122
	<u>44,880</u>	<u>3,186</u>	<u>5,428</u>	<u>9,078</u>	<u>162</u>	<u>62,734</u>
<b>Custom Managed Funds:</b>						
Global equities	59,670	—	29,496	—	—	89,166
Flexible capital	—	—	1,071	5,006	—	6,077
U.S. Treasury Bonds	5,501	—	—	—	—	5,501
Fixed income bond fund	36,384	—	—	—	—	36,384
Private equity and venture capital	—	—	—	—	1,051	1,051
	<u>101,555</u>	<u>—</u>	<u>30,567</u>	<u>5,006</u>	<u>1,051</u>	<u>138,179</u>
<b>Advisor Managed Funds:</b>						
Global equities	7,363	—	—	—	—	7,363
<b>Other investments</b>						
Global equities	9,294	—	—	—	1,834	11,128
Fixed income bond fund	3	—	—	—	904	907
Other	—	—	—	—	6,868	6,868
	<u>9,297</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,606</u>	<u>18,903</u>
Total investments	\$ <u>638,959</u>	<u>152,633</u>	<u>355,803</u>	<u>227,770</u>	<u>269,854</u>	<u>1,645,019</u>



BOSTON FOUNDATION, INC.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

	June 30, 2020					Total
	Daily	Monthly	Quarterly	1 to 5 years	Illiquid	
<b>Balanced Plus Pool:</b>						
Money markets	\$ 7,093	—	—	—	—	7,093
U.S. Treasury Notes	56,846	—	—	—	—	56,846
U.S. TIPS	30,763	—	—	—	—	30,763
Global equities	92,604	161,951	191,505	—	—	446,060
Flexible capital	—	—	20,382	156,033	26,822	203,237
Private equity and venture capital	—	—	—	—	126,598	126,598
Real assets	16,726	12,537	53,438	—	9,236	91,937
	<u>204,032</u>	<u>174,488</u>	<u>265,325</u>	<u>156,033</u>	<u>162,656</u>	<u>962,534</u>
<b>Balanced Pool:</b>						
Money markets	2,544	—	—	—	—	2,544
U.S. Treasury Notes	10,347	—	—	—	—	10,347
U.S. TIPS	2,395	—	—	—	—	2,395
Global equities	5,337	9,333	11,037	—	—	25,707
Flexible capital	—	—	1,498	11,467	1,971	14,936
Real assets	1,173	618	4,475	—	—	6,266
	<u>21,796</u>	<u>9,951</u>	<u>17,010</u>	<u>11,467</u>	<u>1,971</u>	<u>62,195</u>
<b>Short-Term Pool:</b>						
Money markets	35,998	—	—	—	—	35,998
U.S. Treasury Bills	34,994	—	—	—	—	34,994
	<u>70,992</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>70,992</u>
<b>Impact Pool:</b>						
Money Markets	2,226	—	—	—	—	2,226
U.S. Treasury Bonds	1,177	—	—	—	—	1,177
U.S. TIPS	795	—	—	—	—	795
Fixed income bond fund	1,190	—	—	—	—	1,190
Global equities	13,980	1,065	—	1,030	—	16,075
	<u>19,368</u>	<u>1,065</u>	<u>—</u>	<u>1,030</u>	<u>—</u>	<u>21,463</u>
<b>Custom Managed Funds:</b>						
Global equities	9,644	—	1,102	—	7	10,753
Flexible capital	—	—	—	2,858	—	2,858
U.S. Treasury Notes	5,759	—	—	—	—	5,759
Private equity and venture capital	—	—	—	—	1,258	1,258
	<u>15,403</u>	<u>—</u>	<u>1,102</u>	<u>2,858</u>	<u>1,265</u>	<u>20,628</u>
<b>Advisor Managed Funds:</b>						
Global equities	5,054	—	—	—	—	5,054
<b>Other investments</b>						
Global equities	4,803	—	—	—	1,550	6,353
Fixed income bond fund	3	—	—	—	1,023	1,026
Other	61	—	—	—	6,672	6,733
	<u>4,867</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,245</u>	<u>14,112</u>
Total investments	\$ <u>341,512</u>	<u>185,504</u>	<u>283,437</u>	<u>171,388</u>	<u>175,137</u>	<u>1,156,978</u>

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Notes to Consolidated Financial Statements

June 30, 2021 and 2020

**(b) Investment Returns**

Investment returns for the years ended June 30 were as follows:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 13,753	14,160
Unrealized and realized gains (losses) on investments	357,621	(11,674)
Investment management expense	<u>(811)</u>	<u>(815)</u>
Total return	<u>\$ 370,563</u>	<u>1,671</u>

Interest and dividends are shown net of third-party investment management and custody fees. Investment management and custody fees paid directly to the managers for the years ended June 30, 2021 and 2020 were \$6,245 and \$6,315, respectively. Income taxes paid of \$17 and \$3 resulting from investment returns for the years ended June 30, 2021 and 2020, respectively, have been netted in investment returns of the invested pools that generated the taxable investment income. Investment management expenses of \$811 and \$815 for the years ended June 30, 2021 and 2020, respectively, representing external and direct internal investment management expenses, have been allocated as a reduction of investment returns.

Investment returns for the years ended June 30 were as follows:

	<u>2021</u>	<u>2020</u>
Balanced Plus Pool	\$ 331,689	(1,694)
Balanced Pool	12,504	29
Short-Term Pool	124	889
Impact Pool	8,882	309
Other investments	16,876	1,649
U.S. Treasuries	<u>488</u>	<u>489</u>
Total return	<u>\$ 370,563</u>	<u>1,671</u>

**(c) Commitments**

Private equity, venture capital, and real asset investments are generally made through limited partnerships. Under the terms of these agreements, the Foundation is obligated to remit additional funding periodically as capital calls are exercised by the manager. These partnerships have a limited existence, generally ranging from 10 to 20 years, and such agreements may provide for annual extensions for the purpose of disposing of portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, and other factors, a manager may extend the term of a fund beyond its originally anticipated existence or may wind down the fund prematurely. The Foundation cannot anticipate such changes because they are based on unforeseen events, but should they occur they may result in less liquidity or return from the investment than originally anticipated. As a result, the timing and amount of future capital calls expected to be exercised in any particular year is uncertain.

BOSTON FOUNDATION, INC.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Unfunded commitments at June 30 were as follows:

	<u>2021</u>	<u>2020</u>
Private equity and venture capital	\$ 81,074	76,368
Real assets	<u>4,763</u>	<u>1,869</u>
Total unfunded commitments	<u>\$ 85,837</u>	<u>78,237</u>

The above amounts are generally payable within ten days of the receipt of a capital call notice. The Foundation has no control as to when a request for funding will be received. It is currently anticipated that the Foundation will be required to fund these commitments within the next three years, but the specific timing is ultimately subject to the discretion of the fund managers.

**(5) Liquidity and Availability**

Financial assets (excluding fixed assets) available for expenditure within one year of the consolidated statement of financial position dated as of June 30, 2021 and 2020 are identified below by fund category. Investments managed by pool are displayed based upon the portion of each pool allocated by individual fund within each fund category. The illiquid portion of each pool and the future capital call commitments have been allocated across the fund types in proportion to the total amounts invested by pool. The projected annual release of time restrictions resulting from the application of the Foundation's spending policy methodology has been displayed as an addition of available resources to meet future cash flow requirements. Other sources to meet future cash flow requirements including investment returns, service fees and contributions have not been projected as they are not readily estimable.

Prior year total expenditures as an estimate of future cash flows by fund category are combined with liabilities and remaining unfunded capital commitments to provide an estimate of the future one-year cash needs by fund category.

As of June 30, 2021 and 2020, in each fund category, except for Operating Funds, the liquid assets available within one year for future expenditures exceed the estimated future one-year cash needs. For Operating Funds the annual revenues of these funds approximate the annual expenditures.

The Foundation's endowment funds are restricted for specific purposes and are not available for general expenditures but are included in the schedules below to reflect full activities of the organization.

BOSTON FOUNDATION, INC.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Foundation activities – June 30, 2021								
Without donor restrictions							Endowment	Total
Operating	Donor advised	Program	Other	Supporting orgs.	Total available	(with donor restrictions)		
Cash, cash equivalents and treasuries	\$ 11,992	3,725	18,674	3,461	307	38,159	—	38,159
Investments:								
Balance plus	2,274	636,702	49,990	49,800	20,798	759,564	515,933	1,275,497
Balanced	—	38,747	1,186	663	—	40,596	—	40,596
Short term	—	89,703	9,879	2,165	—	101,747	—	101,747
Impact Pool	—	49,543	—	—	—	49,543	13,191	62,734
Other Investments	1,891	146,681	—	5,501	340	154,413	10,032	164,445
Program Related Investments	—	11,524	2,919	1,570	50	16,063	4,535	20,598
Other	599	535	1,200	—	—	2,334	229	2,563
<b>Total financial assets</b>	<b>16,756</b>	<b>977,160</b>	<b>83,848</b>	<b>63,160</b>	<b>21,495</b>	<b>1,162,419</b>	<b>543,920</b>	<b>1,706,339</b>
Illiquid assets:								
Balanced plus	460	128,721	10,107	10,068	4,205	153,561	104,304	257,865
Balanced	—	1,117	34	19	—	1,170	—	1,170
Other investments	123	9,633	—	39	340	10,135	684	10,819
<b>Total illiquid assets</b>	<b>583</b>	<b>139,471</b>	<b>10,141</b>	<b>10,126</b>	<b>4,545</b>	<b>164,866</b>	<b>104,988</b>	<b>269,854</b>
Annual release of time restrictions	—	1,970	14,487	6,355	204	23,016	(23,016)	—
Liquid assets available for future expenditures	\$ 16,173	839,659	88,194	59,389	17,154	1,020,569	415,916	1,436,485
Liabilities	7,089	128	5,181	252	2	12,652	539	13,191
Expected future year expenditures based upon current year	\$ 17,722	133,174	29,151	16,647	1,657	198,351	—	198,351
Outstanding investment capital calls	153	42,848	3,364	3,351	1,400	51,116	34,721	85,837
Estimated expenditures	\$ 24,964	176,150	37,696	20,250	3,059	262,119	35,260	297,379
Percent of liquid assets available for expenditure vs. estimated expenditures	65 %	477 %	234 %	293 %	561 %	389 %	1,180 %	483 %

BOSTON FOUNDATION, INC.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Foundation activities – June 30, 2020								
Without donor restrictions							Endowment (with donor restrictions)	Total
Operating	Donor advised	Program	Other	Supporting orgs.	Total available			
Cash, cash equivalents and treasuries	\$ 9,794	10,072	15,622	4,777	365	40,630	—	40,630
Investments:								
Balance plus	1,885	462,845	37,877	39,224	16,673	558,504	404,030	962,534
Balanced	—	61,501	—	694	—	62,195	—	62,195
Short term	—	61,458	4,973	4,561	—	70,992	—	70,992
Impact Pool	—	11,242	—	—	—	11,242	10,221	21,463
Other Investments	2,047	23,708	—	5,759	340	31,854	7,940	39,794
Program Related Investments	—	11,527	2,453	1,560	50	15,590	4,606	20,196
Other	673	32	3	—	1	709	235	944
Total financial assets	14,399	642,385	60,928	56,575	17,429	791,716	427,032	1,218,748
Illiquid assets:								
Balanced plus	319	78,214	6,401	6,629	2,818	94,381	68,275	162,656
Balanced	—	1,949	—	22	—	1,971	—	1,971
Other investments	2,041	4,999	—	—	340	7,380	3,130	10,510
Total illiquid assets	2,360	85,162	6,401	6,651	3,158	103,732	71,405	175,137
Annual release of time restrictions	—	990	13,378	4,721	—	19,089	(19,089)	—
Liquid assets available for future expenditures	\$ 12,039	558,213	67,905	54,645	14,271	707,073	336,538	1,043,611
Liabilities	\$ 6,962	7	1,207	577	10	8,763	420	9,183
Expected future year expenditures based upon current year	18,630	175,840	30,699	14,547	2,001	241,717	—	241,717
Outstanding investment capital calls	153	37,621	3,079	3,188	1,355	45,396	32,841	78,237
Estimated expenditures	\$ 25,745	213,468	34,985	18,312	3,366	295,876	33,261	329,137
Percent of liquid assets available for expenditure vs. estimated expenditures	47 %	261 %	194 %	298 %	424 %	239 %	1,012 %	317 %

BOSTON FOUNDATION, INC.

Notes to Consolidated Financial Statements

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**(6) Endowment Assets**

The Foundation's endowment as of June 30, 2021 and 2020, respectively, consists of 283 and 282 individual funds established for a variety of purposes. Endowment net assets consist of the following grouped by the fund type that determines how the annual spendable amounts may be utilized:

	<u>Board designated</u>	<u>With donor restrictions</u>	<u>Total</u>
As of June 30, 2021:			
Discretionary purpose funds:			
General purpose	\$ —	253,957	253,957
Field of interest	—	109,288	109,288
Board designated as program endowment	<u>31,124</u>	<u>—</u>	<u>31,124</u>
Total discretionary purpose funds	31,124	363,245	394,369
Designated funds	—	144,558	144,558
Endowed donor advised funds	<u>—</u>	<u>35,579</u>	<u>35,579</u>
Total endowment funds	<u>\$ 31,124</u>	<u>543,382</u>	<u>574,506</u>

	<u>Board designated</u>	<u>With donor restrictions</u>	<u>Total</u>
As of June 30, 2020:			
Discretionary purpose funds:			
General purpose	\$ —	202,142	202,142
Field of interest	—	84,685	84,685
Board designated as program endowment	<u>24,293</u>	<u>—</u>	<u>24,293</u>
Total discretionary purpose funds	24,293	286,827	311,120
Designated funds	—	112,298	112,298
Endowed donor advised funds	<u>—</u>	<u>27,488</u>	<u>27,488</u>
Total endowment funds	<u>\$ 24,293</u>	<u>426,613</u>	<u>450,906</u>

GAAP provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and requires comprehensive disclosures regarding donor-restricted endowment funds.

The Foundation is subject to UPMIFA as adopted by the Commonwealth of Massachusetts. Under UPMIFA, the Board of Directors has discretion to determine appropriate expenditures of a donor-restricted endowment fund in accordance with a robust set of guidelines about what constitutes prudent spending. UPMIFA permits the Foundation to appropriate for expenditure or accumulate so much of an endowment fund as the Foundation determines to be prudent for the uses, benefits, purposes and duration for which

BOSTON FOUNDATION, INC.

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the endowment fund is established. Seven criteria are to be used to guide the Foundation in its yearly expenditure decisions: 1) duration and preservation of the endowment fund; 2) the purposes of the Foundation and the endowment fund; 3) general economic conditions; 4) effect of inflation or deflation; 5) the expected total return from income and the appreciation of investments; 6) other resources of the Foundation; and 7) the investment policy of the Foundation.

Although UPMIFA offers short-term spending flexibility, the explicit consideration of the preservation of funds among factors for prudent spending suggests that a donor-restricted endowment fund is still perpetual in nature. Under UPMIFA, the Board is permitted to determine and continue a prudent payout amount, even if the market value of the fund is below historic gift value. There is an expectation that, over time, the permanently restricted amount will remain intact. This perspective is aligned with the accounting standards definition that donor-restricted endowment funds are those that must be held in perpetuity even though the historic-gift-value may be expended.

At June 30, 2021 and 2020, the fair value of individual funds less than their historic gift value (underwater funds) are as follows:

	<u>2021</u>	<u>2020</u>
Fair value of underwater endowment funds	\$ 11,362	20,662
Original endowment gift amount	<u>12,713</u>	<u>25,411</u>
Deficiencies of underwater endowment funds	<u>\$ (1,351)</u>	<u>(4,749)</u>

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	<u>Board designated</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2020	\$ 24,293	426,613	450,906
Contributions received	—	355	355
Investment returns, net	8,075	140,120	148,195
Net assets released from restriction	<u>(1,244)</u>	<u>(23,706)</u>	<u>(24,950)</u>
Endowment net assets, June 30, 2021	<u>\$ 31,124</u>	<u>543,382</u>	<u>574,506</u>

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	<u>Board designated</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2019	\$ 25,627	448,481	474,108
Contributions received	—	2,663	2,663
Investment returns, net	(46)	(544)	(590)
Net assets released from restriction	<u>(1,288)</u>	<u>(23,987)</u>	<u>(25,275)</u>
Endowment net assets, June 30, 2020	<u>\$ 24,293</u>	<u>426,613</u>	<u>450,906</u>

BOSTON FOUNDATION, INC.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

**(7) Net Assets**

Net assets without donor restrictions consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Undesignated:		
Operating	\$ 13,011	11,220
Donor advised	977,032	642,377
Program	47,543	35,428
Other	62,908	55,998
Supporting organizations	<u>21,493</u>	<u>17,418</u>
Total undesignated	1,121,987	762,441
Board designated as program endowment	<u>31,124</u>	<u>24,293</u>
Total without donor restrictions	<u>\$ 1,153,111</u>	<u>786,734</u>

Net assets with donor restrictions consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
General purpose	\$ 253,957	202,142
Field of interest	109,288	84,685
Designated purposes	144,558	112,298
Endowed donor advised funds	<u>35,579</u>	<u>27,488</u>
Total with donor restrictions	<u>\$ 543,382</u>	<u>426,613</u>

**(8) Fixed Assets**

Fixed assets consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Office equipment, computer system, and furniture	\$ 1,076	1,076
Leasehold improvements	<u>4,080</u>	<u>4,080</u>
	5,156	5,156
Less accumulated depreciation	<u>(1,811)</u>	<u>(1,374)</u>
	<u>\$ 3,345</u>	<u>3,782</u>

Depreciation expense was \$436 and \$458 for the years ended June 30, 2021 and 2020, respectively.



BOSTON FOUNDATION, INC.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

**(9) Grant Commitments**

Grants payable of \$5,056 and \$1,418 as of June 30, 2021 and 2020, respectively, represent unconditional promises to other organizations. In addition, as of June 30, 2021 and 2020, the Board of Directors had authorized the payment of certain grants in future periods, subject to certain conditions to be met by the grantees that have not yet met the conditions for accrual in the accompanying consolidated financial statements. Grants subject to such conditions totaled \$14,188 and \$13,607, respectfully.

**(10) Lease Commitments**

The Foundation occupies leased space at 75 Arlington Street. In October 2016, the Foundation amended its lease of the 75 Arlington space to enable moving from the tenth floor to newly renovated space on the third floor with occupancy effective in fiscal 2018 through September 2030.

The Foundation entered into a sublease at 75 Arlington Street, seventh floor, on June 26, 2017 with a commencement date of December 15, 2017 and continuing through October 31, 2026.

The Foundation has calculated rent expense for the initial and amended terms of these leases on the straight-line basis. Amounts currently expensed for which payment is not yet due of \$1,050 are included in accounts payable and accrued liabilities in the June 30, 2021 consolidated statements of financial position. Base rent expense was \$1,361 and \$1,356 for the years ended June 30, 2021 and 2020, respectively. Minimum annual rent payments before real estate taxes and operating expense escalations are as follows:

Fiscal year	75 Arlington 3rd Floor Minimum annual rent payments	75 Arlington 7th floor Minimum annual rent payments
2022	\$ 1,306	194
2023	1,331	198
2024	1,357	202
2025	1,382	206
2026	1,408	210
Thereafter	6,266	88
Total	\$ 13,050	1,098

**(11) Employee Benefit Plans**

The Foundation sponsors a 403(b) defined contribution plan. The current amount contributed by the Foundation for eligible employees is 6% of annual gross salary up to the IRS allowed maximum. All employees are eligible to participate after one year of service. The total cost of the plan charged to the Foundation's operations amounted to \$624 and \$577 for the years ended June 30, 2021 and 2020, respectively.

BOSTON FOUNDATION, INC.

Notes to Consolidated Financial Statements

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The Foundation provides deferred compensation plans for its executives as approved by the Compensation Committee of the Board of Directors. The amount contributed was \$127 and \$142 for the years ended June 30, 2021 and 2020, respectively.

**(12) Functional Expenses**

A summary of the Foundation's functional expenses for funds without donor restrictions for the year ended June 30, 2021 is as follows:

	<u>Operating</u>	<u>Donor advised</u>	<u>Program</u>	<u>Other</u>	<u>Supporting orgs.</u>	<u>Total</u>
Grants	\$ 100	132,165	24,757	16,014	1,186	174,222
Change in split interest	(363)	—	—	—	—	(363)
Salary and benefits	13,571	10	1,339	255	338	15,513
Professional fees	895	806	2,660	342	122	4,825
Meetings, conferences and travel	240	—	254	15	—	509
Marketing	518	23	70	3	6	620
Office expenses	78	15	30	13	2	138
Technology	705	155	32	5	1	898
Occupancy	1,978	—	9	—	2	1,989
Total expenses	<u>\$ 17,722</u>	<u>133,174</u>	<u>29,151</u>	<u>16,647</u>	<u>1,657</u>	<u>198,351</u>

Functional expenses for funds without donor restrictions for the year ended June 30, 2020 is as follows:

	<u>Operating</u>	<u>Donor advised</u>	<u>Program</u>	<u>Other</u>	<u>Supporting orgs.</u>	<u>Total</u>
Grants	\$ 41	175,615	23,758	14,261	1,565	215,240
Change in split interest	499	—	—	—	—	499
Salary and benefits	13,173	—	764	236	324	14,497
Professional fees	1,076	182	2,414	17	73	3,762
Meetings, conferences and travel	687	—	203	17	24	931
Marketing	462	14	167	7	2	652
Office expenses	127	4	3,361	7	4	3,503
Technology	597	25	24	2	6	654
Occupancy	1,968	—	8	—	3	1,979
Total expenses	<u>\$ 18,630</u>	<u>175,840</u>	<u>30,699</u>	<u>14,547</u>	<u>2,001</u>	<u>241,717</u>

**(13) Subsequent Events**

Management has evaluated events subsequent to June 30, 2021 and through November 23, 2021, the date on which the consolidated financial statements were available to be issued.