

**RENAISSANCE CHARITABLE
FOUNDATION, INC.**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

CPAs / ADVISORS



RENAISSANCE CHARITABLE FOUNDATION, INC.

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Renaissance Charitable Foundation, Inc.
Indianapolis, Indiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Renaissance Charitable Foundation, Inc. and its subsidiaries (the "Foundation"), which comprise the consolidated statement of financial position as of December 31, 2019, 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 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 the Foundation as of December 31, 2019, and the consolidated 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 Matter – 2018 Consolidated Financial Statements

The consolidated financial statements of the Foundation as of December 31, 2018, were audited by other auditors whose report dated September 6, 2019, expressed an unmodified opinion on those consolidated statements.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, effective January 1, 2019, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

Blue & Co., LLC

Seymour, Indiana

August 19, 2020

RENAISSANCE CHARITABLE FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018
Cash	\$ 28,645,871	\$ 16,396,146
Investments	1,589,633,146	1,473,391,629
Other assets	2,496,480	2,360,066
Beneficial interest in trusts	<u>2,424,907</u>	<u>2,424,406</u>
Total assets	<u>\$ 1,623,200,404</u>	<u>\$ 1,494,572,247</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 1,527,126	\$ 1,456,459
Grants payable	13,100,549	22,121,537
Line of credit	184,683	355,000
Other payables	<u>811,379</u>	<u>797,929</u>
Total liabilities	15,623,737	24,730,925

Net assets

Without donor restrictions	1,605,151,760	1,467,416,916
With donor restrictions	<u>2,424,907</u>	<u>2,424,406</u>
Total net assets	<u>1,607,576,667</u>	<u>1,469,841,322</u>
Total liabilities and net assets	<u>\$ 1,623,200,404</u>	<u>\$ 1,494,572,247</u>

See accompanying notes to financial statements.

RENAISSANCE CHARITABLE FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES YEAR ENDED DECEMBER 31, 2019 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, gains, and other support				
Contributions	\$ 351,743,248	\$ -0-	\$ 351,743,248	\$ 423,867,068
Investment return, net	266,037,632	-0-	266,037,632	(77,648,791)
Administrative fees	7,822,424	-0-	7,822,424	7,505,495
Change in value of split interest agreements	(4,633)	501	(4,132)	(320,458)
Total revenues, gains, and other support	<u>625,598,671</u>	<u>501</u>	<u>625,599,172</u>	<u>353,403,314</u>
Expenses				
Program services	480,073,268	-0-	480,073,268	326,661,592
Management and general	7,769,483	-0-	7,769,483	7,517,328
Fundraising	21,076	-0-	21,076	25,832
Total expenses	<u>487,863,827</u>	<u>-0-</u>	<u>487,863,827</u>	<u>334,204,752</u>
Change in net assets	137,734,844	501	137,735,345	19,198,562
Net assets, beginning of year	<u>1,467,416,916</u>	<u>2,424,406</u>	<u>1,469,841,322</u>	<u>1,450,642,760</u>
Net assets, end of year	<u>\$ 1,605,151,760</u>	<u>\$ 2,424,907</u>	<u>\$ 1,607,576,667</u>	<u>\$ 1,469,841,322</u>

See accompanying notes to financial statements.

RENAISSANCE CHARITABLE FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributions	\$ 423,867,068	\$ -0-	\$ 423,867,068
Investment return, net	(77,648,791)	-0-	(77,648,791)
Administrative fees	7,505,495	-0-	7,505,495
Change in value of split interest agreements	(1,700)	(318,758)	(320,458)
Total revenues, gains, and other support	353,722,072	(318,758)	353,403,314
Expenses			
Program services	326,661,592	-0-	326,661,592
Management and general	7,517,328	-0-	7,517,328
Fundraising	25,832	-0-	25,832
Total expenses	334,204,752	-0-	334,204,752
Change in net assets	19,517,320	(318,758)	19,198,562
Net assets, beginning of year	1,447,899,596	2,743,164	1,450,642,760
Net assets, end of year	\$ 1,467,416,916	\$ 2,424,406	\$ 1,469,841,322

See accompanying notes to financial statements.

RENAISSANCE CHARITABLE FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019				2018			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Grants to charitable organizations	\$ 480,073,268	\$ -0-	\$ -0-	\$ 480,073,268	\$ 326,661,592	\$ -0-	\$ -0-	\$ 326,661,592
Administration expenses	-0-	7,431,300	-0-	7,431,300	-0-	7,193,338	-0-	7,193,338
Consulting expenses	-0-	184,697	-0-	184,697	-0-	142,323	-0-	142,323
Insurance premiums	-0-	118,054	-0-	118,054	-0-	154,462	-0-	154,462
Miscellaneous expenses	-0-	35,432	-0-	35,432	-0-	27,205	-0-	27,205
Fundraising expenses	-0-	-0-	21,076	21,076	-0-	-0-	25,832	25,832
Total expenses	<u>\$ 480,073,268</u>	<u>\$ 7,769,483</u>	<u>\$ 21,076</u>	<u>\$ 487,863,827</u>	<u>\$ 326,661,592</u>	<u>\$ 7,517,328</u>	<u>\$ 25,832</u>	<u>\$ 334,204,752</u>

See accompanying notes to financial statements.

RENAISSANCE CHARITABLE FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Operating activities		
Change in net assets	\$ 137,735,345	\$ 19,198,562
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Reinvested interest and dividend income received on investments	(44,948,801)	(38,848,261)
Realized and unrealized gain (loss) on investments	(223,582,191)	114,124,474
Non-cash gifts	(148,885,250)	(236,752,453)
Changes in assets and liabilities:		
Other assets	(136,414)	(1,470,420)
Beneficial interest in trusts	(501)	318,758
Accounts payable	70,667	415,027
Grants payable	(9,020,988)	19,054,215
Other payables	13,450	(69,204)
Net cash flows from operating activities	(288,754,683)	(124,029,302)
Investing activities		
Purchases of investments	(478,682,139)	(462,566,741)
Proceeds on sale of investments	779,856,864	602,686,959
Net cash flows from investing activities	301,174,725	140,120,218
Financing activities		
Net repayments under line of credit	(170,317)	(15,000)
Net change in cash	12,249,725	16,075,916
Cash and cash equivalents, beginning of year	16,396,146	320,230
Cash and cash equivalents, end of year	\$ 28,645,871	\$ 16,396,146

See accompanying notes to financial statements.

RENAISSANCE CHARITABLE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Renaissance Charitable Foundation, Inc. ("RCF") was formed in December 2000 pursuant to the provisions of the Indiana Corporation Act of 1991 and is exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") as an organization described in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the IRC and a similar provision of state law. RCF is a public benefit corporation that operates exclusively to conduct, support, encourage and assist religious, charitable, educational and other programs and projects as are described in Sections 170(c)(2)(B), 501(c)(3), 2055(a)(2) and 2522(a)(2) of the IRC. RCF's revenues and other support are derived principally from contributions, investment return and administrative fees.

RCF offers a number of charitable giving programs, including donor-advised funds, charitable gift annuities and endowment funds. RCF markets its charitable programs to donors through the internet, financial advisors, attorneys, CPAs and other financial services professionals. In general, RCF offers donors the opportunity to make lifetime or testamentary gifts to RCF. In addition, RCF offers a private-labeled donor-advised fund program to financial services firms and nonprofits. The program is an integrated turnkey solution that assists financial services firms and nonprofits. RCF has a service agreement with Renaissance Philanthropic Solutions Group ("RenPSG") (formerly Renaissance Administration LLC) to provide RCF with outsourced administrative support services for this program, including transaction processing and accounting, administration and reporting contributions to and distributions from individual donor accounts, customer service support, preparation and filing regulatory reports and tax returns, charitable planning support and other related services.

Principles of Consolidation

The consolidated financial statements include the accounts of RCF and the RCF's wholly-owned subsidiaries, generally referred to as Renaissance Special Gifts Foundation, LLC ("RSGF"). These include RSGF 4, RSGF 7, RSGF 9, RSGF 10, RSGF 11, and RSGF 14.

In September 2017, RCF created a new subsidiary, Renaissance Charitable Supporting Organization Trust ("RST"). RST is recognized by the Internal Revenue Service as a Type 1 Supporting Organization trust that is generally exempt from federal income taxes under Section 501(c)(3) of the IRC as an organization described in Sections 509(a)(3)(B)(i) and 170(b)(1)(A)(viii) of the IRC and similar provisions of state law. RST was created as a trust under South Dakota law. RCF created RST to facilitate and manage charitable gifts that are expected to generate unrelated business income.

These organizations are referred to collectively as the Subsidiaries and are included in these consolidated financial statements. The Subsidiaries were formed on various dates by RCF to accept gifts of real estate and other nonconforming assets. In 2019, RCF closed RSGF 8 and in 2018, RCF closed RSGF 3, RSGF 5 and RSGF 6.

RENAISSANCE CHARITABLE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

All significant intercompany accounts and transactions have been eliminated in consolidation. The consolidated operations of RCF and the Subsidiaries are herein collectively referred to as the "Foundation."

Management's Estimates

Management uses estimates and assumptions in preparing consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported support, revenues and expenses. Actual results could vary from the estimates that were used.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis, and have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Foundation are classified and reported as follows:

Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board of directors (the "Board") and are currently available to fund grants under any charitable purpose as advised by the donor out of their fund.

Net assets with donor restrictions: Net assets subject to charitable remainder trust agreements and charitable lead trust agreements and will be available to the Foundation in future periods.

Investments and Investment Return

The Foundation carries its investments at fair value for financial reporting purposes. Changes in unrealized appreciation or depreciation of investments are reflected in the Consolidated Statements of Activities in the period in which such changes occur.

Interest and dividend income and net unrealized and realized gains and losses on investments are recognized as net assets with or without donor restrictions based upon the existence or absence of donor-imposed restrictions.

Support, Revenues and Expense Recognition

Contributions, which include unconditional promises to give (contributions receivable), are recognized as revenues in the period the contribution is received or the promise is made.

Support and revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other

RENAISSANCE CHARITABLE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions.

The Foundation has administrative fee agreements with the majority of its donor advised fund holders which is considered revenue derived from contracts for services performed. For sales of services, revenue is recognized in the accounting period in which the provided services are rendered to the fund holder. Generally, the transaction price in the contracted administrative fee agreements is known at inception and is allocated to the performance obligations based upon stand-alone selling prices of the promised services.

All other revenue is recorded when earned.

Significant Financing Component

The Foundation does not enter into contracts in which the period between transfer of services to the fund holder and payment by the fund holder is greater than one year. Therefore, the Foundation has elected a practical expedient in which consideration amounts are not adjusted for the time value of money.

Consolidated Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Consolidated Statements of Activities and Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. All expenses are recorded directly to both their natural and functional classification. Therefore, no allocation of expenses is necessary.

Income Taxes

The Foundation is organized as a not-for-profit corporation under Section 501(c)(3) of the IRC.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Foundation, and has concluded that as of December 31, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying consolidated financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

As such, the Foundation is generally exempt from income taxes. However, the Foundation is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only. With the exception of RST, the activities of the RSGF subsidiaries are

RENAISSANCE CHARITABLE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

combined with the activities of the Foundation for tax purposes. RST files a separate return that is not consolidated with the Foundation and other supporting entities.

Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the Foundation's ability to continue as a going concern for a period of one year from the date the consolidated financial statements were available to be issued.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current method of presentation. These reclassifications have no effect on previously reported net assets.

Subsequent Events

The Foundation has evaluated events or transactions occurring subsequent to the Consolidated Statement of Financial Position date for recognition and disclosure in the accompanying consolidated financial statements through the date the consolidated financial statements were available to be issued, which is August 19, 2020.

2. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2019, the Foundation has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (ASC 606), as issued in May 2014 by the Financial Accounting Standards Board (FASB), which supersedes the revenue recognition requirements in FASB Accounting Standards Codification Topic 605 (ASC 605), *Revenue Recognition* (ASC 605). The core principle of this new guidance is that "an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services". In accordance with ASC 606, the Foundation has adopted the requirements using the modified retrospective approach. Adoption of the new guidance resulted in changes to the Foundation's accounting policies for revenue recognition. Under the modified retrospective approach, any cumulative effects of initial application are to be presented as an adjustment to the opening balance of net assets in the year of adoption. No adjustment to the opening balance of net assets was necessary upon adoption by the Foundation.

RENAISSANCE CHARITABLE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

3. INVESTMENTS

Investments as of December 31, 2019 and 2018 consist of the following:

	2019	2018
Money market funds and cash equivalents	\$ 180,264,921	\$ 202,932,889
Equity securities	147,800,521	102,128,086
Fixed income securities	11,615,851	9,074,468
Mutual funds		
Equity funds	895,654,506	625,827,542
Fixed income funds	6,893	165,065
Other mutual funds	5,096,712	2,725,039
Common/collective trust funds	17,371,715	261,392,453
Alternative investments - hedge funds	223,568,053	189,175,688
Other	108,253,974	79,970,399
	<u>\$ 1,589,633,146</u>	<u>\$ 1,473,391,629</u>

4. RISK AND UNCERTAINTIES

The Foundation holds investments (Note 3). Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying consolidated financial statements.

5. FAIR VALUE MEASUREMENTS

Effective January 1, 2019, the Foundation early adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this ASU removed and modified certain disclosure requirements in Topic 820. As such, the fair value measurement disclosures for 2019 and 2018 have been restated for these changes.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

RENAISSANCE CHARITABLE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

- *Money market funds and cash equivalents:* Generally transact subscription and redemption activity at a \$1 stable net asset value (NAV); however, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.
 - *Equity securities:* Valued at the closing price reported on the active market on which the individual securities are traded.
 - *Fixed income securities:* Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
 - *Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end and closed-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The funds held by the Foundation are deemed to be actively traded.
 - *Common/collective trust funds:* Valued at the net asset value (NAV) of units of a collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be
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RENAISSANCE CHARITABLE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

probable that the fund will sell the investment for an amount different than the reported NAV. Transactions (purchases and sales) may occur daily. Were the Foundation to initiate a full redemption of the collective trust, the investment advisor reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

- *Alternative investments – hedge funds:* Valued at the NAV of the units of the funds, as provided by the investment managers. The NAV is based on the fair value of the underlying investments held by the funds less their liabilities.
- *Other investments:* For other investments that are not publicly traded, the Foundation may use various inputs to determine fair value. Such inputs may include one, or a combination of, observable inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data market research publications. Other investments that do not have sufficient activity or liquidity include primarily interest in limited liability partnerships. In most instances, the values of the limited liability partnerships are estimated using the fair value of the investments held by the limited liability partnerships discounted at rates ranging between 0% and 10% for the lack of an active market on these limited liability partnerships.
- *Beneficial interest in trusts:* Fair value is determined by subtracting the present value of future payments to beneficiaries using published life expectancy tables, discount rates ranging from 1.69% to 2.09% and payout rates ranging from 5% to 6% from the fair value of the trust assets.

The following table sets forth by level, within the hierarchy, the Foundation's assets measured at fair value on a recurring basis as of December 31, 2019 and 2018:

	2019			
	Level 1	Level 2	Level 3	Total
Money market funds and cash equivalents	\$ 180,264,921	\$ -0-	\$ -0-	\$ 180,264,921
Equity securities	144,863,387	2,937,134	-0-	147,800,521
Fixed income securities	1,074,373	10,541,478	-0-	11,615,851
Mutual funds	900,257,699	500,412	-0-	900,758,111
Other	4,257,079	3,727	103,993,168	108,253,974
Beneficial interest in trusts	-0-	-0-	2,424,907	2,424,907
Total assets in the fair value hierarchy	1,230,717,459	13,982,751	106,418,075	1,351,118,285
Common/collective trust funds*	-0-	-0-	-0-	17,371,715
Alternative investments - hedge funds*	-0-	-0-	-0-	223,568,053
Total assets at fair value	<u>\$1,230,717,459</u>	<u>\$ 13,982,751</u>	<u>\$ 106,418,075</u>	<u>\$1,592,058,053</u>

RENAISSANCE CHARITABLE FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

	2018			Total
	Level 1	Level 2	Level 3	
Money market funds and cash equivalents	\$ 202,932,889	\$ -0-	\$ -0-	\$ 202,932,889
Equity securities	99,829,628	2,298,458	-0-	102,128,086
Fixed income securities	5,988,048	3,086,420	-0-	9,074,468
Mutual funds	367,325,193	261,392,453	-0-	628,717,646
Other	5,421,047	5,667,714	68,881,638	79,970,399
Beneficial interest in trusts	-0-	-0-	2,424,406	2,424,406
Total assets in the fair value hierarchy	681,496,805	272,445,045	71,306,044	1,025,247,894
Common/collective trust funds*	-0-	-0-	-0-	261,392,453
Alternative investments - hedge funds*	-0-	-0-	-0-	189,175,688
Total assets at fair value	<u>\$ 681,496,805</u>	<u>\$ 272,445,045</u>	<u>\$ 71,306,044</u>	<u>\$1,475,816,035</u>

* In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented at fair value in the consolidated statement of financial position.

A summary of common/collective trust funds, including balances and restrictions on redemption as of December 31, 2019 and 2018, is as follows:

<u>December 31, 2019</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Short-term cash	\$ 17,371,715	None	Daily	Same day
<u>December 31, 2018</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Short-term cash	\$ 12,408,540	None	Daily	Same day
Equity funds	238,493,493	None	Daily or monthly	1 to 11 days
Fixed income funds	9,024,940	None	Monthly	8 to 9 days
Other mutual funds	1,465,480	None	Monthly or quarterly	1 to 30 days

These categories include common trust funds, unit investment trusts, and real estate investment trusts that are not actively traded on public exchanges. While these funds are similar in many respects to mutual funds, they impose limitations or restrictions on the ability to redeem shares. The corresponding fair values of the investments in these funds are estimated using the estimated fair values provided by the fund.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

A summary of hedge funds, including balances and restrictions on redemption as of December 31, 2019 and 2018, is as follows:

<u>December 31, 2019</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Hedge Funds	\$ 223,568,053	None	Semi-annually	30 days

<u>December 31, 2018</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Hedge Funds	\$ 189,175,688	None	Semi-annually	30 days

These categories include investments that take both long and short positions across asset classes. Management of the funds has the ability to shift investments among differing investment strategies. The remaining restriction period for these investments was six months at December 31, 2019.

Due to the nature of the investments held by the hedge funds, changes in market conditions and the economic environment may significantly impact the net asset value of the hedge funds and, consequently, the fair value of the Foundation's interest in the fund. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if the Foundation were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.

The progression of Level 3 investments during the years ended December 31, 2019 and 2018 is as follows:

	2019	2018
Beginning balance	\$ 71,306,044	\$ 46,029,927
Contributions received	28,921,517	25,728,643
Disbursements	(3,119,309)	(1,293,644)
Investment return, net	9,309,823	841,118
Ending balance	\$ 106,418,075	\$ 71,306,044

The primary, material portion of Level 3 investments represents investments in limited liability companies and limited partnerships.

RENAISSANCE CHARITABLE FOUNDATION, INC.

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The Foundation values the investments in good faith based on the available information, including independent pricing services, brokerage statements, investment manager reports, audited financial statements and subscription documents. Considerable judgement is required to evaluate the inputs used in the fair value measurement and classification into the fair value hierarchy. Accordingly, it is possible that different valuation models or alternative inputs could result in materially different fair value measurements and different levels within the fair value hierarchy. In instances where either a timing issue or lack of information may impact the valuation of an investment, the Foundation may apply a discount to reflect the related impact on valuation.

6. BENEFICIAL INTEREST IN TRUSTS

The Foundation is the beneficiary under charitable remainder trusts and charitable lead trusts administered by RenPSG. Under the terms of the charitable remainder trusts, the Foundation has the irrevocable right to receive a specified percentage of the remaining trust assets upon the death of the income beneficiaries or the end of a specified term of years. Under the terms of the charitable lead trusts, the Foundation receives an irrevocable annuity or unitrust amount at least annually for a qualified measuring life or a term of years. The interest in charitable remainder trusts and charitable lead trust of \$2,424,907 and \$2,424,406 at December 31, 2019 and 2018, respectively, represents the present value of the expected net cash proceeds ultimately payable to the Foundation and is considered to be a reasonable estimate of fair value. The discount range used by the Foundation to value its interest was 1.69% to 2.09% in 2019 and 2.76% to 3.31% in 2018. The date of termination of the trusts was determined based on the applicable mortality tables.

7. GRANTS PAYABLE

At December 31, 2019 and 2018, the Foundation had awarded, but not disbursed, \$13,100,549 and \$22,121,537, respectively, of grants to various recipients. The grants were paid subsequent to the end of the year.

8. LINE OF CREDIT

The Foundation has a secured revolving line of credit in the amount of \$300,000, which is subject to renewal in August 2020, and carries a variable interest rate equal to prime but never to be less than 4.00%. The applicable interest rate at December 31, 2019, was 4.75%. The line of credit is secured by substantially all of the Foundation's assets. The Foundation had borrowings outstanding under this agreement of \$184,683 and \$185,000 at December 31, 2019 and 2018, respectively.

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9. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 and 2018, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 28,645,871	\$ 16,396,146
Investments	1,485,639,978	1,404,509,991
Other assets	<u>1,665,520</u>	<u>1,537,923</u>
	<u>\$ 1,515,951,369</u>	<u>\$ 1,422,444,060</u>

The Foundation receives support without donor restrictions from the investment return on its investments and contributions. General expenditures include grant commitments made during the year and subsequent year, administrative and general expenses, and fundraising expenses.

The Foundation manages its cash available to meet general expenditures following certain principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets, and maintaining sufficient reserves to provide reasonable assurance for grant commitments supporting the mission fulfillment and sustainability of the Foundation. The Foundation also has the ability to borrow up to \$300,000 as part of its line of credit agreement as discussed in Note 8.

10. RELATED PARTY TRANSACTIONS

The Foundation and RenPSG are related parties that are not financially interrelated organizations. The board of the Foundation includes two employees of RenPSG, and RenPSG provides certain administration services for the Foundation, which are outlined in an Administrative Services Agreement. In exchange for these services, the Foundation pays an administrative fee to RenPSG, which is based on 95% of the value of administrative fee revenue earned by the Foundation from individual fund holder accounts. Administrative fees paid to RenPSG for the years ended December 31, 2019 and 2018 were \$7,431,300 and \$7,193,338, respectively.

The Foundation had an unsecured line of credit in the amount of \$500,000 with RenPSG. This agreement bore an interest rate based on the prime rate. This agreement was terminated during 2019. The Foundation had borrowings outstanding under this agreement of \$170,000 at December 31, 2018.

RENAISSANCE CHARITABLE FOUNDATION, INC.

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11. CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash in bank deposit accounts insured by the Federal Deposit Insurance Corporation at its current coverage levels. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash.

Investments and money market funds are managed by several investment firms. Such balances exceed the Securities Investor Protection Corporation insured limits of up to \$500,000.

12. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the Foundation's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, additional costs for responding to COVID-19, increased demand for grants, delays, loss of, or reduction to, revenue, contributions and funding, and investment portfolio declines. Management believes the Foundation is taking appropriate actions to respond to the pandemic, however, the full impact is unknown and cannot be reasonably estimated at the date the consolidated financial statements were available to be issued.