

WASHINGTON POLICY CENTER

Reviewed Financial Statements
December 31, 2021 and 2020

Table of Contents

	Page
Independent Accountant's Review Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6-14

Amanda O'Rourke, CPA
Matt Smith, CPA
Claire Chow, CPA
Jason Mallon, CPA



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Washington Policy Center
Seattle, Washington

We have reviewed the accompanying financial statements of Washington Policy Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Washington Policy Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Greenwood Ohlund

Seattle, Washington
June 21, 2022

WASHINGTON POLICY CENTER

STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

ASSETS	2021	2020
Current Assets		
Cash and cash equivalents	\$ 1,165,624	\$ 1,130,093
Contributions receivable	1,587,903	1,115,338
Prepaid expenses and other assets	82,075	91,428
Total current assets	2,835,602	2,336,859
Endowment Investments	2,593,263	1,980,742
Contributions Receivable, net of current portion	903,334	502,000
Property and Equipment, net	19,226	29,915
Total assets	<u>\$ 6,351,425</u>	<u>\$ 4,849,516</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and other liabilities	\$ 135,428	\$ 121,362
Net Assets		
Without donor restrictions	3,624,449	3,027,005
With donor restrictions	2,591,548	1,701,149
Total net assets	6,215,997	4,728,154
Total liabilities and net assets	<u>\$ 6,351,425</u>	<u>\$ 4,849,516</u>

See independent accountant's review report and accompanying notes to financial statements.

WASHINGTON POLICY CENTER

STATEMENTS OF ACTIVITIES For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Contributions	\$ 2,582,847	\$ 1,813,667	\$ 4,396,514	\$ 2,214,688	\$ 515,800	\$ 2,730,488
Special events revenue	700,781	-	700,781	902,794	339,000	1,241,794
Special events - direct benefit to donors	(536,782)	-	(536,782)	(273,411)	-	(273,411)
In-kind contributions	60,818	-	60,818	87,003	-	87,003
Program service revenue	8,314	-	8,314	71,043	-	71,043
Net assets released from restrictions	938,263	(938,263)	-	1,067,966	(1,067,966)	-
Total public support and revenue	3,754,241	875,404	4,629,645	4,070,083	(213,166)	3,856,917
Expenses						
Program services	2,441,935	-	2,441,935	2,763,060	-	2,763,060
Management and general	403,240	-	403,240	361,508	-	361,508
Fundraising	651,005	-	651,005	580,365	-	580,365
Total expenses	3,496,180	-	3,496,180	3,704,933	-	3,704,933
Change in net assets before investment earnings (losses)	258,061	875,404	1,133,465	365,150	(213,166)	151,984
Investment Return	339,383	14,995	354,378	189,505	8,905	198,410
Change in net assets	597,444	890,399	1,487,843	554,655	(204,261)	350,394
Net Assets, beginning of year	3,027,005	1,701,149	4,728,154	2,472,350	1,905,410	4,377,760
Net Assets, end of year	<u>\$ 3,624,449</u>	<u>\$ 2,591,548</u>	<u>\$ 6,215,997</u>	<u>\$ 3,027,005</u>	<u>\$ 1,701,149</u>	<u>\$ 4,728,154</u>

See independent accountant's review report and accompanying notes to financial statements.

WASHINGTON POLICY CENTER

STATEMENTS OF FUNCTIONAL EXPENSES For the Years Ended December 31, 2021 and 2020

	2021				2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries, benefits, and taxes	\$ 1,649,067	\$ 240,830	\$ 388,296	\$ 2,278,193	\$ 1,614,962	\$ 240,921	\$ 393,712	\$ 2,249,595
Event rooms, meals and other	34,660	-	611,532	646,192	17,448	-	273,411	290,859
Advertising and promotion	439,749	-	-	439,749	716,359	-	-	716,359
Printing and postage	56,601	844	97,086	154,531	79,597	1,123	104,824	185,544
Miscellaneous	25,230	78,394	41,405	145,029	54,407	39,212	32,481	126,100
Occupancy	101,125	12,641	12,641	126,407	108,939	13,617	13,617	136,173
Professional fees	10,258	35,236	16,309	61,803	12,537	55,082	16,499	84,118
Office expense	41,178	2,924	6,239	50,341	51,477	4,609	8,342	64,428
Travel	33,877	-	6,239	40,116	19,595	-	2,995	22,590
Bad debt expense	-	25,150	-	25,150	-	-	-	-
Grants	20,000	-	-	20,000	20,000	-	-	20,000
Insurance	5,929	5,929	5,929	17,787	5,447	5,446	5,447	16,340
Contract services	15,600	-	-	15,600	52,251	-	-	52,251
Depreciation and amortization	8,661	1,292	2,111	12,064	10,041	1,498	2,448	13,987
Total expenses	2,441,935	403,240	1,187,787	4,032,962	2,763,060	361,508	853,776	3,978,344
Less: direct benefit to donors	-	-	(536,782)	(536,782)	-	-	(273,411)	(273,411)
	<u>\$ 2,441,935</u>	<u>\$ 403,240</u>	<u>\$ 651,005</u>	<u>\$ 3,496,180</u>	<u>\$ 2,763,060</u>	<u>\$ 361,508</u>	<u>\$ 580,365</u>	<u>\$ 3,704,933</u>

See independent accountant's review report and accompanying notes to financial statements.

WASHINGTON POLICY CENTER

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 1,487,843	\$ 350,394
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Endowment contributions	(16,500)	(3,800)
Depreciation and amortization	12,064	13,987
Realized and unrealized gains on investments	(306,279)	(182,480)
Changes in operating assets and liabilities		
Contributions receivable	(873,899)	223,061
Prepaid expenses and other assets	9,353	31,025
Accounts payable and other liabilities	14,066	(21,421)
Net cash flows from operating activities	326,648	410,766
Cash Flows from Investing Activities		
Purchases of investments	(306,242)	(15,885)
Purchase of property and equipment	(1,375)	(13,873)
Net cash flows from investing activities	(307,617)	(29,758)
Cash Flows from Financing Activity		
Endowment contributions	16,500	3,800
Net change in cash and cash equivalents	35,531	384,808
Cash and Cash Equivalents, beginning of the year	1,130,093	745,285
Cash and Cash Equivalents, end of the year	\$ 1,165,624	\$ 1,130,093

See independent accountant's review report and accompanying notes to financial statements.

WASHINGTON POLICY CENTER

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

Washington Policy Center (the Center) is an independent, Washington State 501(c)(3) non-profit organization that promotes free-market solutions to state and local issues through research and education. The Center serves citizens, policymakers, and the media in Washington through media outreach, publications, a young professionals group, conferences, and forums on both national and local issues. The Center has eight research centers focused on agriculture policy, education reform, environmental policy, health care policy, government reform, small business, worker rights, and transportation policy. Almost all of these research centers have their own full-time director to focus on their policy area. The Center also developed and maintains a free legislative website, WashingtonVotes.org, for citizens to track legislative activity.

The Center has a staff of 24 and an annual budget of approximately \$4.6 million, making it one of the largest state-based think tanks in the country. The Center has a presence across the state with staff in Seattle, Olympia, Vancouver, Moses Lake, Tri-Cities, and Spokane.

The Center is on sound financial footing as well. In 2012, the Center launched its highly successful Pillar Society/Major Gifts Initiative, which asks the Center supporters for a three-year pledge of support at different high dollar giving levels. This provides its most loyal donors a fair and transparent plan of what benefits they can expect to receive from the Center each year and provides convenience, recognition, and relief to donors from multiple requests. Contributions from Pillar Society members were \$2,813,000 and \$1,624,424 during the years ended December 31, 2021 and 2020, respectively. At the end of 2021, the Pillar Society/Major Gifts Initiative had raised over \$14 million from over 245 donors, each pledging a minimum of \$5,000 per year for three years. Over 95% of the Center's support and revenue come from sources in Washington State.

In 2019, the Center's board and staff developed a new, three-year strategic plan, which started in January 2020. The plan has four main objectives: investing for increased capacity and impact, extending the Center's reach/service to the state, building alliances, and improving communication effectiveness. Part of the plan was launching the Free-Markets Create/Destroy campaign in Spring 2020 which celebrates the power of free-markets to tackle humanity's most daunting challenges like hunger, disease, climate change, and more. The campaign includes a robust marketing plan to reach and educate a younger audience.

In 2021, the Center continued to weather the COVID pandemic, but monitored expenses, and pursued a full workload working remotely, adding virtual events, new COVID-related policy challenges to our workplan, and providing research relevant to our key areas of research. The Center's donors enthusiastically responded by continuing or even increasing their financial support. At the same time, the Center was still able to achieve our strategic media metric goals.

Financial Statement Presentation

The Center reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

WASHINGTON POLICY CENTER

NOTES TO FINANCIAL STATEMENTS

Net assets without donor restrictions are available without restriction for support of the Center's operations. The Center has designated \$2,492,952 and \$1,896,931 of net assets without donor restrictions at December 31, 2021 and 2020, respectively, for program enhancement (a quasi-endowment, see Note 3).

Some net assets with donor restrictions are temporary in nature and consist of unexpended contributions restricted for future time periods. Other net assets have perpetual donor restrictions, where the principal of the contributions is restricted in perpetuity and the income from which is utilized for the purposes specified by the donors. Net assets with temporary donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted programs or as the time restrictions are met.

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. Expirations of restrictions on net assets (the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions and investment gains are reported as without donor restrictions if donor restrictions are met in the year the contribution or the investment gain is earned.

Net assets with donor restrictions are as follows at December 31:

	<u>2021</u>	<u>2020</u>
Net Assets with Time Restrictions		
Time restricted	\$ 2,491,237	\$ 1,617,338
Net Assets with Perpetual Endowment Restrictions		
General endowment	<u>100,311</u>	<u>83,811</u>
	<u>\$ 2,591,548</u>	<u>\$ 1,701,149</u>

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents (unless those funds are held for long-term purposes and classified as investments). The Center holds cash and cash equivalents in excess of federally insured limits. The Center has not experienced any losses in these accounts, and management does not believe it is exposed to any significant risk.

WASHINGTON POLICY CENTER

NOTES TO FINANCIAL STATEMENTS

Contributions Receivable

Contributions receivable consist of pledges from various entities, but not yet received. Short-term contributions are recorded at net realizable value. Long-term contributions receivable are recognized at fair value (at the time of donation) and are measured at the present value of their expected cash flow. In arriving at fair value, management considers discounting these contributions using an estimated risk-adjusted discount rate and an allowance for doubtful accounts. Management has determined that a discount and allowance for doubtful accounts was not necessary at December 31, 2021 and 2020.

Contributions receivable consist of the following and are included in the statements of financial position as follows at December 31:

	2021	2020
Contributions receivable in less than one year (current)	\$ 1,587,903	\$ 1,115,338
Contributions receivable in one to five years (noncurrent)	903,334	502,000
	<u>\$ 2,491,237</u>	<u>\$ 1,617,338</u>

Fair Value Measurements

Fair value is a market-based measurement determined based on assumptions that market participants would use in pricing an asset or liability. There are three levels that prioritize the inputs used in measuring fair value as follows:

- Level 1: Observable market inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable market inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable market inputs where there is little or no market data, which require the reporting entity to develop its own assumptions.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments

The Center records its investments in marketable securities at their fair values in the statements of financial position. The fair value of investments was determined using Level 1 observable market inputs, within the fair value hierarchy, consisting of quoted prices in active markets (such as national exchanges) for identical assets. Certain cash and cash equivalents are classified as investments based on their inclusion in investment portfolios. Investments are classified as long-term assets, as they are held for the endowment (see Note 4 for further discussion).

WASHINGTON POLICY CENTER

NOTES TO FINANCIAL STATEMENTS

Investments consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 112,469	\$ 39,342
Equity mutual funds	1,908,461	1,539,527
Bond mutual funds	<u>572,333</u>	<u>401,873</u>
	<u>\$ 2,593,263</u>	<u>\$ 1,980,742</u>

Investment return is reported on the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

Property and Equipment

Property and equipment are stated at cost, or fair value if donated. All purchases greater than \$500 with a useful life of three years or longer are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Computers and equipment are depreciated over five to ten years, and software is amortized over three years. The cost of maintenance and repairs is charged to expense as incurred.

Property and equipment are as follows at December 31:

	<u>2021</u>	<u>2020</u>
Computers and equipment	\$ 77,499	\$ 76,124
Software	<u>90,770</u>	<u>90,770</u>
	168,269	166,894
Less: accumulated depreciation and amortization	<u>(149,043)</u>	<u>(136,979)</u>
	<u>\$ 19,226</u>	<u>\$ 29,915</u>

Revenue Recognition

Contributions (including those received through special events) are recorded when unconditionally pledged as without donor restrictions and with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Program service revenue are derived from fees earned from customers who participate in conferences and other programmatic events, speaking engagements, policy reviews, and other. Program service revenue is recognized when the performance obligation is satisfied at the time the services are provided, and no contract assets or liabilities are recognized. The transaction price for each service is based on published rates.

WASHINGTON POLICY CENTER

NOTES TO FINANCIAL STATEMENTS

In-Kind Contributions

Donated goods, if material in amount, are recorded at their estimated fair value at the date of donation. A substantial number of volunteers have made significant contributions of time to the Center. The value of this contributed time does not meet the criteria for recognition under accounting standards and, accordingly, is not reflected in the accompanying financial statements.

In-kind contributions were received for the following services during the years ended December 31:

	2021	2020
Event goods and other	\$ 35,664	\$ 22,256
Advertising	24,885	24,930
Professional services	269	30,269
Facilities	-	9,548
	<u>\$ 60,818</u>	<u>\$ 87,003</u>

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Center have been summarized on a functional basis in the statements of activities and functional expenses. Certain expenses are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on an estimate of personnel time and usage for the related activities. The majority of expenses are allocated based on payroll costs, which are tracked using time and effort reporting by employees. Printing and postage, occupancy, miscellaneous, professional fees, and office expenses are allocated based on time and effort.

Advertising and Promotion

The Center uses advertising to promote its programs among the audiences it serves and its fundraising events. Advertising and promotion costs are expensed as incurred. Advertising and promotion expense for the years ended December 31, 2021 and 2020 totaled \$439,749 and \$716,359, respectively.

Income Taxes

The Internal Revenue Service has determined that the Center is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). As such, it is subject to income taxes only on unrelated business income. During the years ended December 31, 2021 and 2020, the Center had no unrelated business income and, accordingly, no provision for federal income taxes has been reported in the accompanying financial statements.

Subsequent Events

The Center has evaluated subsequent events through the date these financial statements were available to be issued, which was June 21, 2022.

WASHINGTON POLICY CENTER

NOTES TO FINANCIAL STATEMENTS

Note 2 – Liquidity and Availability of Resources

The Center regularly monitors its current and future needs for operations to ensure it has sufficient funds on hand to cover its operating expenses. In addition to financial assets disclosed below, the Center has an unsecured line-of-credit in the amount of \$200,000, which it could draw upon in the event of an unanticipated liquidity need. There was no outstanding balance or any draws/repayments on this line of credit as of and for the years ended December 31, 2021 and 2020.

The Center intends to invest cash in excess of anticipated needs for one year in its board-designated endowment fund to increase investment yields.

The following table reflects the Center's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions with donors or internal board designations. Amounts not available include board-designated funds that are intended to fund special board initiatives not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

	2021	2020
Financial Assets:		
Cash and cash equivalents	\$ 1,165,624	\$ 1,130,093
Contributions receivable	2,491,237	1,617,338
Investments	2,593,263	1,980,742
	<u>6,250,124</u>	<u>4,728,173</u>
Amounts Not Available to be Used Within One Year:		
Contributions receivable not collectible within the next year	(903,334)	(502,000)
Net assets with board designations	(2,492,952)	(1,896,931)
Net assets with donor restrictions for endowments	(100,311)	(83,811)
	<u>\$ 2,753,527</u>	<u>\$ 2,245,431</u>

THIS SPACE HAS INTENTIONALLY BEEN LEFT BLANK

WASHINGTON POLICY CENTER

NOTES TO FINANCIAL STATEMENTS

Note 3 – Related Party Transactions

The Center leases its primary office space in Seattle from a company owned by a board member under a month-to-month agreement. Total expense incurred under the lease was \$116,028 for each of the years ending December 31, 2021 and 2020.

Board members made contributions to the Center of \$932,460 and \$444,720 during the years ended December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, contributions receivable from board members were \$696,060 and \$285,000, respectively.

Note 4 – Endowment

The Center's endowment includes one individual perpetual fund for the purpose of providing general support as well as funds designated by the Board of Directors to function as endowments (quasi-endowments). As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Center has interpreted the State of Washington Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as net assets with perpetual donor restrictions as (a) the original value of gifts donated to the perpetual endowment, plus (b) the original value of subsequent gifts to the perpetual endowment and accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with perpetual donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Center considers the following factors in deciding to appropriate or accumulate donor-restricted funds:

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

WASHINGTON POLICY CENTER

NOTES TO FINANCIAL STATEMENTS

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

	2021			
	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Earnings	Perpetual	
Endowment net assets, beginning of year	\$ 1,896,931	\$ -	\$ 83,811	\$ 1,980,742
Investment return				
Interest and dividends	46,042	2,057	-	48,099
Net appreciation (realized and unrealized) in investments	293,341	12,938	-	306,279
Total investment return	339,383	14,995	-	354,378
Contributions received	-	-	16,500	16,500
Transfers in	250,000	-	-	250,000
Appropriation of endowment earnings for expenditure, net of reinvestment in endowment	6,638	(14,995)	-	(8,357)
Endowment net assets, end of year	<u>\$ 2,492,952</u>	<u>\$ -</u>	<u>\$ 100,311</u>	<u>\$ 2,593,263</u>
	2020			
	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Earnings	Perpetual	
Endowment net assets, beginning of year	\$ 1,702,366	\$ -	\$ 80,011	\$ 1,782,377
Investment return				
Interest and dividends	15,215	715	-	15,930
Net appreciation (realized and unrealized) in investments	174,290	8,190	-	182,480
Total investment return	189,505	8,905	-	198,410
Contributions received	-	-	3,800	3,800
Transfers out, net				
Appropriation of endowment earnings for expenditure	5,060	(8,905)	-	(3,845)
Endowment net assets, end of year	<u>\$ 1,896,931</u>	<u>\$ -</u>	<u>\$ 83,811</u>	<u>\$ 1,980,742</u>

WASHINGTON POLICY CENTER

NOTES TO FINANCIAL STATEMENTS

Return Objectives and Risk Parameters

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Center must hold in perpetuity or for a donor-specified period, as well as quasi-endowment funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to protect principal while maximizing returns within parameters of reasonable and prudent risk. The Center's goal is to manage the funds to provide a total return over a five-year rolling period exceeding the Consumer Price Index plus administrative costs. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Center makes available for spending an amount equal to the sum of the assumed long-term future net investment returns minus the sum of the assumed long-term rate of inflation plus net of investment fees. The Center shall annually analyze the spending guideline in light of various factors to determine the actual amount to be distributed.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Center to retain as a fund of perpetual duration. There were no deficiencies of this nature at December 31, 2021 or 2020.