The Edna McConnell Clark Foundation

Consolidated Financial Report
September 30, 2020

Contents

Independent Auditor's Report

Board of Trustees
The Edna McConnell Clark Foundation

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of The Edna McConnell Clark Foundation, which comprise the consolidated statements of financial position as of September 30, 2020 and 2019, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

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.

Auditor's Responsibility
Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of The Edna McConnell Clark Foundation as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 2 to the financial statements, The Edna McConnell Clark Foundation adopted Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, during the year ended September 30, 2020 utilizing the full retrospective application method. The adoption of the standard resulted in the adjustment of certain balances previously reported in 2019, including a cumulative effect adjustment to 2019 beginning net assets. Our opinion is not modified with respect to this matter.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and results of activities of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

RSM US LLP

Chicago, Illinois
February 26, 2021

The Edna McConnell Clark Foundation

Consolidated Statements of Financial Position
September 30, 2020 and 2019

	2020	2019 (Adjusted)
Assets		
Cash and cash equivalents	**$ 62,676,877**	$ 7,171,785
Investments, at fair value	**1,018,344,478**	875,764,751
Partner contributions receivable, net	**1,141,462,025**	838,145,774
Other assets	**871,573**	1,123,685
	$ 2,223,354,953	$ 1,722,205,995
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 1,087,790**	$ 910,016
Grants payable	**8,340,002**	-
Deferred federal excise tax	**376,739**	563,788
	9,804,531	1,473,804
Net assets:		
Without donor restrictions	**734,853,046**	793,012,933
With donor restrictions	**1,478,697,376**	927,719,258
	2,213,550,422	1,720,732,191
	$ 2,223,354,953	$ 1,722,205,995

See notes to consolidated financial statements.

The Edna McConnell Clark Foundation

Consolidated Statements of Activities
Years Ended September 30, 2020 and 2019

	2020			2019 (Adjusted)		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:						
Investment return:						
Net realized gains	**$ 25,133,025**	**$ 7,160,156**	**$ 32,293,181**	$ 40,241,020	$ 129,306	$ 40,370,326
Net (decrease) increase in unrealized gains net of deferred federal excise taxes	**(18,706,872)**	**(311,894)**	**(19,018,766)**	12,842,953	274,744	13,117,697
Interest and dividend income	**15,627,558**	**1,047,312**	**16,674,870**	20,592,864	1,715,647	22,308,511
Investment management expenses	**(1,522,178)**	**(530,066)**	**(2,052,244)**	(2,485,628)	-	(2,485,628)
	20,531,533	**7,365,508**	**27,897,041**	71,191,209	2,119,697	73,310,906
Partner contributions	**-**	**866,532,810**	**866,532,810**	6,197,007	586,130,515	592,327,522
Net assets released from restrictions	**322,920,200**	**(322,920,200)**	**-**	84,586,000	(84,586,000)	-
	343,451,733	**550,978,118**	**894,429,851**	161,974,216	503,664,212	665,638,428
Expenses:						
Program services:						
Grants awarded	**374,587,866**	**-**	**374,587,866**	202,882,963	-	202,882,963
Program and grant management expenses	**22,188,187**	**-**	**22,188,187**	19,184,113	-	19,184,113
	396,776,053	**-**	**396,776,053**	222,067,076	-	222,067,076
Support services:						
Administration and general expenses	**1,919,100**	**-**	**1,919,100**	2,110,841	-	2,110,841
Fundraising expenses	**1,418,207**		**1,418,207**	1,121,871	-	1,121,871
	3,337,307	**-**	**3,337,307**	3,232,712	-	3,232,712
Federal excise taxes	**1,498,260**	**-**	**1,498,260**	667,738	-	667,738
	401,611,620	**-**	**401,611,620**	225,967,526	-	225,967,526
(Decrease) increase in net assets	**(58,159,887)**	**550,978,118**	**492,818,231**	(63,993,310)	503,664,212	439,670,902
Net assets:						
Beginning of year, as previously reported				857,006,243	42,699,437	899,705,680
Cumulative effect adjustment related to adoption of ASU 2018-08				-	381,355,609	381,355,609
Beginning of year, as adjusted	**793,012,933**	**927,719,258**	**1,720,732,191**	857,006,243	424,055,046	1,281,061,289
End of year	**$ 734,853,046**	**$ 1,478,697,376**	**$ 2,213,550,422**	$ 793,012,933	$ 927,719,258	$ 1,720,732,191

See notes to consolidated financial statements.

The Edna McConnell Clark Foundation

Consolidated Statement of Functional Expenses
Year Ended September 30, 2020

	Program Services	Support Services		
	Program and Grant Management	Administration and General	Fundraising	Total
Grants	$ 374,587,866	$ -	$ -	$ 374,587,866
Salaries and benefits	10,965,634	1,580,942	1,205,041	13,751,617
Occupancy	753,031	110,936	51,966	915,933
Professional services	9,290,545	141,089	94,542	9,526,176
Information technologies	320,503	27,723	22,118	370,344
Travel	265,929	4,581	3,655	274,165
Office expenses	220,799	21,625	15,195	257,619
Other	371,746	32,204	25,690	429,640
Total expenses before taxes	396,776,053	1,919,100	1,418,207	400,113,360
Tax expense	1,296,696	112,136	89,428	1,498,260
Total expenses	$ 398,072,749	$ 2,031,236	$ 1,507,635	$ 401,611,620

See notes to consolidated financial statements.

The Edna McConnell Clark Foundation

Consolidated Statement of Functional Expenses
Year Ended September 30, 2019

	Program Services	Support Services		
	Program and Grant Management	Administration and General	Fundraising	Total
Grants	$ 202,882,963	$ -	$ -	$ 202,882,963
Salaries and benefits	10,014,426	1,586,125	959,457	12,560,008
Occupancy	641,792	166,074	44,150	852,016
Professional services	7,289,365	208,224	65,981	7,563,570
Information technologies	332,291	63,928	22,859	419,078
Travel	548,292	14,155	5,062	567,509
Office expenses	249,294	50,454	16,907	316,655
Other	108,653	21,881	7,455	137,989
Total expenses before taxes	222,067,076	2,110,841	1,121,871	225,299,788
Tax expense	529,456	101,860	36,422	667,738
Total expenses	$ 222,596,532	$ 2,212,701	$ 1,158,293	$ 225,967,526

See notes to consolidated financial statements.

The Edna McConnell Clark Foundation

Consolidated Statements of Cash Flows
Years Ended September 30, 2020 and 2019

	2020	2019 (Adjusted)
Cash flows from operating activities:		
Increase in net assets	**$ 492,818,231**	$ 439,670,902
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Deferred federal excise tax	**(187,049)**	129,727
Net realized gains	**(32,293,181)**	(40,370,326)
Net decrease (increase) in unrealized gains	**19,018,766**	(13,117,697)
Changes in:		
Receivables	**(303,316,251)**	(456,790,165)
Other assets	**252,112**	1,003,267
Accounts payable and accrued expenses	**177,774**	630,414
Grants payable	**8,340,002**	(200,000)
Net cash provided by (used in) operating activities	**184,810,404**	(69,043,878)
Cash flows from investing activities:		
Purchases of investments	**(2,530,734,106)**	(955,941,786)
Proceeds from sales of investments	**2,401,428,794**	1,026,365,471
Net cash (used in) provided by investing activities	**(129,305,312)**	70,423,685
Increase in cash and cash equivalents	**55,505,092**	1,379,807
Cash and cash equivalents:		
Beginning of year	**7,171,785**	5,791,978
End of year	**$ 62,676,877**	$ 7,171,785

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The Edna McConnell Clark Foundation (EMCF) is a private nonprofit foundation that makes grants to help better the lives of people in low-income communities.

In December 2016, EMCF announced a limited life strategy reflecting its plans to expend all of its financial resources on an accelerated schedule to expand and sustain the work in connection with its grant-making strategies. Accordingly, EMCF changed its investment policy to a largely fixed income strategy to support future commitments.

In October 2018, in conjunction with its limited life strategy, EMCF announced a plan to fulfill its grant commitments in its Youth Development Fund over the next three to four years. EMCF also announced the formation of Blue Meridian Partners, Inc. (BMP), a nonprofit organization and public charity that partners with other investors to support the field of youth development.

BMP has a funding agreement, dated October 24, 2019, with various organizations and individuals, including EMCF, collectively referred to as “partners”. Partner commitments per the funding agreements are to fund grant making activities. The current replaces a similar agreement from 2015.

EMCF is the sole member of BMP. BMP qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (Code) and, accordingly, is generally not subject to federal income taxes.

Activities are conducted from offices located in New York, New York.

Financial statement presentation: The consolidated financial statements have been prepared following accounting principles generally accepted in the United States of America (GAAP).

Principles of consolidation: The consolidated financial statements include the accounts of EMCF and BMP (collectively, the Foundation). Significant intercompany balances and transactions are eliminated in consolidation.

Taxes: The Foundation qualifies as a tax exempt organization under Section 501(c)(3) of the Code and applicable state law and, accordingly, is generally not subject to federal income taxes for most of its activities. However, in accordance with Section 4940(e) of the Code, the Foundation is subject to a federal excise tax of 1.39% of net investment income (including net realized taxable gains on security transactions). The Foundation is also subject to federal and state income taxes at corporate rates on its unrelated business income.

The Foundation records deferred federal excise tax using a rate of 1.39% on the unrealized gains on investments being reported for financial reporting purposes in different periods than for tax purposes.

The Foundation follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Foundation, and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no uncertain tax positions identified or recorded as liabilities for the reporting periods presented in these consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Other assets consist primarily of receivables from federal excise tax overpayments.

EMCF files Forms 990PF and 990-T in the U.S. federal jurisdiction and the State of New York. BMP files Form 990 in the U.S. federal jurisdiction and the State of New York.

Net asset classification: Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

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 organization. These net assets may be used at the discretion of the Foundation's management and the board of trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. These donor restrictions will be met by actions of the Foundation or by the passage of time. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Cash and cash equivalents: The Foundation defines cash and cash equivalents as highly liquid investments with original maturities of 90 days or less which include cash equivalents held in investment managers' accounts that are temporarily uninvested. The Foundation maintains cash in bank deposit accounts that, at times, may exceed federally insured (FDIC) limits. The Foundation has not experienced any losses in such accounts. Management believes that the Foundation is not exposed to significant credit risk on cash.

Investments: Investments are carried at fair value based on either quoted prices or the observable inputs for similar instruments in active markets, or at the practical expedient for fair value, as determined by management, using the reported net asset value (NAV). Purchases and sales of securities are recorded on the trade date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

The Foundation invests in various investments. Such investments are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

Partner contributions: Funding agreements with partners allow grants to be made jointly. The funding agreement requires partners to pay amounts to BMP when called, in order to fund grant payments. EMCF and BMP have variance power over partner contributions received for joint grants.

Commitments per the funding agreement are considered to be unconditional promises to give and are reflected on the consolidated statements of financial position as partner contributions receivable. Management estimates timing of collections of partner contributions receivable to coincide with projected timing of payments to grantees. Amounts that are expected to be collected within one year are recorded at net realizable value. Amounts which are expected to be collected on dates greater than one year in the future are initially recorded at fair value using present value techniques incorporating risk adjusted discount rates. In subsequent years, amortization of discounts is included in partner contributions revenue on the consolidated statements of activities.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Partner contributions intended to fund grants are recognized as revenue with donor restrictions when the unconditional promise to give is made. Once BMP grant expenses are incurred, the contributions are released from restrictions.

In addition to the contributions from partners intended to fund grants awarded by BMP, partners also contribute funds to cover certain operating costs of BMP associated with the grant-making process. These amounts are unconditional promises to give, included in partner contributions receivable, and are considered to be restricted for the fiscal year which they are intended to finance. These contributions are released from restrictions in that period.

Conditional contributions, if any, are recognized as contribution revenue when the conditions are satisfied.

Awards and grants: Awards and grants, including multi-year grants, are considered obligations when approved by EMCF's Board of Trustees or by the BMP's Portfolio Committee, at which time they are recorded in the consolidated financial statements as a liability and grant expense. Many grants contain conditions that must be satisfied by the grantees before they are approved by the Portfolio Committee. Grants payable due on dates greater than one year in the future are recorded net of a present value discount. The Foundation does not reflect as liabilities the amount of future years' grant commitments if the grants are subject to the Foundation's review and approval and other conditions to comply with grant requirements.

Functional allocation of expenses: The costs of providing the program and other activities have been presented on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. All compensation is allocated based on estimates of time and effort for each employee’s title and position. All direct program costs are allocated fully to program services, and costs related solely to general and administrative or fundraising functions are accordingly allocated fully to those support services. All remaining expenses are allocated to each functional area based on estimates of the benefit to that function, based primarily on employee time and effort.

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 in the assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Accounting Standards Update 2018-08: In 2020, the Foundation adopted all aspects of Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.* Among its provisions, this ASU more narrowly defines conditional contributions. The Foundation determined that its partners’ funding commitments were unconditional promises to give under the new standard, and therefore required to be recognized in the consolidated financial statements as contributions receivable and partner contributions revenue. Previously, the commitments were considered to be conditional and were not recognized in the consolidated financial statements, until such time as the conditions were satisfied. The Foundation’s assets, net assets and revenues significantly increased upon adoption. The adoption was applied on a full retrospective basis, and certain balances as previously reported in the 2019 consolidated financial statements were adjusted accordingly. The new standard had no effect on accounting for grants awarded expense, as certain Foundation grants (previously considered to be conditional) meet the criteria in the ASU and continue to be accounted for as conditional grants.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Recent accounting pronouncements: In 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*. Lessees will be required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard will be effective for the Foundation's 2023 consolidated financial statements.

In 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement,* which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. The new standard will be effective for the Foundation's 2021 consolidated financial statements.

The Foundation is currently evaluating the impact of the adoption of the above standards on its consolidated financial statements.

Subsequent events: Management of the Foundation has evaluated subsequent events for potential recognition and/or disclosure through February 26, 2021, the date the consolidated financial statements were available to be issued.

Note 2. Effects of Adopting ASU 2018-08

The Foundation adopted ASU 2018-08 in fiscal year 2020 on a full retrospective basis. A cumulative-effect adjustment has been recorded at October 1, 2018 in order to record partner contributions receivable:

	October 1, 2018		
	As previously reported	ASU 2018-08 adjustments	As adjusted
Partner contributions receivable, net	$ -	$ 381,355,609	$ 381,355,609
Net assets	899,705,680	381,355,609	1,281,061,289

The Foundation also adjusted amounts previously reported in the 2019 consolidated financial statements, as follows:

	2019		
	As previously reported	ASU 2018-08 adjustments	As adjusted
Statement of financial position effects:			
Partner contributions receivable, net	$ -	$ 838,145,774	$ 838,145,774
Net assets	882,586,417	838,145,774	1,720,732,191
Statement of activities effects:			
Partner contributions	135,537,357	456,790,165	592,327,522
Change in net assets with donor restrictions	46,874,047	456,790,165	503,664,212
Change in net assets	(17,119,263)	456,790,165	439,670,902
Statement of cash flows effects:			
Change in net assets	(17,119,263)	456,790,165	439,670,902
Change in receivables	-	(456,790,165)	(456,790,165)
Net cash used in operating activities	(69,043,878)	-	(69,043,878)

Note 2. Effects of Adopting ASU 2018-08 (Continued)

The following financial statement line items for fiscal 2020 were affected by the adoption of ASU 2018-08:

	2020		
	As reported with adoption	As computed without adoption	Effect of change higher/(lower)
Statement of financial position effects:			
Partner contributions receivable, net	$ 1,141,462,025	$ -	$ 1,141,462,025
Net assets	2,213,550,422	1,072,088,397	1,141,462,025
Statement of activities effects:			
Partner contributions	866,532,810	563,216,559	303,316,251
Change in net assets with donor restrictions	550,978,118	247,661,867	303,316,251
Change in net assets	492,818,231	189,501,980	303,316,251
Statement of cash flows effects:			
Change in net assets	492,818,231	189,501,980	303,316,251
Change in receivables	(303,316,251)	-	(303,316,251)
Net cash provided by operating activities	184,810,404	184,810,404	-

Note 3. Availability and Liquidity

The Foundation regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. The following represents the Foundation's financial assets at September 30, 2020 and 2019 that are available to meet ongoing operating expenditures within the next 12 months:

	2020	2019 (Adjusted)
Financial assets at year-end:		
Cash and cash equivalents	$ 62,676,877	$ 7,171,785
Investments, at fair value	1,018,344,478	875,764,751
Partner contributions receivable, net	1,141,462,025	838,145,774
Total financial assets	2,222,483,380	1,721,082,310
Less amounts not available to be used within one year:		
Partner contributions receivable collectible in in greater than one year, net	920,197,940	704,928,967
Investments not available for immediate liquidation	7,180,241	9,458,616
	927,378,181	714,387,583
Financial assets available to meet general expenditures over the next twelve months	$ 1,295,105,199	$ 1,006,694,727

BMP's funding agreement with its partners allows it to call funds to cover grants awarded as well as its administrative costs. The Foundation maintains highly liquid assets in a variety of sources including cash and cash equivalents, fixed income securities, private equity, and other liquid investments. Cash flow needs are tracked daily by management. The Foundation does not have any intent to liquidate its investments, however if needed, funds can be made available to meet ongoing general expenditures inclusive of grant-making within the next twelve months.

Note 4. Investments and Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities recorded at fair value are categorized based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. Under the fair value hierarchy, the inputs to valuation techniques are prioritized into the following levels:

Level 1. Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that the Foundation has the ability to access at the measurement date.

Level 2. Inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of models or other valuation methodologies.

Level 3. Inputs are unobservable for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs would be developed based on the best information available in the circumstances and may include the entity's own data.

The Foundation assesses the levels of financial instruments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer. There were no significant transfers among Levels 1, 2, and 3 during the years ended September 30, 2020 and 2019.

Fixed income securities include U.S. Treasury notes and corporate bonds, which are traded on a national securities exchange or market and are valued at the mean between the "bid" and "asked" quotations on that day, and mutual funds, which are valued at quoted market prices. Investments in money market funds and U.S. Government obligations are stated at the last reported sales price on the day of valuation. Alternative investments are recorded at NAV as a practical expedient.

The following tables present the Foundation's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of September 30, 2020 and 2019:

	2020			
	Level 1	Level 2	Valued Using Net Asset Value (1)	Total
Assets:				
Investments:				
Fixed income securities	$ 496,268,468	$ 247,381,429	$ 63,040,317	$ 806,690,214
Alternative investments:				
Private equity funds	-	-	202,899,463	202,899,463
Credit/event driven	-	-	7,180,241	7,180,241
Other	-	-	1,574,560	1,574,560
	$ 496,268,468	$ 247,381,429	$ 274,694,581	$ 1,018,344,478
Cash and cash equivalents:				
Money market fund	$ 2,664,874	$ -	$ -	$ 2,664,874

Note 4. Investments and Fair Values (Continued)

	2019			
	Level 1	Level 2	Valued Using Net Asset Value (1)	Total
Assets:				
Investments:				
Fixed income securities	$ 155,967,092	$ 329,669,976	$ 144,977,072	$ 630,614,140
Alternative investments:				
Private equity funds	-	-	234,106,386	234,106,386
Credit/event driven	-	-	9,458,616	9,458,616
Other	-	-	1,585,609	1,585,609
	$ 155,967,092	$ 329,669,976	$ 390,127,683	$ 875,764,751
Cash and cash equivalents:				
Money market fund	$ 3,596,082	$ -	$ -	$ 3,596,082

(1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

As of September 30, 2020 and 2019, the Foundation had no Level 3 investments.

The following table provides a summary of the alternative investments as of September 30, 2020 and 2019, by net asset class, whose fair value is calculated using NAV per share, or its equivalent, as a practical expedient:

			September 30, 2020		
Description	2020 Fair Value	2019 Fair Value	Unfunded Commitments and Recallable Capital Distributions	Redemption Frequency (if available)	Redemption Notice Period
Fixed income investments:					
Regulated investment companies	$ 63,040,317	$ 144,977,072	$ -	Monthly-Quarterly	N/A
Alternative investments:					
Private equity funds (1)	202,899,463	234,106,386	53,955,915	N/A	N/A
Credit/event driven	7,180,241	9,458,616	-	Annually	180 days
Other (1)	1,574,560	1,585,609	1,000,000	N/A	N/A
	$ 274,694,581	$ 390,127,683	$ 54,955,915		

(1) There is no provision for redemptions during the life of these funds. Distributions from each funds will be received as the underlying funds are liquidated, estimated at year-end to be over the next 2 to 10 years.

Note 5. Partner Contributions Receivable

Partner contributions receivable are recorded net of present value discounts to account for partner funds to be received in future periods, computed at risk adjusted rates ranging from 3.42% to 5.78% based on corporate bond rates on the date on which the partner commitment was received. Partner contributions receivable at September 30, 2020 and 2019 are as follows:

	2020	2019 (Adjusted)
Partner contributions receivable	$ 1,326,176,290	$ 1,019,051,137
Less unamortized present value discount	(184,714,265)	(180,905,363)
Net partner contributions receivable	$ 1,141,462,025	$ 838,145,774

Amortization of discounts is included in partner contributions revenue on the consolidated statements of activities.

Partner contributions receivable at September 30, 2020 and 2019 will be collected as amounts are called by BMP to fund grants, over a term ending in fiscal 2029. Management has estimated that the timing of cash collections will be as follows, coinciding with projected timing of payments to grantees:

	2020	2019 (Adjusted)
Amount expected in		
Less than one year	$ 221,264,085	$ 133,216,807
One to five years	1,002,115,517	737,897,445
Five to ten years	102,796,688	147,936,885
Total	$ 1,326,176,290	$ 1,019,051,137

The Foundation believes that the contributions receivable are fully collectible; therefore, an allowance for uncollectibility has not been recorded.

Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of amounts committed by partners for the purpose of grant-making and to fund general operating expenses of BMP in future periods.

The following table illustrates the composition of net assets with donor restrictions:

	2020	2019 (Adjusted)
Subject to expenditure for a specific purpose:		
Grant payments	$ 1,356,496,057	$ 781,559,227
Subject to passage of time:		
Operating costs	122,201,319	146,160,031
Total	$ 1,478,697,376	$ 927,719,258

Note 7. Grants

The following schedule reconciles the total conditional and unconditional grant commitments approved by EMCF's Board of Trustees and BMP's Portfolio Committee to grants awarded expense in the consolidated statements of activities for the years ended September 30, 2020 and 2019:

	2020	2019
Conditional and unconditional grant commitments approved	$ 588,571,908	$ 305,091,460
Less conditional commitments in current year grants	(316,544,242)	(224,627,520)
Plus prior year conditional commitments met	102,560,200	122,419,023
Grants awarded expense	$ 374,587,866	$ 202,882,963

The Foundation had grants payable of $8,340,002 at September 30, 2020 (2019 - $0). The Foundation had $553,105,611 of conditional grant commitments that are not reflected as liabilities in the consolidated statement of financial position at September 30, 2020 (2019 - $341,488,123), of which $438,423,415 is expected to be funded by partners based on the funding agreement.

Note 8. Retirement Plans

The Foundation maintains two defined contribution retirement plans. The first plan covers all active full-time employees. Under the terms of the plan, the Foundation must contribute specified percentages of an employee's salary and allows employees to defer a portion of their pre or post-tax salaries. The plan is currently invested in employee-designated mutual funds that have been approved by the Foundation. Total contributions to the plan of $750,025 for fiscal year 2020 were allocated between EMCF ($106,039) and BMP ($643,986). Total contributions in 2019 were $857,421.

The second plan is a supplemental retirement plan that covers highly compensated employees. Under the terms of the plan, the Foundation makes additional retirement contributions for employees who exceed regulatory thresholds related to pensionable earnings. The plan is currently invested in employee-designated mutual funds. The Foundation's total contributions to the plan of $101,923 for fiscal year 2020 were allocated between EMCF ($8,458) and BMP ($93,465). Total contributions in 2019 were $39,452.

EMCF was the plan sponsor for both retirement plans until July 1, 2019 when the plans were transferred to BMP.

Note 9. Commitments and Contingencies

The Foundation leases its office space under an operating lease agreement that was due to expire in November 2019. In December 2018, the Foundation extended the office space lease for 10 years with minimum base rent payments of approximately $753,000 annually. As part of this extension, BMP was added to the lease as a joint lessee. The office space lease contains an escalation clause which provides for rental increases resulting from increases in real estate taxes and certain other operating expenses. The lease renewal provided for a termination clause by the owner in the event that the building was to be demolished or substantially renovated. In August 2019, the owner executed the termination clause citing the building demolishment by providing the Foundation with a 12-month advance notice to vacate the premises. Given the COVID-19 pandemic that emerged in March 2020 and the related stay-at-home orders, the Foundation has not secured new office space. At September 30, 2019, the Foundation no longer had minimum annual rental commitments under this lease.

Rent expense was $623,525 for fiscal year 2020 (2019 - $732,493).

Note 9. Commitments and Contingencies (Continued)

The Foundation also maintains copier leases with end date in May 2022. At September 30, 2020, the Foundation had the following minimum annual commitments under these leases:

2021	$	43,020
2022		25,095
	$	68,115

Note 10. Concentration of Credit Risk

The majority of investment transactions of the Foundation are cleared and carried by the Bank of New York Mellon and J.P. Morgan. The Foundation is subject to risks that these financial institutions do not fulfill their obligations. The risk of default also depends on the creditworthiness of the counterparties to these transactions. The Foundation attempts to minimize this credit risk by monitoring the creditworthiness of the financial institutions.

Note 11. Impacts of the Coronavirus Pandemic

In March 2020, the World Health Organization declared the coronavirus (Covid-19) outbreak to be a pandemic. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the national and local economies. The Foundation’s response to the COVID-19 pandemic was to increase its fundraising and corresponding grant-making activity. Due to its partners, funding structure, and investment approach, the Foundation was fortunate to not have sustained any negative impact to its operations. As a direct result of COVID-19, the Foundation has shifted its workforce to a remote working environment, and is working to refine its longer term strategy for in-person gatherings, meetings, and the use of a long term-space.

Supplementary Information

The Edna McConnell Clark Foundation

Consolidating Statement of Financial Position
September 30, 2020

	EMCF	Blue Meridian Partners	Eliminations	Consolidated
Assets				
Cash and cash equivalents	$ 13,455,179	$ 49,221,698	$ -	$ 62,676,877
Investments, at fair value	653,266,179	365,078,299	-	1,018,344,478
Receivable from EMCF	-	263,336	(263,336)	-
Partner contributions receivable, net	-	1,448,940,542	(307,478,517)	1,141,462,025
Other assets	582,371	289,202	-	871,573
	$ 667,303,729	$ 1,863,793,077	$ (307,741,853)	$ 2,223,354,953
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	$ 595,120	$ 492,670	$ -	$ 1,087,790
Grants payable	307,478,517	8,340,002	(307,478,517)	8,340,002
Deferred federal excise tax	376,739	-	-	376,739
Payable to BMP	263,336	-	(263,336)	-
	308,713,712	8,832,672	(307,741,853)	9,804,531
Net assets:				
Without donor restrictions	358,590,017	3,028,588	373,234,441	734,853,046
With donor restrictions	-	1,851,931,817	(373,234,441)	1,478,697,376
	358,590,017	1,854,960,405	-	2,213,550,422
	$ 667,303,729	$ 1,863,793,077	$ (307,741,853)	$ 2,223,354,953

The Edna McConnell Clark Foundation

Consolidating Statement of Activities
Year Ended September 30, 2020

	EMCF			Blue Meridian Partners			Eliminations		Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:											
Investment return:											
Net realized gains	$ 25,133,025	$ -	$ 25,133,025	$ -	$ 7,160,156	$ 7,160,156	$ -	$ -	$ 25,133,025	$ 7,160,156	$ 32,293,181
Net decrease in unrealized gains net of deferred federal excise taxes	(18,706,872)	-	(18,706,872)	-	(311,894)	(311,894)	-	-	(18,706,872)	(311,894)	(19,018,766)
Interest and dividend income	15,605,773	-	15,605,773	21,785	1,047,312	1,069,097	-	-	15,627,558	1,047,312	16,674,870
Investment management expenses	(1,522,178)	-	(1,522,178)	-	(530,066)	(530,066)	-	-	(1,522,178)	(530,066)	(2,052,244)
	20,509,748	-	20,509,748	21,785	7,365,508	7,387,293	-	-	20,531,533	7,365,508	27,897,041
Partner contributions	-	600,000	600,000	5,000,000	894,547,056	899,547,056	(5,000,000)	(28,614,246)	-	866,532,810	866,532,810
Net assets released from restriction	600,000	(600,000)	-	322,320,200	(322,320,200)	-	-	-	322,920,200	(322,920,200)	-
	21,109,748	-	21,109,748	327,341,985	579,592,364	906,934,349	(5,000,000)	(28,614,246)	343,451,733	550,978,118	894,429,851
Expenses:											
Program services:											
Grants awarded	449,909,294	-	449,909,294	302,292,753	-	302,292,753	(377,614,181)	-	374,587,866	-	374,587,866
Program and grant management expenses	2,880,051	-	2,880,051	19,308,136	-	19,308,136	-	-	22,188,187	-	22,188,187
	452,789,345	-	452,789,345	321,600,889	-	321,600,889	(377,614,181)	-	396,776,053	-	396,776,053
Support services:											
Administration and general expenses	343,400		343,400	1,575,700	-	1,575,700	-	-	1,919,100	-	1,919,100
Fundraising expenses	208,793		208,793	1,209,414	-	1,209,414	-	-	1,418,207	-	1,418,207
	552,193	-	552,193	2,785,114	-	2,785,114	-	-	3,337,307	-	3,337,307
Federal excise taxes	1,498,260	-	1,498,260	-	-	-	-	-	1,498,260	-	1,498,260
	454,839,798	-	454,839,798	324,386,003	-	324,386,003	(377,614,181)	-	401,611,620	-	401,611,620
(Decrease) increase in net assets	(433,730,050)	-	(433,730,050)	2,955,982	579,592,364	582,548,346	372,614,181	(28,614,246)	(58,159,887)	550,978,118	492,818,231
Net assets:											
Beginning of year, as adjusted	792,320,067	-	792,320,067	72,606	1,272,339,453	1,272,412,059	620,260	(344,620,195)	793,012,933	927,719,258	1,720,732,191
End of year	$ 358,590,017	$ -	$ 358,590,017	$ 3,028,588	$ 1,851,931,817	$ 1,854,960,405	$ 373,234,441	$ (373,234,441)	$ 734,853,046	$ 1,478,697,376	$ 2,213,550,422