Consolidated Financial Statements
March 31, 2021

The Christian Community Foundation, Inc. (dba WaterStone and Affiliates)

(With Comparative Totals for 2020)

Independent Auditor's Report

The Board of Directors
The Christian Community Foundation, Inc. (dba WaterStone and Affiliates)
Colorado Springs, Colorado

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Christian Community Foundation, Inc. dba WaterStone and Affiliates (WaterStone), which comprise the consolidated statement of financial position as of March 31, 2021 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (consolidated financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with 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 WaterStone as of March 31, 2021 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited WaterStone's 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 27, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Eide Bailly LLP

Denver, Colorado
August 23, 2021

	2021	2020
Assets		
Cash and cash equivalents	$ 11,585,215	$ 9,542,801
Prepaid expenses and other assets	368,056	508,324
Bequest transfers in progress	29,720	1,317,305
Notes receivable, net	27,119,040	29,442,425
Beneficial interests in charitable trusts held by others	94,214	99,608
Investments, including $73,048,100 in charitable trusts held by WaterStone	521,020,639	401,049,417
Donated real estate held for sale	1,602,013	2,517,296
Property and equipment, net	29,779,432	23,925,123
Total assets	$ 591,598,329	$ 468,402,299
Liabilities and Net Assets		
Accounts payable and accrued expenses	$ 1,063,966	$ 724,778
Obligations under split-interest agreements	77,516,791	56,211,402
Total liabilities	78,580,757	56,936,180
Net Assets		
Without donor restrictions	489,430,804	399,803,154
With donor restrictions	23,586,768	11,662,965
Total net assets	513,017,572	411,466,119
Total liabilities and net assets	$ 591,598,329	$ 468,402,299

	2021			
	Without Donor Restrictions	With Donor Restrictions	Total	2020
Revenue, Support, and Gains				
Contributions	$102,463,808	$ 4,023,627	$106,487,435	$127,722,282
Change in value of split-interest agreements	526,338	(1,656,963)	(1,130,625)	(3,967,415)
Net investment return	75,258,374	13,585,935	88,844,309	4,422,249
Interest and other income	1,380,955	-	1,380,955	1,874,804
Net assets released from restrictions	4,028,796	(4,028,796)	-	-
Total revenue, support, and gains	183,658,271	11,923,803	195,582,074	130,051,920
Expenses and Losses				
Grants and ministry program expenditures	89,211,691	-	89,211,691	80,645,912
Supporting services				
Administrative	3,697,774	-	3,697,774	3,157,657
Donor development	585,456	-	585,456	638,673
Total supporting services	4,283,230	-	4,283,230	3,796,330
Total expenses	93,494,921	-	93,494,921	84,442,242
Loss on uncollectable notes receivable	535,700	-	535,700	531,628
Total expenses and losses	94,030,621	-	94,030,621	84,973,870
Change in Net Assets	89,627,650	11,923,803	101,551,453	45,078,050
Net Assets, Beginning of Year	399,803,154	11,662,965	411,466,119	366,388,069
Net Assets, End of Year	$489,430,804	$ 23,586,768	$513,017,572	$411,466,119

	2021				
	Grants and Ministry Program	Administrative	Donor Development	Total	2020
Grants and other assistance	$ 87,283,454	$ -	$ -	$ 87,283,454	$ 78,766,585
Salaries, wages, taxes, and benefits	122,281	1,869,179	222,797	2,214,257	2,459,240
Professional services	818,253	288,808	146,500	1,253,561	977,493
Depreciation	626,957	25,136	-	652,093	632,699
Occupancy	290,536	248,908	-	539,444	525,422
Licenses and taxes	-	422,129	-	422,129	125,749
Information technology	680	321,393	-	322,073	280,629
Advertising and promotion	5,000	120,870	167,905	293,775	226,828
Insurance	-	215,436	-	215,436	94,024
Meetings and travel	5,999	49,322	42,854	98,175	145,684
Office expenses	28,689	53,313	-	82,002	152,310
Memberships	479	61,377	5,400	67,256	28,684
Other	29,363	7,808	-	37,171	17,482
Bank charges	-	14,095	-	14,095	9,413
Total expenses by function	$ 89,211,691	$ 3,697,774	$ 585,456	$ 93,494,921	$ 84,442,242

	2021	2020
Operating Activities		
Change in net assets	$ 101,551,453	$ 45,078,050
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	652,093	632,699
Change in value of split-interest agreements	8,100,693	(1,936,018)
Change in beneficial interests in charitable trusts held by others	5,394	1,996,831
Net realized/unrealized (gain) loss on investments	(74,580,133)	7,300,662
Loss on uncollectable notes receivable	535,700	531,628
Loss of sale of donated real estate held for sale	746,074	79,534
Donation of investments	(14,800,616)	(18,578,721)
Donation of real estate held for sale	(4,601,250)	(1,746,640)
Donation of property and equipment	-	(800,000)
Change in operating assets	1,405,427	123,082
Change in operating liabilities	339,188	(3,792,103)
Net Cash from Operating Activities	19,354,023	28,889,004
Investing Activities		
Purchases of investments	(104,395,841)	(71,751,132)
Proceeds from sale of investments	73,805,368	17,486,090
Proceeds from sale of real estate held for sale	4,770,459	1,419,884
Purchases of property and equipment	(6,506,403)	(1,255,343)
Issuance of notes receivable	(1,687,852)	(2,109,451)
Principal collections on notes receivable	3,497,963	2,844,834
Net Cash used for Investing Activities	(30,516,306)	(53,365,118)
Financing Activities		
Payments on split-interest agreements	(4,934,048)	(3,770,485)
Payments on notes payable	-	(640,688)
Proceeds from establishment of new split-interest agreements	18,138,744	6,062,272
Net Cash from Financing Activities	13,204,696	1,651,099
Net Change in Cash and Cash Equivalents	2,042,414	(22,825,015)
Cash and Cash Equivalents, Beginning of Year	9,542,801	32,367,816
Cash and Cash Equivalents, End of Year	$ 11,585,215	$ 9,542,801
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Donated real estate held for sale acquired through the forgiveness of note receivable	$ -	$ 1,328,095
Funding of sale of donated real estate held for sale through issuance of note receivable	$ -	$ 2,115,000
Property and equipment acquired through note payable	$ -	$ 640,688

Note 1 - Principal Activity and Significant Accounting Policies

Organization

The Christian Community Foundation, Inc., dba WaterStone and Affiliates (WaterStone), is a national foundation; Waterstone's vision is to see "Every Christian a faith-filled intentional giver." Our mission is "Honoring God, Serving Givers, and Building the Kingdom." To fulfill this mission, we provide creative gifting solutions to donors, encouraging them in a broad range of charitable and educational endeavors as well as direct Christian ministries. We offer a variety of gift-planning solutions, including donor advised funds, field-of-interest funds, ministry charity projects, charitable trusts, charitable gift annuities, and supporting organizations, each structured to meet the specific donor's needs and charitable vision. Distributions recommended by donors and approved by the WaterStone Board of Directors go to thousands of domestic and foreign nonprofit organizations.

The outbreak of the coronavirus disease (COVID-19), which was declared a global pandemic by the World Health Organization on March 11, 2020, and the related responses by public health and governmental authorities to contain and combat its outbreak and spread, adversely affected workforces, economies, and financial markets globally. The Christian Community Foundation and Affiliates were minimally impacted as the financial markets have since fully recovered.

Principles of Consolidation

The accompanying consolidated financial statements of WaterStone include the accounts of The Christian Community Foundation, Inc., WaterStone Support Foundation, Inc., and the following affiliated supporting organizations: National Foundation, Inc., The Cary Brown Family Foundation, The Genesis Foundation, The Jonna & Jill Foundation, The Matthew 6:20 Foundation, The Moriah Foundation, OC International Support Foundation, The Rough Acres Foundation, WaterStone Supporting Organization Trust #1, WaterStone Supporting Organization Trust #2, Waterstone Real Estate Foundation, and Overflow, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as "WaterStone," "we," "us," and "our."

Comparative Financial Information

The accompanying consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with WaterStone's audited consolidated financial statements for the year ended March 31, 2020, from which the summarized information was derived.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents.

Notes Receivable

Notes receivable arise in the normal course of receiving and disposing various assets contributed by donors and other parties, and are reported at the net amount we expect to collect, including accrued interest. We determine the allowance for uncollectable notes receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Notes receivable are written off when deemed uncollectable. At March 31, 2021, the allowance was $29,535.

Bequest Transfers in Progress

Bequest transfers in progress arise when we receive notice of an imminent transfer of assets from an estate, and information sufficient to determine the fair value of the assets to be transferred. There was one bequest transfer in progress totaling $29,720 at March 31, 2021.

Beneficial Interests in Charitable Trusts Held by Others

We have been named as an irrevocable beneficiary of several charitable trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, we have neither possession nor control over the assets of the trusts. At the date we receive notice of a beneficial interest, a contribution with donor restrictions is recorded in the consolidated statement of activities, and a beneficial interest in charitable trusts held by others is recorded in the consolidated statement of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the consolidated statement of financial position, with changes in fair value recognized in the consolidated statement of activities. Upon receipt of trust distributions and/or expenditures in satisfaction of the restricted purpose stipulated by the donor, if any, net assets with donor restrictions are released to net assets without donor restrictions.

Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment return/(loss) is reported in the consolidated statement of activities and consists of interest and dividend income, partnership distributions and rental income on our investment properties, realized and unrealized capital gains and losses, less external and direct internal investment expenses. We are assisted by dozens of investment advisors in the management of our investment assets. Approved investment advisors operate within defined investment objectives and policies established by our Board of Directors.

Assets Held and Liabilities Under Split-Interest Agreements

Charitable Trusts
We act as trustee for various revocable and irrevocable trusts. These trusts are governed by the respective trust agreements, which generally provide for either an income stream or a future distribution of cash or other assets to us, in whole or in part, for a specified period or upon the occurrence of a specific event, respectively. If a trust is revocable, or if the maker of the trust reserves the right to replace us as the beneficiary of the trust, we record the assets placed in trust at fair value, with an equal and offsetting liability until such time as we receive distributions from the trust in accordance with its terms. If the trust is irrevocable, the trust assets are recorded at fair value, and a related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the trust liability is recorded as a contribution with donor restrictions until such amount is received via trust distribution and/or is expended in satisfaction of the restricted purpose stipulated by the trust agreement, if any, at which time net assets with donor restrictions are released to net assets without donor restrictions. In subsequent years, the liability for future trust payments to the specified beneficiaries is reduced by payments made to the specified beneficiaries and is adjusted to reflect changes in the fair value of the liability at the end of the year. Upon termination of the trust, the remaining liability is removed and recognized as income.

Charitable Gift Annuities
Under charitable gift annuity contracts, we receive immediate and unrestricted title to contributed assets and agree to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value at the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and a risk-adjusted discount rate designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restrictions. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect changes in the fair value of the liability at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income. Historically, we have maintained contributed assets until termination of the contract; however, we are not required to do so except in certain states which require the assets to be held in trust until termination of the contract.

In order to reduce actuarial and investment risk associated with annuity contracts, we insure a portion of our payment obligations with insurance companies rated “A” or better (excellent) by A.M. Best Company. We pay a premium to the insurer in exchange for which the insurer assumes the future payment obligations. While we remain contingently liable for the payments in the event the insurer becomes incapable of fulfilling its payment obligations, we consider the likelihood of this occurrence to be remote. Therefore, annuity liabilities assumed by the insurer are removed from the accounts.

Pooled Income Trusts
We act as a trustee for several pooled income trusts in which contributions of many donors are combined for investment purposes. Contributed assets are recorded at fair value at the date of receipt. The related discount in future interest is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the future interest is recorded as a contribution with donor restrictions. Under these agreements, we distribute interest and dividend income earned on the trust investments in proportion to each donor's ownership interest in the trust. In subsequent years, the amortization of the discount is recognized as a change in value of split-interest agreements in the consolidated statement of activities. Upon termination of the pooled trust agreement, the value of the donor's ownership interest is assigned to us and the remaining discount is removed and recognized as income.

Donated Real Estate Held for Sale

We record donated real estate held for sale at estimated fair market value, and report unrealized and realized gains and losses in the consolidated statement of activities.

Property and Equipment

We record property and equipment additions over $5,000 at cost, or if donated, at fair value on the date of donation. We compute depreciation using the straight-line method over the estimated useful lives of the assets, ranging from three to twenty-seven years. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any remaining gain or loss is included in the consolidated statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We review asset carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended March 31, 2021.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations. Our governing documents and gift agreements give the Board of Directors variance power to modify donor instructions or restrictions that are incapable of fulfillment or inconsistent with our Statement of Faith, policies, or IRS guidance. As a result, most contributions are classified as without donor restrictions in the consolidated statement of activities.

Net Assets With Donor Restrictions – Net assets subject to donor restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. At March 31, 2021, we had no net assets with donor restrictions of a perpetual nature. We report contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. We initially record unconditional promises to give, and subsequently carry them at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. A significant portion of our funding is provided by donors making legacy gifts. Consequently, a small number of donors may account for a large percentage of the total contributions we receive in any given year. One of our donors accounted for approximately 15% of contribution revenue for the year ended March 31, 2021.

Grants and Grant Commitments

We recognize grants as expenses at the time recipients are entitled to receive them. Generally, this occurs when the Board of Directors approves a specific grant, or when management, pursuant to grant authorization policies established by the Board of Directors, determines that a grant payment should be made. Grants approved but not disbursed are recorded as grants payable in the consolidated statement of financial position. At March 31, 2021, there were no grants payable. Grants approved but contingent upon fulfillment of certain specified conditions and containing right of release are not recorded until such time as the conditions are substantially met. No conditional grants were outstanding at March 31, 2021.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The consolidated financial statements report certain categories of expenses that are attributed to the program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, wages, taxes and benefits, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Christian Community Foundation and its Affiliates (other than WaterStone Supporting Organization Trust #1) are organized as either nonprofit corporations or trusts and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3), qualify for the charitable contribution deduction, and have been determined not to be private foundations. Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes.

The Christian Community Foundation and The Moriah Foundation file an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report their unrelated business taxable income. The Christian Community Foundation and The Moriah Foundation did not incur significant income tax expense during the year ended March 31, 2021. All other affiliated entities have determined they are not subject to unrelated business income tax and have not filed Form 990-T with the IRS.

WaterStone Supporting Organization Trust #1 (Trust 1) is organized as a nonexempt charitable trust under the Internal Revenue Code (IRC). Trust 1 qualifies for the charitable contribution deduction under Section 170 and has requested nonprivate foundation status. Trust 1 is not treated as exempt from income tax under the Internal Revenue Code and, therefore must also file a U.S. Income Tax Return for Estates and Trusts (Form 1041) for any tax year in which it has taxable income.

We believe each entity has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The entities would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Christian Community Foundation's and The Moriah Foundation's Forms 990-T and other income tax filings by state, local, or non-U.S. tax authorities are no longer subject to tax examination for years before 2018.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions we believe to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with notes receivable varies based on the creditworthiness of individual borrowers, available guarantees, and collateral securing the loans.

We utilize the services of a variety of investment managers whose performance is monitored by management and the Board of Directors. Investments are placed in managed funds administered by a diversified population of investment managers in order to reduce investment risk. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we believe that our investment policies and guidelines are prudent for the long-term welfare of the organization.

Subsequent Events

We have evaluated subsequent events through August 23, 2021, the date the consolidated financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets are considered to be available for general expenditure if there are no donor or other restrictions that would preclude expenditure outright, or in satisfaction of any purpose restrictions. At March 31, 2021, financial assets available for general expenditure within one year are comprised of the following:

Cash and cash equivalents	$ 9,995,832
Bequest transfers in progress	29,720
Notes receivable	2,781,974
Investments	302,452,773
	$ 315,260,299

A majority of our support comes without donor-imposed restrictions on either the gift amount or the earnings generated from the investment of the gift, and may be expended at any time. Certain charitable trust arrangements have inherent time restrictions due to the nature and terms of the agreements, and expenditures from those trusts may be made only when distributions become available for our use.

Throughout the year, donor-recommended grants that have been approved in accordance with our review and approval policies are paid out weekly from cash or other liquid sources such as operating investments. Non-grant expenditures include administrative, donor development, and fundraising expenses; these expenditures are funded by administrative fees assessed on invested account balances.

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments, CD’s, and money market funds.

Note 3 - Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect our own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed 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. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset or liability within the hierarchy is based upon the pricing transparency of the asset or liability and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of our investment assets are classified within Level 1 because they are comprised of money market funds, open-end mutual funds, ETF funds, equity securities, and publicly traded partnerships with readily determinable fair values based on daily closing market prices or redemption values.

Fixed income securities are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions; life insurance policies are valued at cash surrender value, which we believe approximates their market values; other investments are valued using market-price data for similar assets. These are classified within Level 2.

The fair values of beneficial interests in charitable trusts held by others and obligations under split-interest agreements are determined using present value techniques, actuarial tables, the fair values of trust investments as reported by the trustees or held by us, and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and liabilities. Investments in limited partnerships, privately held equity, real estate property, bequest transfers in progress, donated real estate held for sale, and certain other investments are not readily marketable and are reported at fair value utilizing the most current information provided by investment managers and third-party independent appraisers. In some cases, we also utilize industry standard valuation techniques, including discounted cash flow models. The significant unobservable inputs used in fair value measurements of our direct investments may include cost of capital, and equity and industry risk premiums. These are considered to be Level 3 measurements.

We use Net Asset Value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, and funds of funds which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified below, at March 31, 2021:

		Fair Value Measurements at Report Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV
Assets					
Bequest transfers in progress	$ 29,720	$ -	$ -	$ 29,720	$ -
Beneficial interests in charitable trusts held by others	$ 94,214	$ -	$ -	$ 94,214	$ -
Investments					
Money market funds (at cost)	$ 21,493,484	$ 21,493,484	$ -	$ -	$ -
Mutual funds					
Equity	84,650,758	84,650,758	-	-	-
Fixed income	66,686,100	66,686,100	-	-	-
Balanced	1,852,341	1,852,341	-	-	-
ETF funds					
Equity	57,084,193	57,084,193	-	-	-
Fixed income	24,590,686	24,590,686	-	-	-
Balanced	30,070	30,070	-	-	-
Marketable equity securities	65,340,363	65,340,363	-	-	-
Fixed income					
Corporate bonds	3,253,483	-	3,253,483	-	-
Certificate of deposits	36,922,861	-	36,922,861	-	-
Government bonds	17,740,865	-	17,740,865	-	-
Limited liability investments and recourse debt funds	1,934,209	-	1,934,209	-	-
Insurance investments - Annuities and life policies	2,803,641	-	2,803,641	-	-
Publicly traded partnerships	492,298	492,298	-	-	-
Limited partnership interests	60,074,835	-	-	60,074,835	-
Real estate property	356,067	-	-	356,067	-
Privately held equity and other investments	75,714,385	-	-	61,876,340	13,838,045
	$ 521,020,639	$ 322,220,293	$ 62,655,059	$ 122,307,242	$ 13,838,045
Donated real estate held for sale	$ 1,602,013	$ -	$ -	$ 1,602,013	$ -

Investments in the above table include $73,048,100 held in charitable trusts administered by WaterStone at March 31, 2021.

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended March 31, 2021:

	Bequest Transfers in Progress	Beneficial Interests in Charitable Trusts	Limited Partnership Interests	Real Estate Property	Privately Held Equity and Other Investments	Donated Real Estate Held for Sale
Assets						
Beginning Balance	$ 1,317,305	$ 99,608	$ 48,370,770	$ 356,067	$ 68,008,876	$ 2,517,296
Purchases/contributions of investments	-	-	9,829,616	-	5,823,403	4,601,250
Net realized and unrealized gain (loss)	-	(5,394)	1,794,241	-	2,394,404	(746,074)
Distributions/sales	-	-	-	-	(14,270,135)	(4,770,459)
Collections of bequests	(1,317,305)	-	-	-	-	-
New bequests	29,720	-	-	-	-	-
Reclassifications	-	-	80,208	-	(80,208)	-
Ending Balance	$ 29,720	$ 94,214	$ 60,074,835	$ 356,067	$ 61,876,340	$ 1,602,013

The following table presents liabilities measured at fair value on a recurring basis at March 31, 2021:

	Fair Value Measurements at Report Date Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities			
Obligations under split-interest agreements			
Charitable trusts	$ -	$ -	$ 31,603,859
Gift annuities	-	-	4,468,691
Pooled income trusts	-	-	41,444,241
	$ -	$ -	$ 77,516,791

Below is a reconciliation of the beginning and ending balances of liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended March 31, 2021. The net change in value of obligations under split-interest agreements includes the impact of realized and unrealized gains and losses, changes in discount rates, and changes in value from actuarially-derived fluctuations.

	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)		
	Charitable Trusts	Gift Annuities	Pooled Income Trusts
Liabilities			
Beginning Balance	$ 24,309,735	$ 5,891,952	$ 26,009,715
Payments to trust beneficiaries and annuitants	(1,763,309)	(569,347)	(1,537,292)
Dissolution of gift annuities	-	(1,064,100)	-
Addition of new trusts	1,207,172	-	16,931,572
Change in value of split-interest agreements	7,850,261	210,186	40,246
Ending Balance	$ 31,603,859	$ 4,468,691	$ 41,444,241

Investments in certain entities that calculate NAV per share as follows at March 31, 2021:

	Number of Investments	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Insurance investments	9	$ 10,132,075	$ 496,514	Quarterly, Illiquid	Written Request
Private credit	6	1,682,865	1,282,775	Illiquid	N/A
Private equity	5	1,470,372	901,318	Illiquid	N/A
Real estate funds	3	552,733	783,000	Illiquid	N/A
		$ 13,838,045	$ 3,463,607		

Insurance investments – Funds focused on capital growth through the use of life settlements. Distributions are normally received through liquidation of the underlying assets of the fund.

Private credit – Funds focused on growth through direct lending. These investments are not readily redeemable. Distributions are normally received through liquidation of the underlying assets of the fund.

Private equity – Funds focused on growth in equity. These investments are not readily redeemable. Distributions are normally received through liquidation of the underlying assets of the fund.

Real estate funds – Funds focused on real estate assets primarily located in the United States. These investments are not redeemable. Distributions are normally received through liquidation of the underlying assets of the fund.

Note 4 - Net Investment Return

Net investment return consisted of the following for the year ended March 31, 2021:

Interest and dividends	$ 9,110,298
Partnership distributions and rental income	7,283,129
Net realized and unrealized gain	74,580,133
Less investment management and custodial fees	(2,129,251)
	$ 88,844,309

Note 5 - Notes Receivable

Notes receivable consisted of the following at March 31, 2021:

Note receivable from a corporation pursuant to a stock-redemption agreement, payable in annual installments of $1,875,810, bearing interest at 4.61% compounded annually, secured by shares redeemed, including accrued interest of $883,449	$ 21,789,353
Other notes receivable from organizations and individuals, payable as stipulated in the notes, bearing interest at rates ranging from 2.00% to 9.00%, unsecured and secured by stock, other assets, and personal guarantees, including accrued interest of $90,902	5,359,222
	27,148,575
Less allowance for uncollectable amounts	(29,535)
	$ 27,119,040

Notes receivable activity consisted of the following for the year ended March 31, 2021:

	Notes Receivable	Interest	Allowance	Total
Notes receivable, beginning of year	$ 28,520,035	$ 964,068	$ (41,678)	$ 29,442,425
Issuance of new notes	1,687,852	-	-	1,687,852
Repayments	(3,497,963)	-	-	(3,497,963)
Interest charges	-	1,227,194	-	1,227,194
Interest payments	-	(1,216,911)	-	(1,216,911)
Change in allowance	-	-	12,143	12,143
Loss on uncollectable notes receivable	(535,700)	-	-	(535,700)
Notes receivable, end of year	$ 26,174,224	$ 974,351	$ (29,535)	$ 27,119,040

Note 6 - Property and Equipment

Property and equipment consisted of the following at March 31, 2021:

	Ministry Purpose	General and Administrative	Total
Land and improvements	$ 15,205,409	$ -	$ 15,205,409
Buildings and improvements	19,836,609	94,076	19,930,685
Furniture and office equipment	110,064	322,315	432,379
Equipment and vehicles	77,235	-	77,235
Livestock	34,200	-	34,200
	35,263,517	416,391	35,679,908
Less accumulated depreciation	(5,553,238)	(347,238)	(5,900,476)
	$ 29,710,279	$ 69,153	$ 29,779,432

Note 7 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at March 31, 2021:

Subject to expenditure for specified purpose:	
Ministry charity projects	$ 2,009,487
Scholarships	9,112,267
Field-of-interest	24,405
Subject to the passage of time:	
Bequest transfers in progress	29,720
Beneficial interests in charitable trusts	94,214
Charitable trusts	12,316,675
	$ 23,586,768

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended March 31, 2021:

Satisfaction of purpose restrictions:	
Ministry charity projects	$ 619,555
Scholarships	251,806
Expiration of time restrictions:	
Bequest transfers in progress	1,335,625
Charitable trusts	1,821,810
	$ 4,028,796

Note 8 - Employee Benefits

We sponsor a tax-deferred annuity plan (Plan) qualified under section 403(b) of the Internal Revenue Code covering substantially all employees with a minimum of one year of service. Pursuant to the terms of the Plan, we contribute $0.50 for every dollar contributed by the employee up to a maximum employer contribution of 3% of an employee's wages. Amounts contributed by employees are immediately vested; employer contributions vest over five years of service, at which time the maximum employer contribution increases to 5% of an employee’s wages. During the year ended March 31, 2021, we contributed $54,330 to the Plan.

Note 9 - Related Party Transactions

Our Conflict of Interest policy requires the Boards of Directors of WaterStone and its affiliates to review, at least annually, all related party transactions and potential conflicts of interest.

In the normal course of our operations, we may have ownership interests in various entities in which members of our Boards of Directors have operating or controlling interests. The President of WaterStone is a board member of an investment company which manages $506,826 of WaterStone investments as of March 31, 2021. Net gain from these investment holdings totaled $164,966 for the year ended March 31, 2021. The CEO of WaterStone was a board member of a University and is a board member of another charitable organization to which we loaned money to in 2018. As of March 31, 2021, the balance due on the notes totaled $460,924. Finally, during the year ended March 31, 2021, members of our Boards of Directors made contributions of $6,408,832.

In March 2011, a company owned by a board member of an Affiliate purchased the assets of an entity that owns and maintains the accounting software package used by us since January 1, 2008. We paid $211,883 in license and support fees for the year ended March 31, 2021. We hold a 20% interest in the entity, at March 31, 2020, the interest was valued at $4,910,646. During the year ended March 31, 2021, we received no partnership distributions.

Supplementary Information
March 31, 2021

The Christian Community Foundation, Inc.(dba WaterStone and Affiliates)

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Supplementary Information

The Board of Directors
The Christian Community Foundation, Inc. (dba WaterStone and Affiliates)
Colorado Springs, Colorado

We have audited the consolidated financial statements of The Christian Community Foundation, Inc. dba WaterStone and Affiliates (WaterStone) as of and for the year ended March 31, 2021, and our report thereon dated August 23, 2021, expressed an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The following supplementary information is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in our 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 taken as a whole.

Eide Bailly LLP

Denver, Colorado
August 23, 2021

	The Christian Community Foundation	WaterStone Support Foundation	Affiliates	Eliminations	Total
Assets					
Cash and cash equivalents	$ 7,945,063	$ 1,713,642	$ 1,926,510	$ -	$ 11,585,215
Prepaid expenses and other assets	232,938	118,748	34,370	(18,000)	368,056
Bequest transfers in progress	29,720	-	-	-	29,720
Notes receivable, net	24,878,956	1,189,812	1,050,272	-	27,119,040
Beneficial interests in charitable trusts held by others	94,214	-	-	-	94,214
Investments, including $73,048,100 in charitable trusts held by WaterStone	380,992,570	78,631,766	64,599,521	(3,203,218)	521,020,639
Donated real estate held for sale	-	1,562,013	40,000	-	1,602,013
Property and equipment, net	69,152	9,660,885	20,049,395	-	29,779,432
Total assets	$ 414,242,613	$ 92,876,866	$ 87,700,068	$ (3,221,218)	$ 591,598,329
Liabilities and Net Assets					
Accounts payable and accrued expenses	$ 1,039,207	$ 31,927	$ 10,832	$ (18,000)	$ 1,063,966
Obligations under split-interest agreements	45,912,932	34,807,077	-	(3,203,218)	77,516,791
Total liabilities	46,952,139	34,839,004	10,832	(3,221,218)	78,580,757
Net Assets					
Without donor restrictions	348,927,745	52,813,823	87,689,236	-	489,430,804
With donor restrictions	18,362,729	5,224,039	-	-	23,586,768
Total net assets	367,290,474	58,037,862	87,689,236	-	513,017,572
Total liabilities and net assets	$ 414,242,613	$ 92,876,866	$ 87,700,068	$ (3,221,218)	$ 591,598,329

	The Christian Community Foundation	WaterStone Support Foundation	Affiliates	Eliminations	Total
Revenue, Support, and Gains					
Contributions	$ 99,302,026	$ 12,538,034	$ 22,575,380	$ (27,928,005)	$ 106,487,435
Change in value of split-interest agreements	7,649,952	(8,680,577)	(100,000)	-	(1,130,625)
Net investment return	67,704,382	10,449,722	10,453,399	236,806	88,844,309
Interest and other income	5,272,363	729,285	78,947	(4,699,640)	1,380,955
Total revenue, support, and gains	179,928,723	15,036,464	33,007,726	(32,390,839)	195,582,074
Expenses and Losses					
Grants and ministry program expenditures	87,889,110	10,327,145	23,386,275	(32,390,839)	89,211,691
Supporting services					
Administrative	3,076,903	164,840	456,031	-	3,697,774
Donor development	584,630	-	826	-	585,456
Total supporting services	3,661,533	164,840	456,857	-	4,283,230
Total expenses	91,550,643	10,491,985	23,843,132	(32,390,839)	93,494,921
Loss on uncollectable notes receivable	535,700	-	-	-	535,700
Total expenses and losses	92,086,343	10,491,985	23,843,132	(32,390,839)	94,030,621
Change in Net Assets	87,842,380	4,544,479	9,164,594	-	101,551,453
Net Assets, Beginning of Year	279,448,094	53,493,383	78,524,642	-	411,466,119
Net Assets, End of Year	$ 367,290,474	$ 58,037,862	$ 87,689,236	$ -	$ 513,017,572