Terra Foundation for American Art

Consolidated Financial Report

June 30, 2022

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Independent Auditor's Report

To the Board of Directors
Terra Foundation for American Art

Opinion

We have audited the consolidated financial statements of Terra Foundation for American Art and its subsidiaries (collectively, the "Foundation"), which comprise the consolidated statement of financial position as of June 30, 2022 and 2021 and 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022 and 2021 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 4, the consolidated financial statements include investments valued at $242,768,545 and $352,924,187 (66.1 and 80.4 percent of total investments) at June 30, 2022 and 2021, respectively, whose fair value has been estimated at net asset value in the absence of observable inputs used to determine market values. Management's estimates are based on information provided by the fund managers of the general partners. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor’s Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

To the Board of Directors
Terra Foundation for American Art

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

November 10, 2022

Consolidated Statement of Financial Position

June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	$ 263,179	$ 556,155
Investments (Note 4)	367,370,840	438,944,624
Accounts receivable	46,016	35,571
Excise tax receivable	105,023	82,431
Other assets	129,932	193,735
Art collection (Note 2)	184,335,129	184,335,129
Property, plant, and equipment - Net (Note 5)	6,802,825	7,358,660
Total assets	**$ 559,052,944**	**$ 631,506,305**
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses (Note 6)	$ 442,794	$ 539,664
Grants payable	12,597,720	8,154,106
Deferred excise taxes	-	1,453,933
Due to brokers (Note 13)	90,330	527,472
Other liabilities (Note 12)	2,330,476	1,961,477
Total liabilities	15,461,320	12,636,652
Net Assets		
Without donor restrictions	350,323,668	389,507,286
With donor restrictions	193,267,956	229,362,367
Total net assets	543,591,624	618,869,653
Total liabilities and net assets	**$ 559,052,944**	**$ 631,506,305**

Consolidated Statement of Activities

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Other loss	$ (369,297)	-	(369,297)
Net assets released from restrictions for:			
Grantmaking, exhibitions, publications, and educational programs	8,059,577	(8,059,577)	-
Collection care and management	608,425	(608,425)	-
Investment and rental expense	324,493	(324,493)	-
Total revenue, gains, and other support before investment income	8,623,198	(8,992,495)	(369,297)
Investment Loss - Net	(23,056,659)	(27,101,916)	(50,158,575)
Less Excise Tax Expense - Net	527,530	-	527,530
Loss Before Expenses	(14,960,991)	(36,094,411)	(51,055,402)
Expenses			
Program services			
Grantmaking	17,754,032	-	17,754,032
Collection care & management	882,879	-	882,879
Exhibitions, publications, & educational programs	1,382,713	-	1,382,713
Support services - Management & general	4,104,136	-	4,104,136
Total expenses	24,123,760	-	24,123,760
Change in Net Assets Before Change in Currency Translation Adjustment	(39,084,751)	(36,094,411)	(75,179,162)
Change in Currency Translation Adjustment	(98,867)	-	(98,867)
Change in Net Assets Reflecting Change in Currency Translation	**$ (39,183,618)**	**$ (36,094,411)**	**$ (75,278,029)**
Net Assets - Beginning of Year	$ 389,507,286	$ 229,362,367	$ 618,869,653
Net Assets - End of Year	**$ 350,323,668**	**$ 193,267,956**	**$ 543,591,624**

See notes to consolidated financial statements.

Consolidated Statement of Activities

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Other income	$ 34,373	-	34,373
Net assets released from restrictions for:			
Grantmaking, exhibitions, publications, and educational programs	7,607,765	(7,607,765)	-
Collection care and management	641,245	(641,245)	-
Investment and rental expense	721,763	(721,763)	-
Total revenue, gains, and other support before investment income	9,005,146	(8,970,773)	34,373
Investment Income - Net	49,003,239	56,091,103	105,094,342
Less Excise Tax Expense - Net	1,338,593	-	1,338,593
Income Before Expenses	56,669,792	47,120,330	103,790,122
Expenses			
Program services			
Grantmaking	12,352,811	-	12,352,811
Collection care & management	998,431	-	998,431
Exhibitions, publications, & educational programs	1,632,971	-	1,632,971
Support services - Management & general	3,331,960	-	3,331,960
Total expenses	18,316,173	-	18,316,173
Change in Net Assets Before Change in Currency Translation Adjustment	38,353,619	47,120,330	85,473,949
Change in Currency Translation Adjustment	65,896	-	65,896
Change in Net Assets Reflecting Change in Currency Translation	**$ 38,419,515**	**$ 47,120,330**	**$ 85,539,845**
Net Assets - Beginning of Year	$ 351,087,771	$ 182,242,037	$ 533,329,808
Net Assets - End of Year	**$ 389,507,286**	**$ 229,362,367**	**$ 618,869,653**

Consolidated Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services				Support Services	
	Grantmaking	Collection Care and Management	Exhibitions, Publications, and Educational Programs	Total	Management and General	Total
Salaries and benefits	$ 907,748	$ 241,970	$ 575,675	$ 1,725,393	$ 2,507,100	$ 4,232,493
Professional fees	188,153	61,024	255,891	505,068	332,323	837,391
Advertising and publicity	5,000	-	8,552	13,552	-	13,552
Insurance	11,314	200,900	15,002	227,216	22,677	249,893
Rent-related expenses	9,825	32,175	101,753	143,753	683,991	827,744
Utilities	19,076	46,534	39,166	104,776	47,496	152,272
Repairs and maintenance	31,409	98,205	156,365	285,979	77,694	363,673
Depreciation	65,988	161,498	118,679	346,165	150,294	496,459
Travel and entertainment	11,625	1,852	13,863	27,340	139,468	166,808
Grant expense	16,447,608	-	-	16,447,608	-	16,447,608
Miscellaneous	56,286	38,721	97,767	192,774	143,093	335,867
Excise tax expense	-	-	-	-	527,530	527,530
Total functional expenses	**$ 17,754,032**	**$ 882,879**	**$ 1,382,713**	**$ 20,019,624**	**$ 4,631,666**	**$ 24,651,290**

See notes to consolidated financial statements.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services				Support Services	
	Grantmaking	Collection Care and Management	Exhibitions, Publications, and Educational Programs	Total	Management and General	Total
Salaries and benefits	$ 857,884	$ 383,383	$ 683,469	$ 1,924,736	$ 2,021,308	$ 3,946,044
Professional fees	124,872	31,434	299,278	455,584	193,178	648,762
Advertising and publicity	11,500	-	8,370	19,870	350	20,220
Insurance	13,180	204,664	14,516	232,360	18,355	250,715
Rent-related expenses	14,421	41,259	115,162	170,842	780,774	951,616
Utilities	20,336	46,395	42,826	109,557	36,729	146,286
Repairs and maintenance	29,800	76,563	127,132	233,495	56,393	289,888
Depreciation	77,616	177,580	138,692	393,888	131,626	525,514
Travel and entertainment	3,611	224	1,063	4,898	11,379	16,277
Grant expense	11,158,641	-	-	11,158,641	-	11,158,641
Miscellaneous	40,950	36,929	202,463	280,342	81,868	362,210
Excise tax expense	-	-	-	-	1,338,593	1,338,593
Total functional expenses	**$ 12,352,811**	**$ 998,431**	**$ 1,632,971**	**$ 14,984,213**	**$ 4,670,553**	**$ 19,654,766**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ (75,179,162)	$ 85,473,949
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation	496,459	525,514
Net realized gain on investments	(92,376,146)	(22,981,520)
Net change in unrealized loss (gain) on investments	144,964,697	(77,868,756)
Gain on deaccession of artwork	-	(14,409)
Changes in operating assets and liabilities that used (provided) cash and cash equivalents:		
Receivables - Other	(10,445)	113,601
Receivables - Interest and dividends	297,773	(38,937)
Receivables - Excise taxes	(22,592)	87,540
Other assets	63,803	(28,880)
Grants payable	4,443,614	365,220
Accounts payable and accrued expenses	(97,710)	(615,056)
Deferred excise taxes	(1,453,933)	825,757
Other liabilities	375,000	-
Net cash and cash equivalents used in operating activities	(18,498,642)	(14,155,977)
Cash Flows from Investing Activities		
Capital expenditures	(36,566)	(58,875)
Proceeds from sale of investments	530,916,337	42,383,913
Purchase of investments	(512,666,019)	(28,220,194)
Proceeds from sale of property, plant, and equipment	1,265	-
Addition to art collection	-	(5,695)
Proceeds from deaccession of artwork	-	32,000
Net cash and cash equivalents provided by investing activities	18,215,017	14,131,149
Effect of Exchange Rate Changes	(9,351)	15,616
Net Decrease in Cash and Cash Equivalents	(292,976)	(9,212)
Cash and Cash Equivalents - Beginning of year	556,155	565,367
Cash and Cash Equivalents - End of year	**$ 263,179**	**$ 556,155**
Supplemental Cash Flow Information - Cash paid for excise taxes	$ 2,100,000	$ 539,265

See notes to consolidated financial statements.

Note 1 - Nature of Business

Terra Foundation for American Art (collectively with its subsidiaries, the "Foundation") is a private grantmaking foundation. The Foundation's mission is to support the understanding and appreciation of American art, both in the United States and abroad, primarily through its grant program. The Foundation also focuses on developing traveling exhibitions, grants, and fellowships. As part of this effort, the Foundation has an office in Paris, France, Terra Foundation of American Art Europe (TFAAE).

Note 2 - Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Terra Foundation for American Art, TFAAE, Terra Michigan Avenue Property LLC (TMAP), and Terra Art Vault LLC. All significant intercompany transactions have been eliminated in consolidation. These consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. In fiscal years 1993 through 1996, Daniel J. Terra (the "Founder") established endowments held in perpetuity for purposes consistent with the Foundation's goals. Effective August 18, 2006, distributions are permitted based on a court decree, which shall not exceed 5 percent of the net fair value of the fund's total assets based on a three-year trailing average of the fair value of the funds. The distributions from assets held in perpetuity as a result of the court decree amounted to $10,956,806 and $10,695,491 for the years ended June 30, 2022 and 2021, respectively.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Cash Equivalents

The Foundation considers all investments with an original maturity of three months or less when purchased to be cash equivalents. The Foundation maintains its cash and cash equivalents in bank deposit accounts that at times may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

The Foundation's investments are reported at fair value. Investment gains (losses), including net realized and unrealized gains (losses), are reflected in the consolidated statement of activities as increases in net assets. Interest and dividend income is recorded on the accrual basis.

The Foundation's investments are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the consolidated statement of financial position.

Note 2 - Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at their estimated fair value at the date donated or at cost if purchased. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range between 3 and 40 years.

Grants Payable

Grants are recorded as liabilities and expensed at the time they are approved by the board of directors. Grants payable consist of unconditional grants that have been approved as of June 30, 2022. The majority of the grants payable balance are scheduled to be paid in less than one year.

Conditional grants, if any, are expensed when such conditions are substantially met. See Note 9 for further information regarding conditional grants awarded as of June 30, 2022 and 2021.

Federal Income Taxes

The Foundation is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3) and is classified as a private foundation under the code. Accordingly, the Foundation is subject to excise taxes based on current net investment income. As of June 30, 2022 and 2021, the Foundation had excise taxes payable of $31,938 and $127,884, respectively. The amounts were included in accounts payable and accrued expenses in the consolidated statement of financial position. Excise taxes paid by the Foundation are paid from the respective net assets without donor restrictions or net assets with donor restrictions. The Foundation provides for deferred excise taxes, which represent taxes calculated on the net unrealized appreciation of investments using a 1.39 percent tax rate during 2022 and 2021. Additionally, the Foundation records an excise tax receivable for tax amounts overpaid in previous years to be received or applied in future years.

Use of Estimates

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

Art Collection

The Foundation has capitalized its collection since its inception. When purchased, items accessioned into the collection are capitalized at cost; when donated, they are capitalized at their appraised or fair value on the accession date. Gains or losses on the deaccession of collection items are classified on the consolidated statement of activities as with donor restrictions or without donor restrictions, depending on donor restrictions, if any, placed on them at the time of accession. Proceeds from deaccessions can be used to purchase other works of art or for the direct care of the existing art collection.

Foreign Currency Translation

The European euro is considered the functional currency of TFAAE. Accordingly, foreign currency adjustments, arising from the translation of TFAAE's accounts to U.S. dollars, are recorded in the cumulative foreign currency translation account, which is included within net assets without donor restrictions on the consolidated statement of financial position. Assets and liabilities are translated into U.S. dollars at the rate of exchange in effect at the close of the period. Income and expenses are translated at a weighted-average rate of exchange for the period. The cumulative foreign currency translation adjustment was $2,043,668 and $2,142,535 as of June 30, 2022 and 2021, respectively.

Note 2 - Significant Accounting Policies (Continued)

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

- Utilities - Square footage based on function
- Depreciation - Square footage based on function
- Property insurance and building assessments - Square footage based on function
- Repairs and maintenance - Square footage based on function
- Employee benefits - Estimates of time and effort

Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Upcoming Accounting Pronouncement

The FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Foundation's year ending June 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the year of adoption. Management has determined that the standard will not have a significant impact on the consolidated financial statements.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including November 10, 2022, which is the date the consolidated financial statements were available to be issued. Subsequent to year end, the Foundation's investment portfolio has continued to incur a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

Note 3 - Liquidity and Availability of Resources

The Foundation considers investment income without donor restrictions; appropriated earnings from donor-restricted endowments; contributions without donor restrictions; and contributions with donor restrictions for use in current programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Donor-restricted contributions for programs and activities that are not ongoing or central to its annual operations are excluded from resources available for general expenditures. General expenditures include administrative and general expenses, direct program activities, and grant commitments expected to be paid in the subsequent fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability
- Maintaining adequate liquid assets

Note 3 - Liquidity and Availability of Resources (Continued)

- Maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments and obligations that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation. Consistent with this objective, the Foundation budgets to spend no more than 5 percent of the three-year average value of its unrestricted and donor-restricted invested assets. Although the Foundation does not intend to spend from its unrestricted assets beyond the amounts calculated through the budget approval and appropriation process, these assets are available to meet general expenditures if necessary.

Approximately 49 and 66 percent of the Foundation's investment portfolio consists of highly liquid investments as of June 30, 2022 and 2021, respectively; 40 and 27 percent of the portfolio's investments may be redeemed either at future specified redemption dates or currently by incurring a penalty as of June 30, 2022 and 2021, respectively. Finally, certain investments (approximately 11 and 7 percent as of June 30, 2022 and 2021, respectively) in real estate, private equities, and private investments are subject to constraints that limit the Foundation's ability to withdraw capital after such investments are made or may limit the amount available for withdrawal at a given redemption date.

The following financial assets as of June 30 could readily be made available within one year of the consolidated statement of financial position date to meet general expenditures:

	2022	2021
Cash and cash equivalents	$ 263,179	$ 556,155
Accounts receivable and excise tax receivable	151,039	118,002
Appropriation of donor-restricted endowments for use over next 12 months	11,093,102	10,956,806
Portion of invested assets without donor restrictions	174,102,884	209,582,257
Total	$ 185,610,204	$ 221,213,220

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the consolidated financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2022 and 2021 and the valuation techniques used by the Foundation to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Note 4 - Fair Value Measurements (Continued)

The Foundation estimates fair values for the private equity partnerships and real estate partnerships based on the Foundation's applicable ownership percentage of the investment partnerships' net assets as of the measurement date. In assessing the propriety of using net asset value (NAV) as fair value, the Foundation utilizes valuations provided by the investment partnerships. The investment partnerships value securities and other financial instruments on the fair value basis of accounting. The estimated fair values of certain investments of the investment partnerships, which may include private placements and other securities for which prices are not readily available, are determined by the sponsor of the respective investment partnerships using various techniques, such as discounted cash flow analysis and comparable market data, and may not reflect amounts that could be realized upon immediate sale nor amounts that ultimately may be realized.

The Foundation had no financial liabilities that were accounted for at fair value on a recurring basis as of June 30, 2022 and 2021.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 4 - Fair Value Measurements (Continued)

Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2022
Assets				
Fixed income:				
Money market funds	$ 1,064,805	$ -	$ -	$ 1,064,805
Government bonds	5,752,153	-	-	5,752,153
Exchange-traded funds - United States	8,448,272	-	-	8,448,272
Equities:				
Common stock	59,608,179	-	-	59,608,179
Mutual funds	31,560,695	-	-	31,560,695
Exchange-traded funds - United States	10,362,301	-	-	10,362,301
Exchange-traded funds- Derivative contracts	-	64,132	-	64,132
Total	$ 116,796,405	$ 64,132	$ -	116,860,537
Investments measured at NAV:				
Commingled funds - Corporate bonds				8,622,968
International equity fund				6,833,440
Real estate partnership				26,552,879
Private equity partnerships				67,225,225
Hedge funds				133,534,033
Total investments measured at NAV				242,768,545
Total assets				$ 359,629,082

Note 4 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2021
Assets				
Fixed income:				
Money market funds	$ 1,303,689	$ -	$ -	$ 1,303,689
Municipal bonds	35,130,093	-	-	35,130,093
Equities:				
Mutual funds	30,608,405	-	-	30,608,405
Exchange-traded funds - United States	18,978,250	-	-	18,978,250
Total	$ 86,020,437	$ -	$ -	86,020,437
Investments measured at NAV:				
International equity funds				89,905,257
Domestic equity funds				113,300,441
Real estate partnerships				40,666,584
Private equity partnerships				20,803,542
Hedge fund of funds - Offshore				88,248,363
Total investments measured at NAV				352,924,187
Total assets				$ 438,944,624

Excluded from the table above is cash of $7,741,758 and $0 as of June 30, 2022 and 2021, respectively, which is included in investments on the consolidated statement of financial position.

Investments in Entities that Calculate Net Asset Value per Share

The Foundation holds shares or interests in funds at year end where the fair value of the investment held is estimated based on net asset value per share of the fund.

Note 4 - Fair Value Measurements (Continued)

For 2022 and 2021, the estimated fair values, unfunded commitments, and redemption rules of those investments are as follows:

	June 30, 2022	June 30, 2021	June 30, 2022		
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Energy Capital (a)	$ -	$ 143,309	$ -	**	**
Portfolio Advisors (b)	1,504,767	1,685,361	926,126	**	**
Morgan Stanley Prime Property (c)	14,036,743	28,489,260	-	Quarterly	90 days
Frontenac (d)	15,503	1,025,712	175,000	**	**
Energy Capital Mezzanine (e)	751,194	2,390,218	2,312,470	**	**
BREP Asia (f)	2,221,768	2,599,735	866,804	**	**
BREP Europe IV (g)	1,133,713	1,461,346	841,345	**	**
BREP Real Estate Partner VIII (h)	8,109,571	8,116,242	1,464,071	**	**
PIMCO (i)	33,199,472	42,046,320	-	Semiannually	90 days
Two Sigma (j)	-	29,424,221	-	Monthly	30 days
Wind Point Partners VIII (k)	5,428,877	6,388,522	124,195	**	**
NTGI S&P 500 Index (l)	-	79,636,811	-	Daily	None
NTGI Common EAFE Index (m)	-	32,911,194	-	Daily	None
Lazard Emerging Markets Core (n)	-	32,361,564	-	Daily	None
Wellington International Small Cap Opp (o)	-	24,632,499	-	Daily	None
Wellington Small Cap 2000 Portfolio (p)	-	33,663,630	-	Daily	None
MidOcean Partners (q)	8,578,033	6,930,949	1,337,799	**	**
Lyxor Bridgewater (r)	-	16,777,822	-	Monthly	15 days
JPMorgan Global Private Equity Portfolio IX (s)	4,741,769	2,239,472	6,342,919	**	**
Cantillon Global Equity, LP (t)	31,264,451	-	-	Quarterly	30 days
Echo Street GoodCo Select II, LP (u)	18,562,669	-	-	Monthly	30 days
Green Court Greater China Long-Only Equity Fund, Ltd. (v)	6,833,440	-	-	Quarterly	45 days
Redwheel Emerging Markets Equity Fund, Ltd. (w)	8,675,975	-	-	Monthly	30 days
Sheridan Square Offshore Fund, Ltd. (x)	21,288,355	-	-	Monthly	30 days
Tensile Capital Partners, LP (y)	15,077,122	-	-	Semiannually	90 days; 25% per quarter
The WindAcre Domestic Partnership, LP (z)	19,999,210	-	-	Annually	45 days
ArrowMark Income Opportunity Fund QP, LP (aa)	6,755,134	-	-	Quarterly	60 days
Brandywine Global Opportunistic Fixed Income (bb)	5,122,716	-	-	Daily	10 days
The Colchester Global Bond Fund (cc)	3,500,252	-	-	Semimonthly	5 days
Agility Comprehensive Solutions Fund, LP - Absolute Return (dd)	19,227,592	-	-	25% per Quarter	1 quarter
Agility Comprehensive Solutions Fund, LP - Private Capital (ee)	6,740,219	-	43,438,459	**	**
Total	$ 242,768,545	$ 352,924,187	$ 57,829,188		

**The Foundation is unable to withdraw from the partnerships without the consent of the general partner.

Note 4 - Fair Value Measurements (Continued)

Investment strategies are as follows:

(a) Energy Capital is a private equity fund focused on the acquisition, development, and construction of energy infrastructure assets. This investment cannot be redeemed during the life of the fund; instead, distributions will be received as the underlying investments of the funds are liquidated. The term of the fund is 10 years from January 31, 2006, which may be extended by the general partner for an additional 1-year period or, beyond that, with the approval of a majority interest of the fund investors for up to two additional 2-year periods. The investment period for the fund ended in January 2017, and the fund was fully liquidated as of December 2021.

(b) Portfolio Advisors is a private equity fund of funds investing with underlying funds that are focused on buyout and special situation investments. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. The fund shall continue until one year after the date by which all portfolio investments have been liquidated, which has not yet occurred as of June 30, 2022.

(c) Morgan Stanley Prime Property is an open-end fund investing in commercial real estate properties in the United States.

(d) Frontenac is a private equity fund focused on middle-market buyout opportunities. This investment cannot be redeemed during the life of the fund; instead, distributions will be received as the underlying investments of the funds are liquidated. The fund was to terminate on December 28, 2016, with extensions available to the general partner for up to three additional 12-month periods to allow for an orderly termination and liquidation of the assets. The commitment period for the fund ended in December 2019, and the fund is now in the process of liquidating assets.

(e) Energy Capital Mezzanine is a private equity fund providing mezzanine financing to companies involved in the acquisition, development, and construction of energy infrastructure assets.

(f) BREP Asia is a closed-end fund investing to hold underlying interests and make certain capital contributions to certain real estate partnerships and certain alternative investment vehicles investing in real estate as participants in Asia. Items of distribution, income, and expense are allocated among limited partners in accordance with their interests. The fund shall continue until December 10, 2023 and may be extended for up to two additional one-year periods.

(g) BREP Europe IV is a closed-end fund investing to hold underlying interests and make certain capital contributions to certain real estate partnerships and certain alternative investment vehicles, investing in real estate as participants in Europe. Items of distribution and income and expense will be allocated among the general and limited partners in accordance with specific hurdle rate computations and profit-sharing allocations, which provide, among other things, that the limited partners receive priority returns to achieve specified yields. The fund shall continue until March 23, 2025 and may be extended for up to two additional one-year periods.

(h) BREP Real Estate Partner VIII is a closed-end fund investing in non-U.S. real estate properties.

(i) PIMCO Tactical Opportunities Fund is a directional opportunistic credit strategy seeking to capitalize on dislocations across global credit markets. The fund is structured to provide flexibility and liquidity protection to effectively invest across global, public, and private residential, commercial, and corporate credit markets.

(j) Two Sigma Risk Premia Cayman Fund, Ltd is a diversified fund focused on liquid strategies in global equity, futures, and FX markets. Risk Premia Cayman aims to deliver low-correlated absolute returns by targeting an optimal set of risk premia through the systematic application of longer-term fundamental and technical models to global liquid markets.

Note 4 - Fair Value Measurements (Continued)

(k) Wind Point Partners VIII is a closed-end fund focusing on partnering with top caliber CEOs to acquire solid middle market companies with a clear path to value creation in consumer products, industrial products, and business service markets. For each business, they develop a value creation plan (VCP) to drive operations and financial improvement.

(l) NTGI S&P 500 Index is a commingled fund designed to approximate the risk and return characteristics of the S&P 500 Index. This index is commonly used to represent the large-cap segment of the U.S. equity market. This fund may participate in securities lending.

(m) NTGI Common EAFE Index is a commingled fund designed to approximate the risk and return characteristics of the MSCI Europe, Australasia, and Far East Index. This index is commonly used to represent the non-U.S. equity markets. This fund may participate in securities lending.

(n) Lazard Emerging Markets Core Fund seeks to achieve attractive risk-adjusted relative returns through a full market cycle by investing in companies whose valuations are mispriced by the market based on the assessment of fair value. The strategy typically invests in 60 to 80 securities that have sufficient liquidity and generally have a market capitalization of approximately $300 million or greater and are located, or that do significant business, in emerging markets countries. Companies that derive more than 50 percent of their net assets or sales from emerging markets are also included in the investment universe.

(o) Wellington International Small Cap Opportunities Fund utilizes an approach driven by intensive, bottom-up, fundamental research and a disciplined, industry-based approach to valuation, with the objective of providing long-term total return in excess of the S&P Europe Pacific Asia Composite BMI Less Than $2 Billion Index.

(p) Wellington Small Cap 2000 Portfolio utilizes an approach designed to add value through fundamental, bottom-up security analysis. The focus is on stock selection within the small-cap markets and on maintaining industry weights within plus or minus 1 percent relative to those of the Russell 2000 Index.

(q) MidOcean Partners seeks to make 10 to 15 control investments by utilizing sector-focused knowledge and experience to target business service and consumer companies ranging from $100 million to $500 million in enterprise value. Investments are then evaluated using a bottom-up approach to identify areas of financial and operational improvement.

(r) Lyxor Bridgewater focuses on three major factors: fundamental, systematic, and diversified. The fundamental factor focuses on an understanding of the cause and effect linkages that make up the economic and markets infrastructure. The systematic factor is characterized by applying this fundamental understanding to create explicit rules that can be debated and stress tested across time, countries, and environments. The diversified factor balances risk across return streams with low correlation to improve return to risk ratios and minimize dependency on any particular component.

(s) JPMorgan Global Private Equity Portfolio IX is a diversified private equity fund looking to invest in 25-30 core relationships in large buyouts, small/mid buyouts, growth, venture capital, and other opportunities.

(t) Cantillon Global Equity, LP is a global quality-growth manager with a focus on long-term, sustainable financial productivity. The manager has a strictly fundamental approach and the fund’s core exposure is in high returning, noncyclical businesses at reasonable valuations.

(u) Echo Street GoodCo Select II, LP is a U.S.-focused equity fund that invests in high-quality businesses that exhibit high levels of durability and resilient earnings growth. The portfolio has diversified holdings but is concentrated in industries that are viewed as secularly advantaged.

Note 4 - Fair Value Measurements (Continued)

(v) Green Court Greater China Long-Only Equity Fund, Ltd. is a dedicated China strategy fund that utilizes a research-intensive, fundamentally driven, bottom-up approach to investing in Greater China. The portfolio is focused in two broad areas: domestic consumption-driven businesses and domestic infrastructure.

(w) Redwheel Emerging Markets Equity Fund, Ltd. is a global emerging and frontier market strategy combining top-down macro and thematic analysis with bottom-up stock selection. The fund seeks to uncover medium to long-term growth opportunities and investment themes at reasonable prices.

(x) Sheridan Square Offshore Fund, Ltd. is an international large-cap equity fund that focuses on high-quality large-cap companies that are trading at significant discounts to their intrinsic value. The manager seeks to identify businesses with steady, predictable growth; high returns on capital; and well-established barriers to competition.

(y) Tensile Capital Partners, LP is a U.S. equity strategy that uses a rigorous fundamentals-based, research-driven investment process to uncover asymmetric risk/reward opportunities with a strict valuation discipline. The fund is predominantly focused on U.S.-based small- and mid-sized companies.

(z) The WindAcre Domestic Partnership, LP is an opportunistic, value-oriented global equity fund. The portfolio is highly concentrated and focused on high-quality businesses trading at steep discounts to intrinsic value. The industry exposures of the portfolio will fluctuate depending on the opportunity set.

(aa) ArrowMark Income Opportunity Fund QP, LP has a broad investment universe that includes all areas of the fixed-income market but is predominantly focused within structured credit markets. The manager seeks to identify asymmetric risk/reward opportunities and to minimize risk through security and sector diversification along with selective hedging strategies.

(bb) Brandywine Global Opportunistic Fixed Income fund invests in global sovereign and corporate credit with a focus on markets offering above-average real interest rates. This manager utilizes a value-driven, active, top-down approach to the global fixed income markets with a deep understanding of the prevailing macroeconomic conditions.

(cc) The Colchester Global Bond Fund focuses solely on sovereign debt and currency markets. This manager’s particular focus is on sovereign bonds that exhibit high real interest rates and stable or appreciating currencies. The portfolio’s country and currency exposures actively rotate over time.

(dd) - (ee) Agility Comprehensive Solutions Fund LP (ACS) is a partnership vehicle designed to provide each limited partner with an investment solution that meets its specific needs. While ACS may make other types of investments, most investments are made in pooled investment vehicles or separately managed accounts advised by external investment advisors. These externally managed investments provide limited partners vehicles through which they can gain exposure to various asset classes, including global equities, global fixed income, absolute return, liquid real assets, private capital, private real assets, environmental, social; and governance investments, and other strategies. Investments will be held directly by ACS or through one or more wholly owned subsidiaries of ACS, known as “Building Block Portfolios.” These Building Block Portfolios may be reflective of a broad asset class, an investment strategy or theme, a single investment, or any other investment approach. The Terra Foundation for American Art’s investment in ACS is composed of Agility Absolute Return, Agility Private Real Assets IV, Agility Private Capital VI, and Agility Private Capital VII. Each of these portfolios has the objective of earning a rate of return that exceeds its established class-specific benchmark.

Note 5 - Property and Equipment

Property and equipment are summarized as follows:

		2022		2021
Building improvements	$	10,068,758	$	10,376,640
Furniture and fixtures		2,053,025		2,093,491
Computer equipment and software		495,393		514,144
Construction in progress		-		13,577
Total cost		12,617,176		12,997,852
Less accumulated depreciation		5,814,351		5,639,192
Net property and equipment	$	6,802,825	$	7,358,660

Depreciation expense for 2022 and 2021 was $496,459 and $525,514, respectively.

As of June 30, 2022 and 2021, the Foundation had land, building, and equipment with a net book value of approximately $650,000 and $830,000, respectively, located in France.

Note 6 - Retirement Plans

The Foundation has a defined contribution retirement plan (the "Plan") for which substantially all employees are eligible after one full year of service. The Foundation contributes 4 percent of the participant's annual compensation and will match an employee's contribution up to an additional 6 percent. Contributions to the Plan totaled $193,985 and $167,470 for the years ended June 30, 2022 and 2021, respectively.

Effective January 1, 2022, the Foundation adopted a 457(b) deferred compensation plan. According to the plan, the chief executive officer is eligible to make salary reduction contributions. In addition, the Foundation may make a discretionary contribution. The amounts are maintained on the Foundation's books in a designated account, will remain the sole property of the Foundation, and are available to satisfy the claims of the general creditors of the Foundation. The Foundation recorded contributions of $8,241 and $0 for the years ended June 30, 2022 and 2021, respectively. The accrued liability as of June 30, 2022 and 2021 was $7,995 and $0, respectively.

Note 7 - Net Assets

Net assets with donor restrictions include endowments for which donor-imposed restrictions stipulate that they be maintained by the Foundation in perpetuity. Earnings from restricted net assets are used for either the acquisition, preservation, and restoration of art by the Foundation (Art Acquisition Endowment) or the promotion and furtherance of education in the visual and performing arts (Education Endowment). Net assets with donor restrictions as of June 30 are available for the following purposes:

	2022	2021
Subject to expenditures for a specified purpose:		
Art Acquisition Endowment	$ 18,047,097	$ 16,130,778
Education Endowment	15,865,200	15,865,200
Total subject to expenditures for a specified purpose	33,912,297	31,995,978
Invested in perpetuity, the income from which is expendable to support:		
Art Acquisition Endowment	38,636,661	48,895,196
Education Endowment	120,718,998	148,471,193
Total invested in perpetuity	159,355,659	197,366,389
Total net assets with donor restrictions	$ 193,267,956	$ 229,362,367

Note 8 - Donor-restricted Endowments

The Foundation's endowment consists of two individual funds established for a variety of purposes, as described above. Its endowment includes only donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation is subject to the State Prudent Management of Institutional Funds Act (SPMIFA). The board of directors of the Foundation has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gifts to the permanent endowment and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The endowment funds will remain classified as such until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Note 8 - Donor-restricted Endowments (Continued)

	Endowment Net Asset Composition by Type of Fund as of June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount	$ -	$ 134,669,192	$ 134,669,192
Accumulated investment gains	-	58,598,764	58,598,764
Total	$ -	$ 193,267,956	$ 193,267,956

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ -	$ 229,362,367	$ 229,362,367
Investment loss	-	(27,101,916)	(27,101,916)
Appropriation of endowment assets for expenditure	-	(8,992,495)	(8,992,495)
Endowment net assets - End of year	$ -	$ 193,267,956	$ 193,267,956

	Endowment Net Asset Composition by Type of Fund as of June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount	$ -	$ 143,661,687	$ 143,661,687
Accumulated investment gains	-	85,700,680	85,700,680
Total	$ -	$ 229,362,367	$ 229,362,367

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ -	$ 182,242,037	$ 182,242,037
Investment income	-	56,091,103	56,091,103
Appropriation of endowment assets for expenditure	-	(8,970,773)	(8,970,773)
Endowment net assets - End of year	$ -	$ 229,362,367	$ 229,362,367

Funds with Deficiencies

As of June 30, 2022 and 2021, there were no funds with deficiencies.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner in order to achieve an average annual rate of return of the Consumer Price Index plus 5 percent while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Note 8 - Donor-restricted Endowments (Continued)

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year an amount that shall not exceed 5 percent of the net fair value of the funds' total assets based on a three-year trailing average of the fair value of the funds. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow annually at a level equal to changes in the CPI index. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term and to provide additional real growth through new additions and investment return. The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater unless otherwise precluded by donor intent or relevant laws and regulations.

Note 9 - Grants Approved but Not Paid

The Foundation has conditionally approved future grant commitments in the amounts of $1,418,818 and $1,697,628 for the years ended June 30, 2022 and 2021, respectively. These amounts have not been recorded as a liability because the Foundation reserves the right to cancel a grant at any time if it determines that the organization receiving the grant is not administering the project and grant funds in accordance with the proposal approved by the Foundation's board of directors.

Note 10 - Operating Leases, as Lessee

The Foundation entered into a 10-year lease for new office space in France that is renewable for subsequent periods of 5 years, which commenced in June 2015. Rent payments under this lease are 152,028 euros per year, which is approximately $169,000.

Note 11 - Commitments

In July 2016, the Foundation entered into an agreement, with similar terms as a previous agreement, to lend approximately 26 of the Foundation's paintings to the Art Institute of Chicago (AIC) for five years, after which it may be renewed by mutual agreement for a term that is deemed appropriate. In July 2022, this agreement was renewed through July 4, 2023. The remainder of the art will be used in active programming of the Foundation. The Foundation is committed to making an annual contribution of $50,000 to AIC, which is to be used to support programs, operations, and activities relating to American art. The total future commitment is recorded in grants payable on the consolidated statement of financial position. Either party has the right to terminate the contract with nine months' notice.

Note 12 - Development Contract

The Foundation entered into a development agreement with a company to develop the Foundation's properties in Chicago that were previously used as administrative offices and museum rental property. As part of the agreement, the developer constructed a mixed-use building containing condominium units and retail and office space. Upon completion of the construction, the Foundation was to own the retail and office space in the mixed-use building, and the ground lease described below would terminate. In addition, the Foundation would own five parking spaces in the garage parcel of the mixed-use building.

On February 13, 2013, the Foundation and developer closed on the transaction. Based on an appraised value in addition to amounts disbursed, the Foundation recorded additional cost to property and equipment of $7,628,800 for the office space and five parking spaces. Land with a net book value of $6,783,000 was written off. Closing expenses of $4,711,927 were incurred. In addition, the Foundation gained control over the retail space, which was valued and subsequently sold for $86,600,000, as described in the next paragraph. When the developer originally purchased the Michigan Avenue properties on April 30, 2008, the Foundation recognized a gain of $9,917,074 at that time.

On March 12, 2013, the Foundation sold all the retail space for $86,600,000, recognizing a gain of $79,866,066. As part of this closing, the Foundation entered into two agreements with the purchaser, under which the Foundation is to pay the rentals for the remaining retail space not leased to third parties until such time as qualified tenants are under lease. The Foundation may not occupy the space. The agreements also require the payment of the Foundation's pro rata share of taxes and operating expenses. For either or both agreements, the Foundation may assign the agreement(s) to a qualified tenant(s), as defined in the agreement(s), and be fully released from all obligations upon additional payments, as defined in the agreement(s).

In 2015, the Foundation was able to lease the remaining retail space through January 1, 2018. In September 2019, the Foundation secured a new tenant through February 2023. The Foundation expects this lease to be extended and is currently in negotiations with the current tenant.

As of June 30, 2022 and 2021, a liability of $2,300,000 and $1,925,000, respectively, was recorded in other liabilities in the consolidated statement of financial position based upon management's estimate of future cash outflows under these agreements. Any changes in this estimated amount will be recognized as a gain or loss. Management believes this estimate is reasonable based upon the current marketplace conditions and the current conditions of the tenant lease. However, it is reasonably possible that this estimate may change significantly in the near term.

The future payments required under the agreements are as follows:

Years Ending June 30	First Agreement	Second Agreement	Total
2023	$ 226,812	$ 559,747	$ 786,559
2024	-	576,539	576,539
2025	-	593,836	593,836
2026	-	611,651	611,651
2027	-	630,000	630,000
Thereafter	-	648,900	648,900
Total	$ 226,812	$ 3,620,673	$ 3,847,485

Note 12 - Development Contract (Continued)

Rental income recorded under the tenant agreement in the years ended June 30, 2022 and 2021 was $330,689 and $201,412, respectively.

Rent expense for the years ended June 30, 2022 and 2021 was $879,428 and $854,314, respectively.

Note 13 - Other Cash Flow Information

As of June 30, 2022, investments totaling $90,330 were purchased and included in due to brokers. As of June 30, 2021, $527,472 of investments was purchased and included in due to brokers.