WOODLAWN FOUNDATION, INC. AND AFFILIATES

COMBINED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

WOODLAWN FOUNDATION, INC. AND AFFILIATES

CONTENTS

blumshapiro
accounting • tax • advisory

2 Enterprise Drive
P.O. Box 2488
Shelton, CT 06484
Tel 203.944.2100

blumshapiro.com

Independent Auditors' Report

The Board of Directors
Woodlawn Foundation, Inc. and Affiliates
New Rochelle, New York

We have audited the accompanying combined financial statements of Woodlawn Foundation, Inc. and Affiliates (Woodlawn), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related combined statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Woodlawn as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2, during the year ended June 30, 2019, Woodlawn adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Blum, Shapiro & Company, P.C.

Shelton, Connecticut
March 31, 2020

WOODLAWN FOUNDATION, INC. AND AFFILIATES

COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 8,493,578	$ 11,502,975
Pledges receivable, net	191,254	419,648
Loans receivable, net	4,429,000	6,869,161
Other assets	288,702	312,441
Investments	36,569,701	36,248,820
Total Assets	$ 49,972,235	$ 55,353,045
LIABILITIES AND NET ASSETS		
Liabilities		
Notes payable	$ 1,709,346	$ 925,846
Line of credit	2,464,000	3,653,000
Liabilities under split-interest agreements	524,589	584,042
Other payables	51,411	129,926
Total liabilities	4,749,346	5,292,814
Net Assets		
Without donor restrictions	39,507,730	43,194,029
With donor restrictions	5,715,159	6,866,202
Total net assets	45,222,889	50,060,231
Total Liabilities and Net Assets	$ 49,972,235	$ 55,353,045

The accompanying notes are an integral part of the combined financial statements

WOODLAWN FOUNDATION, INC. AND AFFILIATES

COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Other Changes						
Contributions	$ 9,692,547	$ 1,102,409	$ 10,794,956	$ 12,274,748	$ 6,028,189	$ 18,302,937
Investment return, net	3,215,945	-	3,215,945	9,613,056	-	9,613,056
Change in value of split-interest agreements	-	(22,836)	(22,836)	-	40,494	40,494
Other income	182,330	-	182,330	209,545	-	209,545
Net assets released from restrictions	2,230,616	(2,230,616)	-	5,253,831	(5,253,831)	-
Total revenue, support and other changes	15,321,438	(1,151,043)	14,170,395	27,351,180	814,852	28,166,032
Expenses						
Program services	18,072,461	-	18,072,461	18,063,979	-	18,063,979
Management and general	807,336	-	807,336	927,238	-	927,238
Fundraising	127,940	-	127,940	70,012	-	70,012
Total expenses	19,007,737	-	19,007,737	19,061,229	-	19,061,229
Increase (Decrease) in Net Assets	(3,686,299)	(1,151,043)	(4,837,342)	8,289,951	814,852	9,104,803
Net Assets - Beginning of Year	43,194,029	6,866,202	50,060,231	34,904,078	6,051,350	40,955,428
Net Assets - End of Year	$ 39,507,730	$ 5,715,159	$ 45,222,889	$ 43,194,029	$ 6,866,202	$ 50,060,231

The accompanying notes are an integral part of the combined financial statements

WOODLAWN FOUNDATION, INC. AND AFFILIATES

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ (4,837,342)	$ 9,104,803
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	12,236	12,236
Donated securities	(339,033)	(297,949)
Donated real estate	-	(4,230,000)
Realized and unrealized gain on investments	(43,188)	(3,451,017)
Bad debts	2,444,191	497,469
Conversion of notes to contributions	224,000	-
Change in value of split-interest agreements	(25,837)	(95,831)
(Increase) decrease in operating assets:		
Pledges receivable, net	228,394	567,985
Loans receivable, net	(538,191)	(497,469)
Other assets	11,503	(68,248)
Increase (decrease) in operating liabilities:		
Other payables	(78,515)	59,936
Net cash provided by (used in) operating activities	(2,941,782)	1,601,915
Cash Flows from Investing Activities		
Purchases of investments	(4,868,132)	(3,247,602)
Proceeds from sales of investments	4,895,856	6,444,635
Repayments of loans receivable	310,161	20,886
Advances of loans receivable	-	(34,000)
Net cash provided by investing activities	337,885	3,183,919
Cash Flows from Financing Activities		
Proceeds from notes payable	833,000	125,000
Principal payments on notes payable	(49,500)	-
Payments on line of credit	(1,189,000)	-
Net cash provided by (used in) financing activities	(405,500)	125,000
Net Increase (Decrease) in Cash and Cash Equivalents	(3,009,397)	4,910,834
Cash and Cash Equivalents - Beginning of Year	11,502,975	6,592,141
Cash and Cash Equivalents - End of Year	$ 8,493,578	$ 11,502,975

The accompanying notes are an integral part of the combined financial statements

WOODLAWN FOUNDATION, INC. AND AFFILIATES

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019				2018			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Grants to organizations	$ 15,739,501	$ -	$ -	$ 15,739,501	$ 17,520,379	$ -	$ -	$ 17,520,379
Bad debt expense	1,911,000	-	-	1,911,000	-	-	-	-
Salaries expense	6,167	282,469	31,889	320,525	6,162	283,124	31,340	320,626
Employee benefits	1,459	66,837	7,546	75,842	1,394	64,061	7,091	72,546
Payroll taxes	472	21,609	2,440	24,521	471	21,659	2,398	24,528
Healthcare benefits	378,542	-	-	378,542	494,557	-	-	494,557
Management fees	-	199,896	3,474	203,370	-	218,066	-	218,066
Interest	2,036	100,844	10,528	113,408	1,910	87,766	9,715	99,391
Occupancy	1,284	58,807	6,639	66,730	1,216	55,891	6,187	63,294
Pledge reserve	-	-	50,169	50,169	-	-	-	-
Professional fees	-	25,765	9,000	34,765	-	94,150	1,408	95,558
Office expenses	8,940	19,186	2,651	30,777	639	29,375	3,777	33,791
IT expenses	437	19,992	2,257	22,686	434	19,955	2,209	22,598
Depreciation	12,236	-	-	12,236	12,236	-	-	12,236
Other expenses	210	9,529	1,076	10,815	1,112	50,784	5,621	57,517
Grants to individuals	10,125	-	-	10,125	23,417	-	-	23,417
Insurance	52	2,402	271	2,725	52	2,407	266	2,725
	$ 18,072,461	$ 807,336	$ 127,940	$ 19,007,737	$ 18,063,979	$ 927,238	$ 70,012	$ 19,061,229

The accompanying notes are an integral part of the combined financial statements

NOTE 1 - ORGANIZATION

The Woodlawn Foundation (Woodlawn) is a New York nonstock corporation whose primary purpose is to solicit contributions and to provide grants worldwide to not-for-profit organizations which receive pastoral care from the Catholic Prelature of Opus Dei.

The Rockside Foundation (Rockside) and The Sauganash Foundation (Sauganash) are supporting organizations of Woodlawn and were established exclusively to assist in raising funds to support Woodlawn's mission.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Principle

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendment changes the previous reporting model for nonprofit organizations and enhances the disclosure requirements. The major changes include: (a) requiring the presentation of only two classes of net assets rather than three, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investments expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. This ASU is effective for annual periods beginning after December 15, 2017. Management has adopted ASU 2016-14 for the year ended June 30, 2019. The amendments have been retrospectively applied with the exception of disclosures on liquidity and availability of resources for the year ended June 30, 2018.

Basis of Accounting and Presentation

The financial statements are presented on a combined basis to include the transactions of Woodlawn and its affiliates, Rockside and Sauganash. All significant intercompany balances and transactions have been eliminated from the combined financial statements. The combined financial statements of Woodlawn and its affiliates have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of Woodlawn and its affiliates are reported in the following net asset categories:

Net Assets Without Donor Restrictions
Net assets without donor restrictions represent resources that are not subject to donor-imposed restrictions and may be expended at the discretion of the Board of Directors.

Net Assets With Donor Restrictions
Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure. Net assets with donor restrictions also represent resources that have donor-imposed restrictions that require the principal be maintained in perpetuity but permit Woodlawn to expend the income earned thereon. Woodlawn did not have any assets requiring the principal balance be maintained in perpetuity as of June 30, 2019 and 2018.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates. Management has used estimates primarily to value alternative investments and in determining the allowances for loans receivable and uncollectible pledges. It is management's opinion that the estimates applied in the accompanying combined financial statements are reasonable.

Cash and Cash Equivalents

Cash and cash equivalents are defined as bank accounts and highly liquid investments with original maturities of 90 days or less.

Loans Receivable, Net

Woodlawn has loans receivable related to advances to not-for-profit organizations to support their missions and other projects as well as other loans to for-profit corporations. Some loans to not-for-profit organizations are forgiven when certain conditions or matching requirements are met as approved by the Board of Directors. Uncollectible account balances are written off when management determines the probability of collection is remote. Management maintains an allowance for uncollectible loans based on a review of specific loans and general historical experience.

Split-Interest Agreements

Woodlawn is a party to the following types of split-interest agreements:

Charitable Gift Annuities
Woodlawn has entered into several charitable gift annuities whereby assets were transferred to Woodlawn and invested. Under the terms of the agreements, contributions are received from donors in exchange for a promise by Woodlawn to pay a fixed amount for a specified period of time to a donor or individuals designated by the donor. Annuity contracts may be established for either one or two lives and provide that fixed payments be made to the annuitants for the remainder of their lives. Upon termination of the annuity contract, any remaining assets revert to Woodlawn for purposes as specified in the charitable gift annuity contracts. On an annual basis, Woodlawn revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions.

Charitable Remainder Trust
Woodlawn is the beneficiary of various charitable remainder trusts for which Woodlawn is the trustee. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for Woodlawn's use. The trust is carried at the fair value of the underlying investments. The portion of the trust attributable to the present value of the future benefits to be received by Woodlawn is recognized in the combined statements of activities as a donor-restricted contribution in the period the trust is established. On an annual basis, Woodlawn revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The liability is calculated using discount rates ranging from 4.8% to 10.2% and applicable mortality tables.

Other Assets

Other assets represent certain religious art items, leasehold improvements and security deposits.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include Woodlawn's gains and losses on investments bought and sold as well as held during the year.

Woodlawn's Investment Committee determines the organization's valuation policies and procedures utilizing information provided by investment advisors, asset custodians, fund managers and investment companies.

Realized and unrealized gains and losses on these investments are reported in the combined statements of activities as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulations.

Contributions

Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for use unless specifically restricted by the donor. Contributions receivable expected to be collected in more than one year are discounted to their present value. Woodlawn reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit their use. 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 statement of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented with net assets without donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Functional Expense Allocation

The cost of providing the various program and supporting services has been reported on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefitted. Such allocations have been determined by management on an equitable basis. Allocation of overhead expenses including occupancy and depreciation are allocated to functional areas based upon square footage. The allocations of other common expenses that by their nature are administrative in support of the overall organization are accumulated in a pool and allocated to programs and supporting services by cost center based upon the total salary expense in each cost center.

Income Taxes

Woodlawn and its affiliates are exempt from federal and state income taxes as public charities under Section 501(c)(3) of the Internal Revenue Code.

Subsequent Events

In preparing these combined financial statements, management has evaluated subsequent events through March 31, 2020, which represents the date the combined financial statements were available to be issued.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

Woodlawn's financial instruments that are exposed to concentrations of credit risk consist of the following:

Cash and Cash Equivalents

Woodlawn places its cash deposits with high credit-quality institutions. Such deposits exceed federal depository insurance limits at times during the year. However, management believes that Woodlawn's deposits are not subject to significant credit risk.

Investments

Woodlawn's investments are comprised of various stocks, bonds, mutual funds and alternative investments consisting of real estate, limited partnerships, a closely held corporation and limited liability companies. The value of the investments is subject to fluctuations due to general market conditions and interest rates.

Loans Receivable

Woodlawn grants loans to various not-for-profit organizations to support their missions and other projects as well as for-profit companies. Receivable balances are considered delinquent if no payment has been made and no payment plan has been established. Woodlawn maintains an allowance for potential collection losses based upon a review of specific delinquent accounts, and such losses have been within management's expectations. Specific accounts are written off after normal collection efforts have been exhausted.

NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1
Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Woodlawn has the ability to access.

Level 2
Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3
Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Because these assets are not readily marketable, their estimated fair value is subject to uncertainty and may differ significantly from the value that would have been used had a market for such items existed.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. When, as a practical expedient, an investment is measured at fair value on the basis of net asset value, its classification as Level 2 or 3 will be impacted by the ability to redeem the investment at net asset value at the measurement date. If there is uncertainty or the inability to redeem an investment at net asset value in the near term subsequent to the measurement date, the investment is categorized as Level 3.

Financial Instruments Measured at Fair Value

The following is a description of the valuation methodologies used for financial instruments measured at fair value:

Mutual Funds
Mutual funds are valued at the quoted net asset value of shares reported in the active market in which the mutual funds are traded.

Equity Securities
These items are valued at the closing price reported in the active market in which the individual securities are traded.

Limited Partnerships and Hedge Funds
Interests in these investments are valued by external investment managers taking into consideration the fair value of the underlying assets and liabilities, current distribution rates and discounts for redemption and liquidity restrictions.

Life Estates
The fair value of life estates represents physical real estate as determined using professional real estate appraisals and comparisons of similar properties in the areas.

Liabilities Under Split-Interest Agreements
Liabilities under split-interest agreements are valued using the present value of the fixed payments to be made to the annuitants for the remainder of their lives. The valuations involve assumptions based on the donor's age and life expectancy.

There have been no changes in the methodologies used at June 30, 2019 and 2018.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Woodlawn believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair Value Measurements

The following tables set forth by level, within the fair value hierarchy, Woodlawn's assets and liabilities at fair value as of June 30, 2019 and 2018:

Description	2019	Investments Valued Using Practical Expedient (a)	Fair Value Measurements Using		
			Level 1	Level 2	Level 3
Assets:					
Investments:					
Mutual funds:	$ 3,085,630	-	3,085,630	-	-
Equity securities:	22,655,775	-	22,655,775	-	-
Limited partnerships	4,355,679	4,355,679	-	-	-
Hedge funds	2,242,617	2,242,617	-	-	-
Life estates:	4,230,000	-	-	-	4,230,000
Total investments	36,569,701	6,598,296	25,741,405	-	4,230,000
Pledges receivable, net	191,254	-	-	-	191,254
Total Assets at Fair Value	$ 36,760,955	$ 6,598,296	$ 25,741,405	$ -	$ 4,421,254
Liabilities:					
Liabilities under Split-Interest Agreements	$ 524,589	$ -	$ -	$ -	$ 524,589

Description	2018	Investments Valued Using Practical Expedient (a)	Fair Value Measurements Using		
			Level 1	Level 2	Level 3
Assets:					
Investments:					
Mutual funds:	$ 2,743,417	$ -	$ 2,743,417	$ -	$ -
Equity securities:	22,162,361	-	22,162,361	-	-
Limited partnerships	5,388,341	5,388,341	-	-	-
Hedge funds	1,724,701	1,724,701	-	-	-
Life estates:	4,230,000	-	-	-	4,230,000
Total investments	36,248,820	7,113,042	24,905,778	-	4,230,000
Pledges receivable, net	419,648	-	-	-	419,648
Total Assets at Fair Value	$ 36,668,468	$ 7,113,042	$ 24,905,778	$ -	$ 4,649,648
Liabilities:					
Liabilities under Split-Interest Agreements	$ 584,042	$ -	$ -	$ -	$ 584,042

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

There were no transfers between levels of investments during the years ended June 30, 2019 and 2018.

Woodlawn does not develop its own quantitative unobservable inputs for limited partnerships and hedge funds but uses pricing information supplied by the investment managers.

Additional information regarding investments that report fair value based on net asset value per share or unit as of June 30, 2019 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Liquidity or Other Restrictions
Hedge fund:					
Abdiel (a)	$ 2,242,617	$ -	Monthly	60 Days	None
Limited partnerships:					
Linx partners (b)	4,355,679	1,582,910	Illiquid	-	-
	$ 6,598,296				

The investment strategies of these investments are as follows:

a. To generate attractive absolute returns, outperform U.S. equity markets and minimize the risk of permanent capital impairment.

b. To achieve capital appreciation primarily through making investments in equity securities issued by lower middle market companies in the United States and Canada and to develop and implement strategies designed to enhance the operating efficiency, financial management and strategic direction of the businesses.

Assets Measured at Fair Value Using Significant Unobservable Inputs (Level 3)

The following is a summary of the changes in the balances of real estate and pledges receivable measured at fair value using significant unobservable inputs as of June 30, 2019 and 2018:

	2019	2018
Life estates:		
Balance - beginning of year	$ 4,230,000	$ -
Contribution of real estate	-	4,230,000
Balance - End of Year	$ 4,230,000	$ 4,230,000

	2019	2018
Pledges receivable, net:		
Balance - beginning of year	$ 419,648	$ 987,633
New pledges receivable	-	-
Collections on pledges receivable	(158,414)	(596,673)
Write-offs	(32,829)	(173,272)
Change in allowance for uncollectible accounts	(50,169)	185,251
Change in discount on pledges receivable	13,018	16,709
Balance - End of Year	$ 191,254	$ 419,648

Liabilities Measured at Fair Value Using Significant Unobservable Inputs (Level 3)

The following is a summary of the changes in the balance of liabilities under split-interest agreements measured at fair value using significant unobservable inputs as of June 30, 2019 and 2018:

	2019	2018
Liabilities under split-interest agreements:		
Balance - beginning of year	$ 584,042	$ 611,499
Payments to beneficiaries	(37,647)	(38,907)
Change in value of liability	(21,806)	11,450
Balance - End of Year	$ 524,589	$ 584,042

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable consist of the following as of June 30, 2019 and 2018:

	2019	2018
Receivable in less than one year	$ 577,917	$ 677,030
Receivable in one to five years	124,339	206,470
Thereafter	-	10,000
Total pledges receivable	702,256	893,500
Less discount to net present value	(19,193)	(33,034)
Less allowance for uncollectible pledges	(491,809)	(440,818)
Pledges Receivable, Net	$ 191,254	$ 419,648

Pledges receivable due in more than one year are discounted at 5.00% at June 30, 2019 and 2018.

NOTE 6 - LOANS RECEIVABLE

Loans receivable consist of the following as of June 30, 2019 and 2018:

	2019	2018
Secured loans receivable, bearing interest at Prime plus 0.5%, with interest payments due annually. The loan principal was due on December 31, 2008, and the terms have been extended until July 31, 2020. Accrued interest on the notes was $4,097,197 and $3,678,666 as of June 30, 2019 and 2018, respectively. $8,000,000 plus accrued interest of the notes have the option to be converted to membership interests at a rate of $2 per unit. A $250,000 note plus accrued interest can be converted to membership interests at a rate of $.60 per unit. Management determined a reserve of $10,097,197 and $9,678,666 was necessary at June 30, 2019 and 2018, respectively.	$ 12,347,197	$ 11,928,666
Unsecured loan receivable, bearing interest at 6%, with principal and interest payable on demand when requested by the Board of Directors. This loan is fully reserved for.	5,091,664	5,091,664
Unsecured loans receivable, all bearing interest at 6%, with principal and interest due from January 2009 through June 2013. The terms and due dates of all loans are currently being renegotiated with interest continuing to accrue. Management determined a reserve of $3,132,597 and $1,106,937 was necessary at June 30, 2019 and 2018, respectively.	3,132,597	3,017,937
Unsecured loan receivable, bearing interest at 2.5% through September 15, 2017 and increasing to match the rate Woodlawn pays on the line of credit (see Note 8) plus 0.5%. Quarterly principal payments of $125,000 were due beginning September 15, 2019. All outstanding principal and interest is due March 15, 2027.	1,750,000	2,000,000
Unsecured loan receivable, bearing interest at 4% with principal and interest due March 2016. The loan was forgiven in December 2018.	-	224,000
Unsecured loan receivable, noninterest bearing with principal payable on demand when requested by the Board of Directors.	150,000	150,000
Secured mortgage receivable, bearing interest at 5% through June 2016 then LIBOR plus 1.75% through July 2021, with payments of interest and principal due monthly of $1,909. The loan was paid in full in February 2019, however.	-	60,161

Secured mortgage receivable, bearing interest at 5% with semi-annual interest payments of $6,000. The outstanding interest and entire principal balance is due on July 1, 2028.	245,000	240,000
Unsecured loan receivable, noninterest bearing with principal payable on demand when requested by the Board of Directors.	34,000	34,000
	22,750,458	22,746,428
Less allowance for uncollectible loans	18,321,458	15,877,267
Loans Receivable, Net	$ 4,429,000	$ 6,869,161

As of June 30, 2019, loans receivable, net, are expected to be collected as follows:

Within one year	$ 20,821,458
Within one to five years	750,000
Thereafter	1,179,000
	22,750,458
Less allowance for uncollectible loans	18,321,458
Loans Receivable, Net	$ 4,429,000

The following table presents informative data by class of financing receivable regarding their age and interest accrual status at June 30, 2019:

	Current	Past Due ≥ 90 Days	Total Financing Receivables	Total Financing Receivables on Nonaccrual Status	Financing Receivables Past Due ≥ 90 Days and Still Accruing Interest
Mortgage loans	$ 245,000	$ -	$ 245,000	$ -	$ -
Loans for operations - not-for-profit	1,934,000	3,132,597	5,066,597	-	3,132,597
Loans for operations - for-profit	-	17,438,861	17,438,861	5,091,664	12,347,197
Total	$ 2,179,000	$ 20,571,458	$ 22,750,458	$ 5,091,664	$ 15,479,794

NOTE 7 - NOTES PAYABLE

Notes payable consist of notes to individuals at June 30, 2019 and 2018 for loans received without restricted use ranging from $1,100 to $575,000, all of which are noninterest bearing and due on demand. The balance outstanding as of June 30, 2019 and 2018 was $1,709,346 and $925,846, respectively.

NOTE 8 - LINE OF CREDIT

During 2015, Woodlawn entered into an investment line of credit in the amount of $10,000,000. Interest is payable monthly at LIBOR plus 125 basis points with a floor of 2.00%. Borrowings are due on demand and secured by Woodlawn's investment accounts. In January 2016, the credit limit was reduced to $5,000,000. The balance outstanding as of June 30, 2019 and 2018 was $2,464,000 and $3,653,000, respectively.

NOTE 9 - LEASE COMMITMENTS

Woodlawn leases office space with aggregate monthly payments of $4,703 through June 30, 2019 increasing to $4,938 through June 30, 2022.

Rent expense was $60,531 and $58,019 for the years ended June 30, 2019 and 2018, respectively.

At June 30, 2019, minimum future rental payments under the operating leases were as follows:

Year Ending June 30		
2020	$	59,254
2021		59,254
2022		59,254
Total	$	177,762

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of June 30, 2019 and 2018:

	2019	2018
Restricted for capital grant purposes	$ 1,256,406	$ 2,169,723
Pledges receivable restricted for capital grant purposes	191,254	419,648
Split-interest agreements	522,203	531,535
Interest in life estates	3,745,296	3,745,296
Net Assets With Donor Restrictions	$ 5,715,159	$ 6,866,202

NOTE 11 - LIQUIDITY AND AVAILABILITY OF RESOURCES

Woodlawn's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	$	8,493,578
Loans receivable, net		4,429,000
Investments		36,569,701
Total financial assets available within one year		49,492,279
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions		1,256,406
Restricted for split-interest agreements		522,203
Illiquid investments		8,585,679
Total amounts unavailable for general expenditure within one year		10,364,288
Total Financial Assets Available to Management for General Expenditure Within One Year	$	39,127,991

As part of Woodlawn's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, Woodlawn invests excess cash in short term investments. Woodlawn also has a line of credit it could draw upon in the event of an unanticipated liquidity need.

NOTE 12 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses of $2,230,616 and $5,253,831 for capital grant funding purposes for the years ended June 30, 2019 and 2018, respectively.

NOTE 13 - RELATED PARTY TRANSACTIONS

To help ensure the effective use of grants which it awards, Woodlawn frequently arranges to have one or more of its own directors or officers serve on the Boards of Directors of not-for-profit organizations which receive grants from Woodlawn. During the years ended 2019 and 2018, grants of $10,478,629 and $11,842,363, respectively, were distributed to organizations that have officers or directors in common with Woodlawn.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2019 and 2018, Woodlawn has approved capital grants of $2,564,510 and $4,453,021, respectively, and operating grants of $2,702,660 and $3,282,949, respectively, which are contingent upon the satisfaction by the designated grantees satisfying certain conditions before the grants are funded. Additionally, as of June 30, 2019, Woodlawn has committed to providing future promissory notes of $2,020,000.

NOTE 15 - SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. We have evaluated the potential impact of the outbreak, and, at this point, it is not possible to estimate the impact, if any, on operations.

Subsequent to the balance sheet date, domestic and global investment markets have experienced significant volatility. This volatility is the result of numerous economic and political factors including the impact of the spread of the coronavirus. As a result, the current fair value of Woodlawn's investments may be materially different from the amounts recorded in the financial statements as of June 30, 2019.