

WOODLAWN FOUNDATION, INC. AND AFFILIATES
COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020



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WOODLAWN FOUNDATION, INC. AND AFFILIATES
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INDEPENDENT AUDITORS' REPORT

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 (the Foundation), which comprise the combined statements of financial position as of June 30, 2021 and 2020, and the related combined statements of activities, functional expenses, and cash flows 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 the combined 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

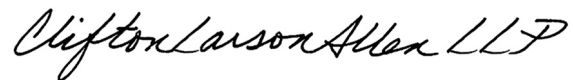
As more fully described in Note 1, the Foundation's combined financial statements do not properly record investments in one of its entity's at estimated fair market value. Management believes it is not practicable to estimate the fair value of its investment in this entity because the underlying investment consists of stock of an untraded company; therefore, the investment is carried at cost less previously recognized impairments. In our opinion, recording at estimated fair market value is required to conform with accounting principles generally accepted in the United States of America. Quantification of the effects on the combined financial statements of the preceding is not practicable.

Qualified Opinion

In our opinion, except for the omission of the information discussed in the Basis for Qualified Opinion paragraph, the combined financial statements referred to above present fairly, in all material respects, the financial position of Woodlawn Foundation, Inc. and Affiliates, as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding Restatement

As described in Note 14 to the combined financial statements, Woodlawn Foundation, Inc. and Affiliates corrected an error pertaining to grants payable in prior periods. Our opinion is not modified with respect to that matter.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Cranston, Rhode Island
April 19, 2023

WOODLAWN FOUNDATION, INC. AND AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 11,895,009	\$ 6,232,086
Accounts receivable, net	187,651	333,051
Pledges receivable, net	191,254	129,720
Loans receivable, net	4,336,663	3,208,538
Other assets	129,124	129,975
Investments	<u>47,228,771</u>	<u>38,460,225</u>
Total Assets	<u>\$ 63,968,472</u>	<u>\$ 48,493,595</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Notes payable	\$ 1,475,346	\$ 1,675,346
Line of credit	1,681,800	1,051,175
Liabilities under split-interest agreements	353,212	488,638
Other payables	<u>2,737,070</u>	<u>6,667,872</u>
Total liabilities	<u>6,247,428</u>	<u>9,883,031</u>
Net Assets		
Without donor restrictions	51,959,099	32,828,089
With donor restrictions	<u>5,761,945</u>	<u>5,782,475</u>
Total net assets	<u>57,721,044</u>	<u>38,610,564</u>
Total Liabilities and Net Assets	<u>\$ 63,968,472</u>	<u>\$ 48,493,595</u>

See accompanying Notes to Combined Financial Statements.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
COMBINED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support and Other Changes						
Contributions	\$ 20,049,607	\$ 2,126,258	\$ 22,175,865	\$ 12,548,822	\$ 3,670,024	\$ 16,218,846
Investment return, net	11,139,934	-	11,139,934	3,217,374	-	3,217,374
Net change in split-interest agreements	600,797	(245,991)	354,806	(22,662)	29,269	6,607
Other income	112,160	-	112,160	97,258	-	97,258
Net assets released from restrictions	<u>1,891,796</u>	<u>(1,891,796)</u>	<u>-</u>	<u>3,582,676</u>	<u>(3,582,676)</u>	<u>-</u>
Total revenue, support and other changes	<u>33,794,294</u>	<u>(11,529)</u>	<u>33,782,765</u>	<u>19,423,468</u>	<u>116,617</u>	<u>19,540,085</u>
Expenses						
Program services	13,424,374	-	13,424,374	19,812,264	-	19,812,264
Management and general	1,165,374	-	1,165,374	1,278,351	-	1,278,351
Fundraising	<u>82,537</u>	<u>-</u>	<u>82,537</u>	<u>80,307</u>	<u>-</u>	<u>80,307</u>
Total expenses	<u>14,672,285</u>	<u>-</u>	<u>14,672,285</u>	<u>21,170,922</u>	<u>-</u>	<u>21,170,922</u>
Increase (Decrease) in Net Assets	19,122,009	(11,529)	19,110,480	(1,747,454)	116,617	(1,630,837)
Net Assets - Beginning of Year, As Previously Stated	32,837,090	5,773,474	38,610,564	39,507,730	5,715,159	45,222,889
Restatement (Note 14)	<u>32,837,090</u>	<u>5,773,474</u>	<u>38,610,564</u>	<u>(4,932,187)</u>	<u>(49,301)</u>	<u>(4,981,488)</u>
Net Assets - Beginning of Year, As Restated	<u>32,837,090</u>	<u>5,773,474</u>	<u>38,610,564</u>	<u>34,575,543</u>	<u>5,665,858</u>	<u>40,241,401</u>
Net Assets - End of Year	<u>\$ 51,959,099</u>	<u>\$ 5,761,945</u>	<u>\$ 57,721,044</u>	<u>\$ 32,828,089</u>	<u>\$ 5,782,475</u>	<u>\$ 38,610,564</u>

See accompanying Notes to Combined Financial Statements.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Grants to organizations	\$ 12,830,788	\$ -	\$ -	\$ 12,830,788	\$ 19,551,312	\$ -	\$ -	\$ 19,551,312
Overhead expense	-	378,437	-	378,437	-	483,350	-	483,350
Salaries expense	6,216	284,711	32,142	323,069	6,761	281,848	35,381	323,990
Employee benefits	1,478	67,684	7,641	76,803	1,576	65,689	8,246	75,511
Payroll taxes	476	21,781	2,459	24,716	517	21,562	2,707	24,786
Healthcare benefits	571,148	-	-	571,148	229,739	-	-	229,739
Management fees	-	244,164	2,645	246,809	-	176,045	4,249	180,294
Interest	351	16,085	1,816	18,252	1,059	44,157	5,543	50,759
Occupancy	1,523	69,740	7,873	79,136	1,452	60,549	7,601	69,602
Professional fees	-	35,875	22,231	58,106	-	109,000	11,023	120,023
Office expenses	507	23,910	3,135	27,552	2,999	10,710	2,363	16,072
IT expenses	171	7,841	885	8,897	504	20,999	2,636	24,139
Depreciation	-	-	-	-	6,118	-	-	6,118
Other expenses	253	11,566	1,306	13,125	34	1,615	203	1,852
Grants to individuals	11,385	-	-	11,385	10,125	-	-	10,125
Insurance	78	3,580	404	4,062	68	2,827	355	3,250
	<u>\$ 13,424,374</u>	<u>\$ 1,165,374</u>	<u>\$ 82,537</u>	<u>\$ 14,672,285</u>	<u>\$ 19,812,264</u>	<u>\$ 1,278,351</u>	<u>\$ 80,307</u>	<u>\$ 21,170,922</u>

See accompanying Notes to Combined Financial Statements.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 19,110,480	\$ (1,630,837)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Donated securities	1,541,793	2,629,638
Realized and unrealized gain on investments	1,065,184	1,954,369
Bad debts	-	-
Conversion of notes to contributions	-	-
Change in value of split-interest agreements	479,703	(17,149)
(Increase) decrease in operating assets:		
Accounts receivable, net	145,400	(333,051)
Pledges receivable, net	(61,534)	61,534
Loans receivable, net	-	-
Other assets	851	158,727
Increase (decrease) in operating liabilities:		
Other payables	(3,930,802)	1,634,973
Net cash provided by operating activities	<u>18,351,075</u>	<u>4,458,204</u>
Cash Flows from Investing Activities		
Purchases of investments	(18,580,066)	(13,653,786)
Proceeds from sales of investments	6,589,414	7,160,453
Repayments of loans receivable	381,375	1,258,462
Advances of loans receivable	(1,509,500)	(38,000)
Net cash used in investing activities	<u>(13,118,777)</u>	<u>(5,272,871)</u>
Cash Flows from Financing Activities		
Proceeds from line of credit	1,000,000	-
Proceeds from notes payable	-	136,000
Principal payments on notes payable	(200,000)	(170,000)
Payments on line of credit	(369,375)	(1,412,825)
Net cash provided by (used in) financing activities	<u>430,625</u>	<u>(1,446,825)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,662,923	(2,261,492)
Cash and Cash Equivalents - Beginning of Year	<u>6,232,086</u>	<u>8,493,578</u>
Cash and Cash Equivalents - End of Year	<u>\$ 11,895,009</u>	<u>\$ 6,232,086</u>

See accompanying Notes to Combined Financial Statements.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

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.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Loans Receivable, Net

The Foundation 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.

Assets Held and Liabilities Under Split-Interest Agreements

Charitable Trusts

We act as trustee for various revocable and irrevocable trusts. These trusts are governed by the respective trust agreements, which generally provide for either an income stream or a future distribution of cash or other assets to us, in whole or in part, for a specified period or upon the occurrence of a specific event, respectively. If a trust is revocable, or if the maker of the trust reserves the right to replace us as the beneficiary of the trust, we record the assets placed in trust at fair value, with an equal and offsetting liability until such time that we receive distributions from the trust in accordance with its terms. If the trust is irrevocable, the trust assets are recorded at fair value, and a related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Held and Liabilities Under Split-Interest Agreements (Continued)

Charitable Trusts (Continued)

The excess of contributed assets over the trust liability is recorded as a contribution with donor restrictions until such amount is received via trust distribution or is expended in satisfaction of the donor-restricted purpose stipulated by the trust agreement, or both, if any. At that time, net assets with donor-imposed time or purpose restrictions are released to net assets without restrictions, and net assets with donor restrictions that are perpetual in nature are transferred to the endowment. In subsequent years, the liability for future trust payments to the donor is reduced by payments made to the donor and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. In subsequent years, the liability for future trust payments to the donor is reduced by payments made to the donor and is adjusted to reflect changes in the fair value of the liability at the end of the year. Upon termination of the trust, the remaining liability is removed and recognized as income.

Charitable Gift Annuities

Under charitable gift annuity contracts, we receive immediate and unrestricted title to contributed assets and agree to make fixed recurring payments over the stipulated period. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiaries is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restrictions. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiaries and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. In subsequent years, the liability for future payments to the donor is reduced by payments made to the donor and is adjusted to reflect changes in the fair value of the liability at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

Investments

Except for as disclosed in the following paragraph, the Foundation record investment purchases at fair value, or if donated, at fair value on the date of donation. Net investment return/(loss) is reported in the combined statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

For one entity, the Foundation believes it is not practicable to estimate the fair value of the investment. For the entity, the underlying investment consists of stock in that untraded company, and we record the investment at cost, less previously recognized impairment.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions.

Woodlawn did not have any assets requiring the principal balance be maintained in perpetuity as of June 30, 2021 and 2020.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the combined financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received (Note 11). No significant contributions of such goods or services were received during the years ended June 30, 2021 and 2020.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

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.

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.

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.

Estimates

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

Recently Adopted Accounting Standards

In June 2018, the FASB issued ASU No. 2018-08. *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 provides clarifying guidance for 1) evaluating whether a transfer of assets should be accounted for as a contribution or exchange transaction, and 2) determining whether a contribution is conditional. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be recognized at the earliest period shown, or the modified prospective method, in which case the effect of applying the standard would be recognized for any agreements not completed and any new agreements entered into at the date of initial application.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Standards (Continued)

The new standard is effective for annual reporting periods beginning after December 15, 2018. Management has adopted ASU 2018-08 for the year ended June 30, 2020 on a full retrospective basis. The change in accounting standard had a material impact on the combined financial statements for the year ended June 30, 2020 as described in Note 14.

Subsequent Events

We have evaluated subsequent events through April 19, 2023, the date the combined financial statements were available to be issued.

NOTE 2 CONCENTRATION 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.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES

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

Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

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

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

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.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

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, 2021 and 2020.

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.

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

	2021				
	Level 1	Level 2	Level 3	Investments Valued Using Practical Expedient (a)	Fair Value
Assets:					
Investments:					
Mutual funds	\$ 6,318,478	\$ -	\$ -	\$ -	\$ 6,318,478
Equity securities	27,516,700	-	-	-	27,516,700
Limited partnerships	-	-	-	4,298,379	4,298,379
Hedge funds	-	-	-	4,846,412	4,846,412
Life estates	-	-	4,230,000	-	4,230,000
Total investments	33,835,178	-	4,230,000	9,144,791	47,209,969
Pledges receivable, net	-	-	191,254	-	191,254
Total Assets at Fair Value	<u>\$ 33,835,178</u>	<u>\$ -</u>	<u>\$ 4,421,254</u>	<u>\$ 9,144,791</u>	<u>\$ 47,401,223</u>
Liabilities:					
Liabilities under Split- Interest Agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353,212</u>	<u>\$ -</u>	<u>\$ 353,212</u>

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

	2020				
	Level 1	Level 2	Level 3	Investments Valued Using Practical Expedient (a)	Fair Value
Assets:					
Investments:					
Mutual funds	\$ 5,282,677	\$ -	\$ -	\$ -	\$ 5,282,677
Equity securities	20,377,636	-	-	-	20,377,636
Limited partnerships	-	-	-	4,734,734	4,734,734
Hedge funds	-	-	-	3,835,178	3,835,178
Life estates	-	-	4,230,000	-	4,230,000
Total investments	25,660,313	-	4,230,000	8,569,912	38,460,225
Pledges receivable, net	-	-	129,720	-	129,720
Total Assets at Fair Value	<u>\$ 25,660,313</u>	<u>\$ -</u>	<u>\$ 4,359,720</u>	<u>\$ 8,569,912</u>	<u>\$ 38,589,945</u>
Liabilities:					
Liabilities under Split- Interest Agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 488,638</u>	<u>\$ -</u>	<u>\$ 488,638</u>

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, 2021 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Liquidity or Other Restrictions
Hedge fund:					
Abdiel (a)	\$ 4,846,412	\$ -	Monthly	60 days ^c	None
Limited partnerships:					
Linx partners (b)	<u>4,298,379</u>	1,205,164	Illiquid	-	-
	<u>\$ 9,144,791</u>				

WOODLAWN FOUNDATION, INC. AND AFFILIATES
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JUNE 30, 2021 AND 2020

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

Additional information regarding investments that report fair value based on net asset value per share or unit as of June 30, 2020 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Liquidity or Other Restrictions
Hedge fund:					
Abdiel (a)	\$ 3,835,178	\$ -	Monthly	60 days ^c	None
Limited partnerships:					
Linx partners (b)	4,734,734	1,205,164	Illiquid	-	-
	<u>\$ 8,569,912</u>				

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.
- c. Abdiel allows for redemptions at the end of each calendar quarter. Written notice is required a minimum of 60 days beforehand and there is a 25% investor-level gate. Redemption amounts greater than 25% of quarter-end account value take at least one extra quarter to pay. In the case of a full redemption request, investor accounts are reduced as follows: Q1: 25%, Q2: 33%, Q3: 50%, Q4: 100%, less a 10% audit holdback, paid out after completion of the year-end audit.

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:

	<u>2021</u>	<u>2020</u>
Life estates:		
Balance - beginning of year	\$ 4,230,000	\$ 4,230,000
Contribution of real estate	<u>-</u>	<u>-</u>
Balance - end of year	<u>\$ 4,230,000</u>	<u>\$ 4,230,000</u>

WOODLAWN FOUNDATION, INC. AND AFFILIATES
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NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

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:

	<u>2021</u>	<u>2020</u>
Liabilities under split-interest agreements:		
Balance - beginning of year	\$ 488,638	\$ 524,589
Payments to beneficiaries	(20,012)	(25,484)
Change in value of liability	<u>(115,414)</u>	<u>(10,467)</u>
Balance - end of year	<u>\$ 353,212</u>	<u>\$ 488,638</u>

NOTE 4 PLEDGES RECEIVABLE

Pledges receivable consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Pledges receivable, net:		
Net Pledges Receivable	\$ 702,255	\$ 591,002
Less: Reserves	<u>(511,001)</u>	<u>(461,282)</u>
Balance - end of year	<u>\$ 191,254</u>	<u>\$ 129,720</u>

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 5 LOANS RECEIVABLE

Loans receivable consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
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, 2024. Accrued interest on the notes was \$4,905,783 and \$4,527,411 as of June 30, 2021 and 2020, 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 \$10,905,783 and \$10,527,411 was necessary at June 30, 2021 and 2020, respectively.	\$ 13,155,783	\$ 12,777,411
Unsecured loan receivable, bearing interest at 2%, with principal and interest payable June 2022.	500,000	-
Unsecured loan receivable, bearing interest at 2%, with principal and interest payable April 2024.	1,000,000	-
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.	122,163	491,538
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% with semi-annual interest payments of \$6,000. The outstanding interest and entire principal balance is due on July 1, 2028.	283,000	283,000
Unsecured loan receivable, noninterest bearing with principal payable on demand when requested by the Board of Directors.	31,500	34,000
	<u>15,242,446</u>	<u>13,735,949</u>
Less allowance for uncollectible loans	<u>10,905,783</u>	<u>10,527,411</u>
Loans receivable, net	<u>\$ 4,336,663</u>	<u>\$ 3,208,538</u>

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 6 NOTES PAYABLE

Notes payable consist of notes to individuals at June 30, 2021 and 2020 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, 2021 and 2020 was \$1,475,346 and \$1,675,346, respectively.

NOTE 7 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, 2021 and 2020 was \$1,681,800 and \$1,051,175, respectively.

NOTE 8 LEASE COMMITMENTS

Woodlawn leases office space with aggregate monthly payments of \$4,938 through from July 1, 2019 through June 30, 2022. The Organization renewed its lease through June 30, 2026.

Rent expense was \$62,842 and \$63,354 for the years ended June 30, 2021 and 2020, respectively.

At June 30, 2021, minimum future rental payments under the operating leases were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 59,254
2023	62,217
2024	62,217
2025	65,326
2026	65,326
Total	<u><u>\$ 314,340</u></u>

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Restricted for capital grant purposes	\$ 1,519,914	\$ 1,355,987
Pledges receivable restricted for capital grant purposes	191,254	129,720
Split-interest agreements	305,481	551,472
Interest in life estates	<u>3,745,296</u>	<u>3,745,296</u>
Net assets with donor restrictions	<u>\$ 5,761,945</u>	<u>\$ 5,782,475</u>

NOTE 10 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 as of June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 11,895,009	\$ 6,232,086
Loans receivable, net	4,336,663	3,208,538
Investments	<u>47,228,771</u>	<u>38,460,225</u>
Total financial assets available within one year	<u>63,460,443</u>	<u>47,900,849</u>
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	5,761,945	5,782,475
Restricted for split-interest agreements	305,481	551,472
Illiquid investments	<u>9,144,791</u>	<u>8,569,912</u>
Total amounts unavailable for general expenditure within one year	<u>15,212,217</u>	<u>14,903,859</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 48,248,226</u>	<u>\$ 32,996,990</u>

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 11 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses of \$1,891,796 and \$3,582,676 for capital grant funding purposes for the years ended June 30, 2021 and 2020, respectively.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 12 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. At June 30, 2021 and 2020, \$11,880,107 and \$11,786,016, respectively, were distributed to organizations that have officers or directors in common with Woodlawn.

NOTE 13 COMMITMENTS AND CONTINGENCIES

As of June 30, 2021 and 2020, Woodlawn has approved capital grants of \$534,500 and \$340,145, respectively, and operating grants of \$4,516,000 and \$3,560,900, respectively, which are contingent upon the satisfaction by the designated grantees satisfying certain conditions before the grants are funded. As of June 30, 2021 and 2020, the Foundation has not expensed \$2,737,070 and \$6,619,052, respectively, of the approved capital and operating grants, and these amounts are recorded as a liability as of the respective year ends. Additionally, as of June 30, 2021, Woodlawn has committed to providing future promissory notes of \$1,910,000.

NOTE 14 RESTATEMENT

During the year ended June 30, 2021, the Foundation restated the financial statements for the year ended June 30, 2019, to properly account for grants payable that were approved during 2019 and did not contain any conditions. The restatement recorded grants payable of \$4,981,488 as of June 30, 2019, and was recorded as an adjustment to beginning net assets on the combined statement of financial position.