

WOODLAWN FOUNDATION, INC. AND AFFILIATES
COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021



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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

Report on the Audit of the Financial Statements

Opinion

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, 2022 and 2021, 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.

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, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As more fully described in Note 1, the Foundation was not able to provide sufficient and appropriate audit evidence regarding the valuation of one of its investments which is currently carried at cost less previously recognized impairment. In our opinion, obtaining sufficient and appropriate audit evidence is required in order to base an opinion on conformity 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.

Responsibilities of Management 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.

In preparing the combined 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 for one year after the date the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 an audit 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 combined 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

West Hartford, Connecticut
February 29, 2024

WOODLAWN FOUNDATION, INC. AND AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 10,110,105	\$ 11,895,009
Accounts Receivable, Net	178,405	187,651
Pledges Receivable, Net	107,118	191,254
Loans Receivable, Net	5,139,000	4,336,663
Other Assets	229,522	129,124
Investments	<u>36,108,936</u>	<u>47,228,771</u>
Total Assets	<u>\$ 51,873,086</u>	<u>\$ 63,968,472</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Notes Payable	\$ 1,406,346	\$ 1,475,346
Line of Credit	3,007,281	1,681,800
Liabilities Under Split-Interest Agreements	286,221	353,212
Other Payables	<u>2,229,506</u>	<u>2,737,070</u>
Total Liabilities	6,929,354	6,247,428
NET ASSETS		
Without Donor Restrictions	40,347,185	51,959,099
With Donor Restrictions	<u>4,596,547</u>	<u>5,761,945</u>
Total Net Assets	<u>44,943,732</u>	<u>57,721,044</u>
Total Liabilities and Net Assets	<u>\$ 51,873,086</u>	<u>\$ 63,968,472</u>

See accompanying Notes to Combined Financial Statements.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
COMBINED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND OTHER CHANGES						
Contributions	\$ 11,679,869	\$ 2,173,449	\$ 13,853,318	\$ 20,049,607	\$ 2,126,258	\$ 22,175,865
Investment Return (Loss), Net	(6,520,640)	-	(6,520,640)	11,139,934	-	11,139,934
Net Change in Split-Interest Agreements	(28,137)	(88,004)	(116,141)	600,797	(245,991)	354,806
Other Income	185,547	-	185,547	112,160	-	112,160
Net Assets Released from Restrictions	3,250,843	(3,250,843)	-	1,891,796	(1,891,796)	-
Total Revenue, Support, and Other Changes	8,567,482	(1,165,398)	7,402,084	33,794,294	(11,529)	33,782,765
EXPENSE						
Program Services	18,520,740	-	18,520,740	13,424,374	-	13,424,374
Management and General	1,629,969	-	1,629,969	1,165,374	-	1,165,374
Fundraising	28,687	-	28,687	82,537	-	82,537
Total Expenses	20,179,396	-	20,179,396	14,672,285	-	14,672,285
CHANGE IN NET ASSETS	(11,611,914)	(1,165,398)	(12,777,312)	19,122,009	(11,529)	19,110,480
Net Assets - Beginning of Year	51,959,099	5,761,945	57,721,044	32,837,090	5,773,474	38,610,564
NET ASSETS - END OF YEAR	<u>\$ 40,347,185</u>	<u>\$ 4,596,547</u>	<u>\$ 44,943,732</u>	<u>\$ 51,959,099</u>	<u>\$ 5,761,945</u>	<u>\$ 57,721,044</u>

See accompanying Notes to Combined Financial Statements.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Grants to Organizations	\$ 18,274,449	\$ -	\$ -	\$ 18,274,449	\$ 12,830,788	\$ -	\$ -	\$ 12,830,788
Overhead Expense	(392,140)	392,140	-	-	-	378,437	-	378,437
Salaries Expense	34,692	310,540	5,204	350,436	6,216	284,711	32,142	323,069
Employee Benefits	7,798	249,340	1,170	258,308	1,478	67,684	7,641	76,803
Payroll Taxes	2,654	23,756	398	26,808	476	21,781	2,459	24,716
Healthcare Benefits	551,741	-	-	551,741	571,148	-	-	571,148
Management Fees	-	312,027	1,761	313,788	-	244,164	2,645	246,809
Interest	4,336	38,810	650	43,796	351	16,085	1,816	18,252
Occupancy	9,133	80,842	1,095	91,070	1,523	69,740	7,873	79,136
Professional Fees	-	42,388	14,992	57,380	-	35,875	22,231	58,106
Office Expenses	1,760	15,763	713	18,236	507	23,910	3,135	27,552
IT Expenses	619	23,777	368	24,764	171	7,841	885	8,897
Other Expenses	15,131	135,436	2,270	152,837	253	11,566	1,306	13,125
Grants to Individuals	10,125	-	-	10,125	11,385	-	-	11,385
Insurance	442	5,150	66	5,658	78	3,580	404	4,062
Total	<u>\$ 18,520,740</u>	<u>\$ 1,629,969</u>	<u>\$ 28,687</u>	<u>\$ 20,179,396</u>	<u>\$ 13,424,374</u>	<u>\$ 1,165,374</u>	<u>\$ 82,537</u>	<u>\$ 14,672,285</u>

See accompanying Notes to Combined Financial Statements.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (12,777,312)	\$ 19,110,480
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Donated Securities	882,359	1,541,793
Realized and Unrealized Gain on Investments	7,402,633	1,065,184
Bad Debts	(315,966)	-
Change in Value of Split-Interest Agreements	(66,991)	479,703
(Increase) Decrease in Operating Assets:		
Accounts Receivable, Net	9,246	145,400
Pledges Receivable, Net	84,136	(61,534)
Loans Receivable, Net	317,966	-
Other Assets	(100,398)	851
Decrease in Operating Liabilities:		
Other Payables	(507,564)	(3,930,802)
Net Cash Provided (Used) by Operating Activities	<u>(5,071,891)</u>	<u>18,351,075</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(7,383,789)	(18,580,066)
Proceeds from Sales of Investments	10,218,632	6,589,414
Repayments of Loans Receivable	645,663	381,375
Advances of Loans Receivable	(1,450,000)	(1,509,500)
Net Cash Provided (Used) by Investing Activities	<u>2,030,506</u>	<u>(13,118,777)</u>
CAH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	1,450,000	1,000,000
Principal Payments on Notes Payable	(69,000)	(200,000)
Payments on Line of Credit	(124,519)	(369,375)
Net Cash Provided by Financing Activities	<u>1,256,481</u>	<u>430,625</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,784,904)	5,662,923
Cash and Cash Equivalents - Beginning of Year	<u>11,895,009</u>	<u>6,232,086</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 10,110,105</u></u>	<u><u>\$ 11,895,009</u></u>

See accompanying Notes to Combined Financial Statements.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF 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 accompanying combined financial statements include the accounts of Woodlawn, the Rockside Foundation (Rockside), and the Sauganash Foundation (Sauganash) (together, Woodlawn, Rockside, and Sauganash, are referred to as the Foundation herein). All material intercompany balances and transactions have been eliminated for the Foundation's combined financial statements.

Rockside and Sauganash are supporting organizations of the Foundation and were established exclusively to assist in raising funds to support the Foundation'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, 2022 AND 2021

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 recorded the investment at cost, less previously recognized impairment.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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.

The Foundation did not have any assets requiring the principal balance be maintained in perpetuity as of June 30, 2022 and 2021.

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, 2022 and 2021.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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. The Foundation 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

The Foundation is 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 September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU was issued to improve the transparency of contributed nonfinancial assets through enhancements to presentation disclosure.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Standards (Continued)

The amendment to this ASU requires nonprofits to (1) present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets and (2) include a disclosure of the disaggregation of the amount of contributed nonfinancial assets recognized by category that depicts the type of contributed nonfinancial assets. The standard did not have an impact on the Foundation as there were no contributed nonfinancial assets for the years ended June 30, 2022 and 2021.

Subsequent Events

We have evaluated subsequent events through February 29, 2024, the date the combined financial statements were available to be issued.

NOTE 2 CONCENTRATION OF CREDIT RISK

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

Cash and Cash Equivalents

The Foundation 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 the Foundation's deposits are not subject to significant credit risk.

Investments

The Foundation'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

The Foundation 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. The Foundation 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, 2022 AND 2021

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, 2022 AND 2021

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, 2022 and 2021.

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 the Foundation 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, the Foundation's assets and liabilities at fair value as of June 30:

	2022				Fair Value
	Level 1	Level 2	Level 3	Investments Valued Using Practical Expedient (a)	
Assets:					
Investments:					
Mutual Funds	\$ 3,498,748	\$ -	\$ -	\$ -	\$ 3,498,748
Equity Securities	22,232,873	-	-	-	22,232,873
Limited Partnerships	-	-	-	3,135,624	3,135,624
Hedge Funds	-	-	-	3,011,691	3,011,691
Life Estates	-	-	4,230,000	-	4,230,000
Total Assets at Fair Value	<u>25,731,621</u>	<u>-</u>	<u>4,230,000</u>	<u>6,147,315</u>	<u>36,108,936</u>
Liabilities:					
Liabilities Under Split-Interest Agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 286,221</u>	<u>\$ -</u>	<u>\$ 286,221</u>

WOODLAWN FOUNDATION, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

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	27,535,502	-	-	-	27,535,502
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 Assets at Fair Value	<u>33,853,980</u>	<u>-</u>	<u>4,230,000</u>	<u>9,144,791</u>	<u>47,228,771</u>
Liabilities:					
Liabilities Under Split-Interest Agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353,212</u>	<u>\$ -</u>	<u>\$ 353,212</u>

The Foundation 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, 2022 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Liquidity or Other Restrictions
Hedge Fund:					
Abdiel (a)	\$ 2,504,043	\$ -	Monthly	60 Days ^c	None
Other Funds	\$ 507,648	\$ -	Monthly	None	None
Limited Partnerships:					
Linx Partners (b)	3,135,624	824,415	Illiquid	None	None
Total	<u>\$ 6,147,315</u>				

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)	4,298,379	1,205,164	Illiquid	-	-
Total	<u>\$ 9,144,791</u>				

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

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>2022</u>	<u>2021</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>

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>2022</u>	<u>2021</u>
Liabilities Under Split-Interest Agreements:		
Balance - Beginning of Year	\$ 353,212	\$ 488,638
Payments to Beneficiaries	(20,010)	(20,012)
Change in Value of Liability	<u>(46,981)</u>	<u>(115,414)</u>
Balance - End of Year	<u>\$ 286,221</u>	<u>\$ 353,212</u>

WOODLAWN FOUNDATION, INC. AND AFFILIATES
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NOTE 4 PLEDGES RECEIVABLE

Pledges receivable consist of the following as of June 30:

	2022	2021
Pledges Receivable, Net:		
Net Pledges Receivable	\$ 360,260	\$ 702,255
Less: Reserves	(253,142)	(511,001)
Balance - End of Year	<u>\$ 107,118</u>	<u>\$ 191,254</u>

NOTE 5 LOANS RECEIVABLE

Loans receivable consist of the following as of June 30:

<u>Description</u>	2022	2021
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 \$5,221,749 and \$4,905,783 as of June 30, 2022 and 2021, 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 \$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 \$11,221,749 and \$10,905,783 was necessary at June 30, 2022 and 2021, respectively.	\$ 13,471,749	\$ 13,155,783
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	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

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NOTE 5 LOANS RECEIVABLE (CONTINUED)

<u>Description</u>	<u>2022</u>	<u>2021</u>
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.	6,000	31,500
Unsecured loan receivable, bearing interest at 2%, with principal and interest payable July 15, 2022.	250,000	-
Unsecured loan receivable, bearing interest at 2%, with principal and interest payable June 2022.	<u>1,200,000</u>	<u>-</u>
Total	16,360,749	15,242,446
Less: Allowance for Uncollectible Loans	<u>11,221,749</u>	<u>10,905,783</u>
Loans Receivable, Net	<u><u>\$ 5,139,000</u></u>	<u><u>\$ 4,336,663</u></u>

NOTE 6 NOTES PAYABLE

Notes payable consist of notes to individuals at June 30, 2022 and 2021 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, 2022 and 2021 was \$1,406,346 and \$1,475,346, respectively.

NOTE 7 LINE OF CREDIT

The Foundation entered into an investment line of credit in the amount of \$5,000,000. Interest is payable monthly at a rate of 2.05% per annum. Borrowings are due on demand and secured by the Foundation's investment accounts. The balance outstanding as of June 30, 2022 and 2021 was \$3,007,281 and \$1,681,800, respectively.

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NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 8 LEASE COMMITMENTS

The Foundation leases office space, in the form of operating leases, with aggregate monthly payments of \$4,938 through from July 1, 2019 through June 30, 2022. The Foundation renewed its lease through June 30, 2026.

Rent expense was \$62,329 and \$62,842 for the years ended June 30, 2022 and 2021, respectively.

At June 30, 2022, minimum future rental payments under the operating leases were as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	62,217
2024	62,217
2025	65,326
2026	65,326
Total	<u>\$ 255,086</u>

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Restricted for Capital Grant Purposes	\$ 633,774	\$ 1,519,914
Pledges Receivable Restricted for Capital Grant Purposes	-	191,254
Split-Interest Agreements	217,477	305,481
Interest in Life Estates	3,745,296	3,745,296
Total Net Assets With Donor Restrictions	<u>\$ 4,596,547</u>	<u>\$ 5,761,945</u>

NOTE 10 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses of \$3,250,843 and \$1,891,796 for capital grant funding purposes for the years ended June 30, 2022 and 2021, respectively.

NOTE 11 BOARD-DESIGNATED FUNDS FUNCTIONING AS ENDOWMENT

The Foundation's endowment includes funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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NOTE 11 BOARD DESIGNATED FUNDS FUNCTIONING AS ENDOWMENT (CONTINUED)

The New York Uniform Prudent Management of Institutional Funds Act (UPMIFA) governs the management and investment of funds held by nonprofit corporations and other institutions. Absent donor stipulations to the contrary, the statutory guidelines contained in UPMIFA relate to the prudent management, investment, and expenditure of donor-restricted endowment funds without regard to the original value of the gifts. However, UPMIFA contains specific factors that must be considered prior to making investment decisions or appropriating funds for expenditure.

The board of directors' interpretation of its fiduciary responsibilities for donor-restricted endowment funds under Laws of the State of New York, including UPMIFA, is to preserve intergenerational equity to the extent possible by prudently managing, investing, and spending from the endowment funds. This principle holds that future endowment beneficiaries should receive at least the same level of economic support that the current generation receives. As a result of this interpretation, the Foundation classifies as donor-restricted net assets the unappropriated portion of (a) the original value of gifts donated to a true endowment fund; (b) the original value of subsequent gifts to a true endowment fund; and (c) accumulations to a true endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Unspent appropriations related to donor-restricted endowment funds are classified as net assets with donor restrictions until the amounts are expended by the Foundation in a manner consistent with the donor's intent. In accordance with UPMIFA, 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 purposes 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

The Foundation has adopted investment and spending policies for endowment net assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the board-designated endowment assets. Under this policy, as approved by the Board of Directors, endowment assets are invested in a manner that is intended to meet the Foundation's primary objective of preservation of capital and secondary objective of long-term capital appreciation.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
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NOTE 11 BOARD DESIGNATED FUNDS FUNCTIONING AS ENDOWMENT (CONTINUED)

Endowment net assets consist solely of board-designated endowment funds.

Changes in endowment net assets for the years ended June 30 were as follows:

	2022	2021
Endowment Net Assets- Beginning of Year	\$ 47,228,771	\$ 38,460,225
Investment Return:		
Investment Income, Net	2,722,343	1,264,268
Investment Gains (Losses), Net	(9,242,983)	9,875,666
Total Investment Return	(6,520,640)	11,139,934
Expenditure of Endowment Net Assets	(4,599,195)	(2,371,388)
Endowment Net Assets- End of Year	<u>\$ 36,108,936</u>	<u>\$ 47,228,771</u>

NOTE 12 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets available within one year of the statement of financial position date for general expenditure are as follows as of June 30:

	2022	2021
Cash and Cash Equivalents	\$ 10,110,105	\$ 11,895,009
Loans Receivable, Net	5,139,000	4,336,663
Investments	36,108,936	47,228,771
Total Financial Assets Available within One Year	51,358,041	63,460,443
Less: Amounts Unavailable for General Expenditures within One Year, Due to:		
Restricted by Donors with Purpose Restrictions	4,596,547	5,761,945
Illiquid Investments	6,147,315	9,144,791
Total Amounts Unavailable for General Expenditure within One Year	10,743,862	14,906,736
Total Financial Assets Available to Management for General Expenditure within One Year	<u>\$ 40,614,179</u>	<u>\$ 48,553,707</u>

As part of the Foundation'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, the Foundation invests excess cash in short term investments. The Foundation also has a line of credit it could draw upon in the event of an unanticipated liquidity need.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
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NOTE 13 RELATED PARTY TRANSACTIONS

To help ensure the effective use of grants which it awards, the Foundation 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, 2022 and 2021, \$14,092,224 and \$11,880,107, respectively, were distributed to organizations that have officers or directors in common with the Foundation.

NOTE 14 COMMITMENTS AND CONTINGENCIES

As of June 30, 2022 and 2021, The Foundation has approved capital grants of \$386,700 and \$534,500, respectively, and operating grants of \$4,033,935 and \$4,516,000, respectively, which are contingent upon the satisfaction by the designated grantees satisfying certain conditions before the grants are funded. As of June 30, 2022 and 2021, the Foundation has not expensed \$2,119,568 and \$2,737,070, 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, 2022, the Foundation has committed to providing future promissory notes of \$1,660,000.