WOODLAWN FOUNDATION, INC. AND AFFILIATES

COMBINED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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 Note1, 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.

Emphasis-of-Matter Regarding Restatement

As described in Note 15 to the combine 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
December 16, 2024

WOODLAWN FOUNDATION, INC. AND AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	As Restated 2022
ASSETS		
Cash and Cash Equivalents	$ 10,705,044	$ 10,110,105
Accounts Receivable, Net	186,854	178,405
Pledges Receivable, Net	102,311	107,118
Loans Receivable, Net	4,126,546	5,139,000
Other Assets	129,117	229,522
Right-Of-Use Lease Asset-Operating	182,144	-
Investments	38,956,044	36,108,936
Total Assets	$ 54,388,060	$ 51,873,086
LIABILITIES AND NET ASSETS		
LIABILITIES		
Notes Payable	$ 1,406,346	$ 1,406,346
Line of Credit	400,000	3,007,281
Liabilities Under Split-Interest Agreements	309,150	286,221
Right-Of-Use Lease Liability- Operating	185,640	-
Other Payables	4,726,449	2,881,143
Total Liabilities	7,027,585	7,580,991
NET ASSETS		
Without Donor Restrictions	46,408,695	39,695,548
With Donor Restrictions	951,780	4,596,547
Total Net Assets	47,360,475	44,292,095
Total Liabilities and Net Assets	$ 54,388,060	$ 51,873,086

See accompanying Notes to Combined Financial Statements.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
COMBINED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			As Restated 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND OTHER CHANGES						
Contributions	$ 13,959,372	$ 2,295,827	$ 16,255,199	$ 11,679,869	$ 2,173,449	$ 13,853,318
Investment Return (Loss), Net	3,804,223	-	3,804,223	(6,520,640)	-	(6,520,640)
Net Change in Split-Interest Agreements	(105,370)	34,305	(71,065)	(28,137)	(88,004)	(116,141)
Other Income	461,965	-	461,965	185,547	-	185,547
Net Assets Released from Restrictions	5,974,899	(5,974,899)	-	3,250,843	(3,250,843)	-
Total Revenue, Support, and Other Changes	24,095,089	(3,644,767)	20,450,322	8,567,482	(1,165,398)	7,402,084
EXPENSE						
Program Services	15,971,508	-	15,971,508	18,520,740	-	18,520,740
Management and General	1,396,824	-	1,396,824	1,629,969	-	1,629,969
Fundraising	13,610	-	13,610	28,687	-	28,687
Total Expenses	17,381,942	-	17,381,942	20,179,396	-	20,179,396
CHANGE IN NET ASSETS	6,713,147	(3,644,767)	3,068,380	(11,611,914)	(1,165,398)	(12,777,312)
Net Assets - Beginning of Year, As Previously Stated	39,695,548	4,596,547	44,292,095	51,959,099	5,761,945	57,721,044
Restatement (Note 15)				(651,637)	-	(651,637)
Net Assets - Beginning of Year, As Restated				51,307,462	5,761,945	57,069,407
NET ASSETS - END OF YEAR	$ 46,408,695	$ 951,780	$ 47,360,475	$ 39,695,548	$ 4,596,547	$ 44,292,095

See accompanying Notes to Combined Financial Statements.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023				2022			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Grants to Organizations	$ 15,556,941	$ -	$ -	$ 15,556,941	$ 18,274,449	$ -	$ -	$ 18,274,449
Salaries Expense	29,197	321,015	4,379	354,591	34,692	310,540	5,204	350,436
Employee Benefits	6,203	68,195	930	75,328	7,798	249,340	1,170	258,308
Payroll Taxes	2,287	25,140	343	27,770	2,654	23,756	398	26,808
Healthcare Benefits	333,500	-	-	333,500	551,741	-	-	551,741
Management Fees	-	428,039	2,129	430,168	-	312,027	1,761	313,788
Interest	8,820	96,976	1,323	107,119	4,336	38,810	650	43,796
Occupancy	9,638	106,482	936	117,056	9,133	80,842	1,095	91,070
Professional Fees	-	120,148	-	120,148	-	42,388	14,992	57,380
Office Expenses	1,753	22,773	287	24,813	1,760	15,763	713	18,236
IT Expenses	-	37,406	727	38,133	619	23,777	368	24,764
Other Expenses	12,676	166,605	2,501	181,782	15,131	135,436	2,270	152,837
Grants to Individuals	10,125			10,125	10,125	-	-	10,125
Insurance	368	4,045	55	4,468	442	5,150	66	5,658
Total	$ 15,971,508	$ 1,396,824	$ 13,610	$ 17,381,942	$ 18,912,880	$ 1,237,829	$ 28,687	$ 20,179,396

See accompanying Notes to Combined Financial Statements.

WOODLAWN FOUNDATION, INC. AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	$ 3,068,380	$ (12,777,312)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Donated Securities	454,311	882,359
Realized and Unrealized Gain on Investments	(3,456,631)	7,402,633
Bad Debts	(534,352)	(315,966)
Change in Value of Split-Interest Agreements	22,929	(66,991)
(Increase) Decrease in Operating Assets:		
Accounts Receivable, Net	(8,449)	9,246
Pledges Receivable, Net	4,807	84,136
Loans Receivable, Net	534,352	317,966
Other Assets	100,405	(100,398)
Right-Of-Use Lease Asset	(182,144)	-
Decrease in Operating Liabilities:		
Right-Of-Use Lease Liability	185,640	
Other Payables	1,845,306	(507,564)
Net Cash Provided (Used) by Operating Activities	2,034,554	(5,071,891)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(18,298,592)	(7,383,789)
Proceeds from Sales of Investments	18,453,804	10,218,632
Repayments of Loans Receivable	806,000	645,663
Advances of Loans Receivable	(43,546)	(1,450,000)
Net Cash Provided by Investing Activities	917,666	2,030,506
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	-	1,450,000
Principal Payments on Notes Payable	-	(69,000)
Loan Forgiveness	250,000	-
Payments on Line of Credit	(2,607,281)	(124,519)
Net Cash Provided (Used) by Financing Activities	(2,357,281)	1,256,481
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	594,939	(1,784,904)
Cash and Cash Equivalents - Beginning of Year	10,110,105	11,895,009
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 10,705,044	$ 10,110,105

See accompanying Notes to Combined Financial Statements.

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.

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.

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, 2023 and 2022.

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, 2023 and 2022.

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 February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842).* This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Standards (Continued)

The Foundation adopted the requirement of this guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

The Foundation leases office equipment and office space. The Foundation determines if an arrangement is a lease at inception. Operating leases are included as a right-of-use asset- operating, net, and right-of-use liability- operating in the combine statement of financial position.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represents the Foundation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of the lease payments over the lease term.

The individual lease contracts do not provide information about the discount rate implicit on the lease. Therefore, the Foundation has elected to use their incremental borrowing rate on their outstanding line of credit for computing the present value of all lease liabilities.

The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expenses for lease payments is recognized on a straight-line basis over the lease term.

As a result of adoption of this standard, the Foundation recognized a ROU asset and liability of $243,512 as of the July 1, 2022 date of adoption. Additional detail regarding leases is provided in Note 8. At June 30, 2023, the Foundation had a right-of-use asset- operating, net, of $182,144 and a right-of-use liability- operating of $185,640.

Subsequent Events

We have evaluated subsequent events through December 16, 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.

NOTE 2 CONCENTRATION OF CREDIT RISK (CONTINUED)

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.

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.

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

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:

<u>Mutual Funds</u>

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

<u>Equity Securities</u>

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

<u>Limited Partnerships and Hedge Funds</u>

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.

<u>Life Estates</u>

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.

<u>Liabilities Under Split-Interest Agreements</u>

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, 2023 and 2022.

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.

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

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:

	2023				
	Level 1	Level 2	Level 3	Investments Valued Using Practical Expedient (a)	Fair Value
Assets:					
Investments:					
Mutual Funds	$ 10,552,317	$ -	$ -	$ -	$ 10,552,317
Equity Securities	20,303,769	-	-	-	20,303,769
Limited Partnerships	-	-	-	2,871,670	2,871,670
Hedge Funds	-	-	-	4,528,288	4,528,288
Life Estates	-	-	700,000	-	700,000
Total Assets at Fair Value	30,856,086	-	700,000	7,399,958	38,956,044
Liabilities:					
Liabilities Under Split-Interest Agreements	$ -	$ -	$ 309,150	$ -	$ 309,150

	2022				
	Level 1	Level 2	Level 3	Investments Valued Using Practical Expedient (a)	Fair Value
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	25,731,621	-	4,230,000	6,147,315	36,108,936
Liabilities:					
Liabilities Under Split-Interest Agreements	$ -	$ -	$ 286,221	$ -	$ 286,221

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.

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, 2023 is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Liquidity or Other Restrictions
Hedge Fund:					
Abdiel (a)	$ 3,356,389	$ -	Monthly	60 Days [c]	None
Other Funds	$ 1,171,899	$ -	Monthly	None	None
Limited Partnerships:					
Linx Partners (b)	2,871,670	824,415	Illiquid	None	None
Total	$ 7,399,958				

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	-	-
Total	$ 6,147,315				

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.

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

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 measured at fair value using significant unobservable inputs as of June 30:

	2023	2022
Life Estates:		
Balance - Beginning of Year	$ 4,230,000	$ 4,230,000
Sale of Real Estate	(3,530,000)	-
Balance - End of Year	$ 700,000	$ 4,230,000

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:

	2023	2022
Liabilities Under Split-Interest Agreements:		
Balance - Beginning of Year	$ 286,221	$ 353,212
Payments to Beneficiaries	(19,091)	(20,010)
Change in Value of Liability	42,020	(46,981)
Balance - End of Year	$ 309,150	$ 286,221

NOTE 4 PLEDGES RECEIVABLE

Pledges receivable consist of the following as of June 30:

	2023	2022
Pledges Receivable, Net:		
Net Pledges Receivable	$ 332,660	$ 360,260
Less:		
Reserves	(230,349)	(253,142)
Balance - End of Year	$ 102,311	$ 107,118

NOTE 5 LOANS RECEIVABLE

Loans receivable consist of the following as of June 30:

Description	2023	2022
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 $5,756,101 and $5,221,749 as of June 30, 2023 and 2022, 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 $11,756,101 and $11,221,749 was necessary at June 30, 2023 and 2022, respectively.	$ 14,006,101	$ 13,471,749
Unsecured loan receivable, bearing interest at 2%, with principal and interest payable April 2024. Balance was paid in full as of May 3, 2024.	1,000,000	1,000,000
Unsecured loan receivable, bearing interest at 2%, with principal and interest payable December 2025	400,000	1,200,000
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

NOTE 5 LOANS RECEIVABLE (CONTINUED)

Description	2023	2022
Unsecured loan receivable, noninterest bearing with principal payable on demand when requested by the board of directors.	150,000	150,000
Unsecured loan receivable, noninterest bearing with principal payable on demand when requested by the board of directors.	30,000	6,000
Unsecured loan receivable, bearing interest at 4.5% with principal and interest payments due on February 29, 2024. As of December XX, 2024, the loan has not been fully collected, but was extended through fiscal year 2025.	13,546	-
Unsecured loan receivable, bearing interest at 2%, with principal and interest payable July 15, 2022.	-	250,000
Total	15,882,647	16,360,749
Less: Allowance for Uncollectible Loans	11,756,101	11,221,749
Loans Receivable, Net	$ 4,126,546	$ 5,139,000

NOTE 6 NOTES PAYABLE

Notes payable consist of notes from individuals that are provided in lieu of contributions. The funds from these notes are used to fund grants that are paid out in accordance with the Foundation's grant making policy. The notes received range from $1,100 to $375,000, all of which are noninterest bearing and due on demand. The balance outstanding for both June 30, 2023 and 2022 was $1,406,346.

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 SOFR plus 125 basis points with a floor rate of 2.00% per annum. Borrowings are due on demand and secured by the Foundation's investment accounts. The balance outstanding as of June 30, 2023 and 2022 was $400,000 and $3,007,281 respectively.

NOTE 8 LEASES

The Foundation leases equipment as well as certain operating facilities for various terms under long-term, noncancelable lease agreements. They expire at various dates through 2026 and provide for renewal options. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Foundation's leases for the year ended June 30, 2023:

Quantitative Disclosures

Totale operating lease cost	$	72,053
Other Information:		
Operating cash flows from operating leases		70,498
Right-of-use assets obtained in exchange for new operating lease liabilities:		243,512
Weighted-average remaining lease term-operating leases:		2.9 years
Weighted-average dicount rate- operating leases:		5.06%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023 is as follows:

		Operating
2024	$	66,799
2025		65,326
2026		65,326
Undiscounted cash flows		197,451
(Less) Impued interest		(11,811)
	$	185,640
Short-term lease liabilities		59,166
Long-term lease liabilities		126,474
	$	185,640

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Restricted for Capital Grant Purposes	$ -	$ 633,774
Pledges Receivable Restricted for Capital Grant Purposes	-	-
Split-Interest Agreements	251,780	217,477
Interest in Life Estates	700,000	3,745,296
Total Net Assets With Donor Restrictions	$ 951,780	$ 4,596,547

NOTE 10 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses of $5,974,899 and $3,250,843 for capital grant funding purposes and life estate purposes for the years ended June 30, 2023 and 2022, 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.

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.

NOTE 11 BOARD DESIGNATED FUNDS FUNCTIONING AS ENDOWMENT (CONTINUED)

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.

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

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

	2023	2022
Endowment Net Assets- Beginning of Year	$ 36,108,936	$ 47,228,771
Investment Return:		
Investment Income, Net	1,553,298	2,722,343
Investment Gains (Losses), Net	2,216,505	(9,242,983)
Total Investment Return	3,769,803	(6,520,640)
Expenditure of Endowment Net Assets	(922,695)	(4,599,195)
Endowment Net Assets- End of Year	$ 38,956,044	$ 36,108,936

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:

	2023	2022
Cash and Cash Equivalents	$ 10,705,044	$ 10,110,105
Loans Receivable, Net	4,126,546	5,139,000
Investments	38,956,044	36,108,936
Total Financial Assets Available within One Year	53,787,634	51,358,041
Less: Amounts Unavailable for General Expenditures within One Year, Due to:		
Restricted by Donors with Purpose Restrictions	951,780	4,596,547
Illiquid Investments	7,399,958	6,147,315
Total Amounts Unavailable for General Expenditure within One Year	8,351,738	10,743,862
Total Financial Assets Available to Management for General Expenditure within One Year	$ 45,435,896	$ 40,614,179

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.

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, 2023 and 2022, $8,582,522 and $14,092,224, respectively, were distributed to organizations that have officers or directors in common with the Foundation.

NOTE 14 COMMITMENTS AND CONTINGENICES

As of June 30, 2023 and 2022, The Foundation has approved capital grants of $2,695,574 and $386,700, respectively, and operating grants of $3,556,330 and $4,033,935, respectively, which are contingent upon the satisfaction by the designated grantees satisfying certain conditions before the grants are funded. As of June 30, 2023 and 2022, the Foundation has not expensed $4,555,317 and $2,771,201, respectively, of the approved capital and operating grants, and these amounts are recorded as a liability as of the respective year-ends.

NOTE 15 RESTATEMENT

During the year ended June 30, 2023, the Foundation restated the financial statements for the year ended June 30, 2022, to properly account for grants payable that were approved during the 2021 and 2022 year-ends and did not contain any conditions. The restatement recorded grants payable of $651,637 as of June 30, 2022. The adjustment for fiscal year-end June 30, 2021, was recorded to beginning net assets for 2022 on the combined statement of financial position and statement of activities.

For fiscal year-end June 30, 2022, the following restatements occurred on the Statement of Financial Position and Statement of Activities:

	2022	As Restated 2022
Statement of Financial Position		
Other Payables	$ 2,229,506	$ 2,881,143
Statement of Activities		
Beginning Net Assets	57,721,044	57,069,407
Ending Net Assets	44,943,732	44,292,095