

**MARY BLACK FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

*As of and for the Years Ended December 31, 2020 and 2019*

*And Report of Independent Auditor*

**MARY BLACK FOUNDATION, INC.**

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## Report of Independent Auditor

To the Board of Trustees  
Mary Black Foundation, Inc.  
Spartanburg, South Carolina

We have audited the accompanying financial statements of Mary Black Foundation, Inc. (the “Foundation”) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor’s Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mary Black Foundation, Inc. at December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Cherry Bekaert LLP*

Greenville, South Carolina  
October 28, 2021

**MARY BLACK FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 697,983	\$ 560,985
Investments	79,935,345	74,361,008
Investment proceeds in transit	286,215	1,204,774
Other receivables	53,041	354,453
Excise tax prepayment	-	16,071
Other assets	88,732	163,519
Notes receivable	1,100,000	2,000,000
Land, building, and equipment, net	4,412,462	4,452,959
<b>Total Assets</b>	<u>\$ 86,573,778</u>	<u>\$ 83,113,769</u>
<b>LIABILITIES AND NET ASSETS</b>		
Grants payable, net of present value allowance	\$ 1,424,587	\$ 2,306,449
Other payables and accrued expenses	136,907	183,172
Unearned revenue	500	-
Excise tax payable	34,328	9,584
Deferred tax liability	48,018	27,720
Total Liabilities	1,644,340	2,526,925
Net assets without donor restrictions	84,929,438	80,586,844
<b>Total Liabilities and Net Assets</b>	<u>\$ 86,573,778</u>	<u>\$ 83,113,769</u>

The accompanying notes to the financial statements are an integral part of these statements.

**MARY BLACK FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Revenue and Other Support without Donor Restrictions:		
Investment return, net	\$ 8,176,533	\$ 11,055,530
Rent income	191,769	189,279
Grant related income	640,439	1,605,126
Grant income from Paycheck Protection Program proceeds	125,000	-
Other income	854	1,559
Total Revenue and Other Support without Donor Restrictions	<u>9,134,595</u>	<u>12,851,494</u>
Operating Expenses:		
Salaries and wages	692,159	569,630
Payroll taxes	44,855	43,457
Employee benefits	98,778	105,256
Retirement contributions	54,626	53,897
Professional development	25,143	60,723
Professional services	43,673	29,379
Meetings and events	9,306	15,717
Technology	80,653	65,700
Meals	1,191	2,405
Insurance	23,098	22,166
Miscellaneous	3,666	11,335
Supplies	10,356	9,705
Utilities and maintenance	200,296	174,051
Leasing and property management	26,484	23,979
Communications	10,278	15,476
Loss on disposal of land, building, and equipment	1,671	-
Depreciation	181,669	186,739
Total Operating Expenses	<u>1,507,902</u>	<u>1,389,615</u>
Change in Net Assets Without Donor Restrictions Before Grants Expenses and Taxes	<u>7,626,693</u>	<u>11,461,879</u>
Grants awarded	2,203,750	2,258,968
Federal grant related expenses	618,602	1,491,297
Non-federal grant related expenses	343,634	201,518
Total Grants Expenses	<u>3,165,986</u>	<u>3,951,783</u>
Change in net assets without donor restrictions before federal excise tax and deferred tax provision	4,460,707	7,510,096
Federal excise tax on investment income	97,815	39,584
Deferred federal excise tax expense	20,298	133,818
Change in net assets without donor restrictions	4,342,594	7,336,694
Net assets without donor restrictions, beginning of year	<u>80,586,844</u>	<u>73,250,150</u>
Net assets without donor restrictions, end of year	<u>\$ 84,929,438</u>	<u>\$ 80,586,844</u>

The accompanying notes to the financial statements are an integral part of these statements.

**MARY BLACK FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 4,342,594	\$ 7,336,694
Adjustments to reconcile change in net assets to net cash from operating activities:		
Deferred federal excise tax expense	20,298	133,818
Depreciation expense	181,669	186,739
Realized and unrealized gains on investments	(6,564,738)	(9,144,521)
Loss on disposal of land, building, and equipment	1,671	-
Changes in assets and liabilities:		
Other assets and receivables	376,199	(200,539)
Excise tax prepayment	16,071	88,416
Other payables and accrued expenses	(46,265)	(38,652)
Unearned revenue	500	-
Grants payable, net of present value allowance	(881,862)	(305,012)
Excise tax payable	24,744	(20,416)
Net cash flows from operating activities	<u>(2,529,119)</u>	<u>(1,963,473)</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(5,350,412)	(8,777,979)
Proceeds from maturities and sales of investments	7,259,372	12,749,124
Repayment of notes receivable	900,000	107,167
Issuance of notes receivable	-	(2,000,000)
Purchases of equipment and tenant improvements	(142,843)	(8,839)
Net cash flows from investing activities	<u>2,666,117</u>	<u>2,069,473</u>
Net change in cash and cash equivalents	136,998	106,000
Cash and cash equivalents and designated cash, beginning of year	560,985	454,985
Cash and cash equivalents and designated cash, end of year	<u>\$ 697,983</u>	<u>\$ 560,985</u>
<b>Supplemental disclosures:</b>		
Cash paid for federal excise taxes	<u>\$ 57,000</u>	<u>\$ 22,500</u>
<b>Noncash investing activities:</b>		
Investment proceeds in transit	<u>\$ 286,215</u>	<u>\$ 1,204,774</u>

# MARY BLACK FOUNDATION, INC.

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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### Note 1—Nature of operations and summary of significant accounting policies

*Organization and Business Purpose* – Mary Black Foundation, Inc. (the “Foundation”) was incorporated under the laws of South Carolina to operate as a permanent foundation to utilize its resources to benefit and enhance the health status and wellness of citizens of Spartanburg County. The Foundation’s activities are overseen by an outside board of trustees.

*Basis of Presentation* – The Foundation follows the provisions of accounting principles generally accepted in the United States of America (“U.S. GAAP”) for not-for-profit organizations which require the reporting of total assets, liabilities, and net assets in a statement of financial position; reporting the change in net assets in a statement of activities; and reporting the sources and uses of cash and cash equivalents in a statement of cash flows.

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

*Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations.

*With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

As of December 31, 2020 and 2019, the Foundation had no net assets with donor restrictions.

*Cash and Cash Equivalents* – Cash and cash equivalents consist of highly-liquid investments with maturities of three months or less when purchased.

The Foundation places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Foundation from time to time may have amounts on deposit in excess of insured limits. As of December 31, 2020, the Foundation had \$1,028,621 on deposit in excess of the insured limits. The Foundation continually monitors the soundness of these financial institutions and believes the exposure to loss to be minimal.

*Investments* – Investments in mutual funds are stated at fair value based on quoted market prices. Investments in commingled funds held in partnerships are valued at fair value using the net asset value (“NAV”) per share as estimated by the partnerships’ general partners, which generally represents the Foundation’s proportionate share of the fair value of underlying securities. Investments in infrastructure held in a partnership, for which there is no ready market, are valued at fair value using NAV per share as estimated by the partnership’s general partners. These investments in infrastructure may have exposure to transactions with counterparties including futures, swaps, options, and other derivatives. These investments may be subject to various risks of loss if the counterparty becomes insolvent or is otherwise unable to meet its obligations. Investment income and gains and losses on investments are reflected in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Investments are exposed to various risks such as interest rate, market, credit, and liquidity. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the Foundation’s account balances and the amounts reported in the financial statements.

**MARY BLACK FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2020 AND 2019

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**Note 1—Nature of operations and summary of significant accounting policies (continued)**

*Investment Return Policy* – The Foundation’s investments are managed to preserve and enhance through time the real (inflation-adjusted) value of the investment portfolio after making grants and meeting the operating expenses of the Foundation. The individual investment managers’ rates of return are compared with the returns of an appropriate market index. Investment earnings are unrestricted as to their use.

The long-term asset allocation policy of the Foundation reflects targets of 50% public equities, 30% fixed income, 10% real estate, and 10% opportunistic at December 31, 2020 and 2019.

*Notes Receivable* – The Foundation’s notes receivable are secured by a stand-by letter of credit and stated at net realizable value. The Foundation establishes allowances for collectability based upon facts surrounding the current financial condition of the entities that owe the notes. Receivables are considered delinquent when payments are not received in accordance with stated terms.

*Land, Building, and Equipment* – Land, building, and equipment are stated at cost. Acquisitions in excess of \$500 are capitalized. Depreciation is provided for by the straight-line method, based on the estimated useful lives of the assets (ranging from 3 to 40 years). No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and placed into service. When assets are retired or otherwise disposed, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in the Foundation’s statements of activities during the applicable period. Long-lived assets are reviewed for possible impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. No impairment charges were recognized on long-lived assets for the years ended December 31, 2020 or 2019. The Foundation records acquisition of works of art in furniture, fixtures, and equipment at the estimated fair value. No depreciation is recorded for the art collection.

*Grant Related Income* – A portion of revenue is derived from cost-reimbursable federal grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. There were no amounts received prior to incurring qualifying expenses at December 31, 2020 or 2019. No amounts have been received in advance under federal grants.

*Coronavirus Aid, Relief, and Economic Security Act Grants* – In April 2020, the Foundation was granted a loan from a financial institution in the United States in the aggregate amount of \$125,000, pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security (“CARES Act”). PPP loans are considered conditional contributions, with right of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP loan funds must be used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent, and utilities) incurred following the receipt of the loan funds. The Foundation selected Accounting Standards Codification (“ASC”) 958-605 as the applicable standard for accounting for the PPP loan and, as such, recognized the funds when the qualifying wages were incurred. As a result, the Foundation recognized \$125,000 as CARES Act grant income on the statement of activities for the year ended December 31, 2020 representing the qualifying expenses incurred (i.e., barriers met). During the year ended December 31, 2020, the Foundation applied for and received loan forgiveness from the Small Business Administration (“SBA”).

**MARY BLACK FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2020 AND 2019

**Note 1—Nature of operations and summary of significant accounting policies (continued)**

*Grants Payable* – Grants payable represents all unconditional grants that have been authorized prior to year-end but remain unpaid as of the statements of financial position date. Grants that are expected to be paid in future years are recorded at the present value of their estimated future cash outflows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the grants are approved by the Board of Trustees. Amortization of the discounts is included in grants expense in the accompanying statements of activities. Conditional grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses by the grant recipient, are expensed and considered payable in the period in which the conditions are substantially satisfied.

*Income Taxes* – The Foundation is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (the “Code”). The Foundation is classified as a private foundation as defined under the Code.

In accordance with applicable provisions of the Code, as a private foundation, the Foundation is subject to an excise tax of 1.39% and 2% for the years ended December 31, 2020 and 2019, respectively, (1% if certain payout requirements prescribed by the Code are met) on net investment income, including realized gains as defined in the Code. Deferred excise taxes arise primarily from unrealized gains or losses on investments and are calculated at the effective rate expected to be paid by the Foundation. Current excise taxes were provided using 1.39% and 1% for the years ended December 31, 2020 and 2019, respectively. Deferred federal excise taxes were provided at 1.39% and 2% on net unrealized gains or losses on investments existing at December 31, 2020 and 2019, respectively.

Excise tax expense differs from amounts currently payable because certain investment income is included in the statements of activities in periods that differ from those in which it is subject to taxation. The difference between excise tax expense and taxes currently payable is reflected as a deferred tax asset or liability on the statements of financial position. As of December 31, 2020 and 2019, the Foundation had a deferred tax liability of \$48,018 and \$27,720, respectively.

Tax expense consisted of the following for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Current tax expense	\$ 97,815	\$ 39,584
Deferred tax expense	20,298	133,818
	<u>\$ 118,113</u>	<u>\$ 173,402</u>

The Foundation follows the Financial Accounting Standards Board (“FASB”) guidance on Accounting for Uncertainty in Income Taxes. The Foundation’s policy is to record a liability for any tax position taken that is beneficial to the Foundation, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2020 or 2019 and, accordingly, no liability has been accrued.

The Foundation files informational returns in the U.S. federal jurisdiction. Interest and penalties are expensed as incurred. No interest and penalties were charged to expense for the years ended December 31, 2020 or 2019.

**MARY BLACK FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2020 AND 2019

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**Note 1—Nature of operations and summary of significant accounting policies (continued)**

*Distribution Requirements* – The Foundation is subject to distribution requirements of the Code. Accordingly, it must distribute within one year after the end of each fiscal year 5% of the fair value of its investment assets, as defined by the Code. The investments includable for the 5% distribution requirement are based on average balances (or, in the case of real estate, periodic appraisals) and are exclusive of those investments deemed to be held for charitable activities or other program-related investments. In determining qualifying distributions, grant payments are considered on a cash basis and certain operating expenses are considered as qualifying distributions. The Foundation has complied with distribution requirements through December 31, 2020.

At December 31, 2020, the Foundation had excess distribution carryforwards totaling \$6,538,454. This excess qualifying distribution is carried forward and is available to offset future minimum distribution requirements. This carryover amount expires between December 31, 2020 and December 31, 2024.

*Estimates* – The preparation of financial statements in conformity with U.S. GAAP requires the use of estimates made by management. Actual results could differ from those estimates.

*Recently Adopted Accounting Pronouncements* – On May 28, 2014, the Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers. The standard’s core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. In June 2020, FASB issued ASU 2020-05 which defers adoption of ASU 2014-19. This standard was effective for the fiscal year ended December 31, 2020. The Foundation retrospectively adopted this ASU, and there was no material impact on the Foundation’s financial statements upon adoption of this standard.

*New Accounting Pronouncements* – In February 2016, FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of revenue recognition in the statement of activities. This standard will be effective for the calendar year ending December 31, 2022. In June 2020, FASB issued ASU 2020-05 which provided for an optional deferral of the effective date of Topic 842 by one year. Under this deferral, the effective date of Topic 842 is for the year ended December 31, 2022. A modified retrospective transition approach is required for leases for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

**MARY BLACK FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2020 AND 2019

**Note 2—Investments**

Investments held by the Foundation are as follows as of December 31, 2020:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>
Money manager held funds:			
Real estate	\$ 5,177,963	\$ 4,323,600	\$ 854,363
Fixed income	21,395,119	20,737,320	657,799
Infrastructure	971,354	1,277,551	(306,197)
U.S. equities	25,419,747	24,321,274	1,098,473
Non-U.S. equities	18,744,115	18,121,351	622,764
Opportunistic	8,227,047	7,699,684	527,363
	<u>\$ 79,935,345</u>	<u>\$ 76,480,780</u>	<u>\$ 3,454,565</u>

Investments held by the Foundation are as follows as of December 31, 2019:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gains (Losses)</u>
Money manager held funds:			
Real estate	\$ 5,762,808	\$ 4,500,125	\$ 1,262,683
Fixed income	20,288,627	20,301,885	(13,258)
Infrastructure	1,756,300	1,110,801	645,499
U.S. equities	21,792,690	23,013,784	(1,221,094)
Non-U.S. equities	18,087,345	17,726,500	360,845
Opportunistic	6,673,238	6,321,893	351,345
	<u>\$ 74,361,008</u>	<u>\$ 72,974,988</u>	<u>\$ 1,386,020</u>

*Commitments* – As of December 31, 2020, the Foundation is committed to contribute additional capital of \$177,274 to an investment in the infrastructure partnership, \$1,347,055 to an investment in one of the real estate partnerships, and \$1,427,806 to an investment in two of the opportunistic funds.

The following summarizes investment returns and the classification in the statements of activities for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 1,985,098	\$ 2,257,736
Realized and unrealized gain on investments	6,564,738	9,144,521
Investment expense	(253,303)	(226,727)
Investment consulting expense	(120,000)	(120,000)
Total investment return, net	<u>\$ 8,176,533</u>	<u>\$ 11,055,530</u>

**MARY BLACK FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2020 AND 2019

**Note 3—Notes receivable**

On January 31, 2019, the Foundation issued a note to the Northside Development Corporation (“NDC”) reflecting a loan by the Foundation in the amount of \$2,000,000 for the operations and initiatives related to the TK Gregg Community Center, the Northside Affordable Housing project, and the Northside Common project, all located in the City of Spartanburg. The underlying project and initiatives of this loan is compatible with the Foundation’s mission, and is classified as a program-related investment for tax purposes. Interest-only payments are due quarterly at an interest rate of 2% per annum. NDC is also required to make annual payments of principal in the amount of \$450,000. The note was funded on November 7, 2019, with the first interest and principal payments due in January of 2020. The note is secured by an irrevocable standby letter of credit in the amount of \$2,000,000 as issued by a financial institution.

**Note 4—Liquidity and availability**

The following represents the Foundation’s financial assets as of the statements of financial position date available to meet general expenditures over the next 12 months, reduced by amounts not available for general use because of limited-as-to-use restrictions within one year of the statements of financial position date. As of December 31, 2020 and 2019, the Foundation considers all expenditures related to its ongoing activities of program and supporting services to be general expenditures:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 697,983	\$ 560,985
Investments	79,935,345	74,361,008
Investment proceeds in transit	286,215	1,204,774
Other receivables	53,041	354,453
Notes receivable	<u>1,100,000</u>	<u>2,000,000</u>
Total financial assets	82,072,584	78,481,220
Less amounts not available to be used for general expenditures within 12 months:		
Illiquid investments	(3,594,816)	(3,877,022)
Notes receivable, noncurrent	<u>(650,000)</u>	<u>(1,550,000)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 77,827,768</u>	<u>\$ 73,054,198</u>

Although the Foundation’s financial assets available to meet general expenditures over the next 12 months are \$77,827,768 and \$73,054,198 as of December 31, 2020 and 2019, respectively, as disclosed in the Foundation’s investment return policy in Note 1, the Foundation’s financial assets, which consist primarily of investments, are managed to preserve and enhance, through time, the real (inflation-adjusted) value of the investment portfolio to preserve its grant-making power.

**MARY BLACK FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2020 AND 2019

**Note 5—Land, building, and equipment**

Land, building, and equipment of the Foundation are as follows as of December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 544,635	\$ 544,635
Building	5,947,537	5,915,196
Tenant improvements	286,599	286,599
Furniture, fixtures, and equipment	<u>414,530</u>	<u>340,006</u>
	7,193,301	7,086,436
Less accumulated depreciation	<u>(2,780,839)</u>	<u>(2,633,477)</u>
	<u>\$ 4,412,462</u>	<u>\$ 4,452,959</u>

Included in furniture, fixtures, and equipment are non-depreciable works of art totaling \$4,709 at December 31, 2020 and 2019.

**Note 6—Benefit plan**

The Foundation has a retirement plan under Section 401(k) of the Code covering all employees meeting certain eligibility requirements. The Foundation's policy is to fund amounts accrued. Plan expense totaled \$54,626 and \$53,897 for the years ended December 31, 2020 and 2019, respectively.

**Note 7—Grants awarded reconciliation**

Reconciliations of grants awarded to grant payments are as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Grant payments	\$ 3,085,612	\$ 2,563,980
Change in grants payable	<u>(881,862)</u>	<u>(305,012)</u>
Grants awarded	<u>\$ 2,203,750</u>	<u>\$ 2,258,968</u>

**Note 8—Grants payable**

The Foundation's grants payable consists of unconditional promises to give as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Payable in less than 1 year	\$ 947,567	\$ 1,569,812
Payable in 1 to 4 years (future value)	<u>516,666</u>	<u>823,333</u>
	1,464,233	2,393,145
Less amount to reduce to present value (discount rate - 3.5% and 5.125%, respectively)	<u>(39,646)</u>	<u>(86,696)</u>
Grants payable, net	<u>\$ 1,424,587</u>	<u>\$ 2,306,449</u>

**MARY BLACK FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

*DECEMBER 31, 2020 AND 2019*

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**Note 9—Leases and building**

The Foundation purchased land and a building in 2004 for three purposes: (1) to house the Foundation offices; (2) to offer space for local nonprofits to use for meetings, conferences, and workshops; and (3) for a real estate investment. The Foundation renovated the building and then occupied it in March 2006. The land and building costs are reflected in Note 5.

The space not designated for use by the Foundation or for nonprofit meetings is available for lease. As of December 31, 2020, the Foundation has noncancelable operating leases with four tenants. The initial lease terms expire in various years through 2025, with certain renewal options available for each tenant. Rent income for the years ended December 31, 2020 and 2019 was \$191,769 and \$189,279, respectively.

Minimum future rental payments to be received under the noncancelable operating leases are as follows for the years ended December 31:

2021	\$	197,582
2022		174,837
2023		131,922
2024		71,803
2025		11,967
	\$	<u>588,111</u>

The Foundation has a property manager that cares for and maintains the property; collects rent income; remits payments for services, such as utilities and maintenance; and provides detailed financial reports to the Foundation. Leasing, brokerage, and property management fees totaled \$26,484 and \$23,979 for the years ended December 31, 2020 and 2019, respectively.

**MARY BLACK FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2020 AND 2019

**Note 10—Expenses**

Expenses by function and nature consist of the following for the year ended December 31, 2020:

	<b>Investing</b>	<b>Grantmaking</b>	<b>Management and General</b>	<b>Total</b>
Salaries and wages	\$ 20,359	\$ 420,753	\$ 251,047	\$ 692,159
Payroll taxes	1,346	27,810	15,699	44,855
Employee benefits	2,963	61,242	34,573	98,778
Retirement contributions	1,639	33,868	19,119	54,626
Professional development	1,456	20,347	3,340	25,143
Professional services	17,188	9,255	17,230	43,673
Meetings and events	2,493	4,245	2,568	9,306
Technology	7,603	38,838	34,212	80,653
Meals	-	109	1,082	1,191
Insurance	5,363	12,438	5,297	23,098
Miscellaneous	879	1,877	910	3,666
Supplies	1,036	4,660	4,660	10,356
Loss on disposal of land, building and equipment	-	-	1,671	1,671
Utilities and maintenance	87,052	101,058	12,186	200,296
Leasing and property management	19,167	6,328	989	26,484
Communications	2,691	4,044	3,543	10,278
Depreciation	83,018	54,110	44,541	181,669
Total operating expenses	<u>254,253</u>	<u>800,982</u>	<u>452,667</u>	<u>1,507,902</u>
Grants awarded	-	2,203,750	-	2,203,750
Federal grant related expenses	-	585,801	32,801	618,602
Non-federal grant related expenses	-	343,634	-	343,634
Total grantmaking expenses	<u>-</u>	<u>3,133,185</u>	<u>32,801</u>	<u>3,165,986</u>
Total operating and grantmaking expenses	<u>\$ 254,253</u>	<u>\$ 3,934,167</u>	<u>\$ 485,468</u>	<u>\$ 4,673,888</u>

**MARY BLACK FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2020 AND 2019

**Note 10—Expenses (continued)**

Expenses by function and nature consist of the following for the year ended December 31, 2019:

	<b>Investing</b>	<b>Grantmaking</b>	<b>Management and General</b>	<b>Total</b>
Salaries and wages	\$ 19,346	\$ 364,430	\$ 185,854	\$ 569,630
Payroll taxes	1,304	26,943	15,210	43,457
Employee benefits	3,158	65,259	36,839	105,256
Retirement contributions	1,617	33,416	18,864	53,897
Professional development	6,983	43,429	10,311	60,723
Professional services	16,355	8,981	4,043	29,379
Meetings and events	3,989	7,978	3,750	15,717
Technology	6,287	31,123	28,290	65,700
Meals	-	858	1,547	2,405
Insurance	5,409	11,856	4,901	22,166
Miscellaneous	971	8,230	2,134	11,335
Supplies	965	5,461	3,279	9,705
Utilities and maintenance	92,395	69,082	12,574	174,051
Leasing and property management	20,122	2,867	990	23,979
Communications	3,312	8,304	3,860	15,476
Depreciation	110,130	42,104	34,505	186,739
Total operating expenses	<u>292,343</u>	<u>730,321</u>	<u>366,951</u>	<u>1,389,615</u>
Grants awarded	-	2,258,968	-	2,258,968
Federal grant related expenses	-	1,451,451	39,846	1,491,297
Non-federal grant related expenses	-	201,518	-	201,518
Total grantmaking expenses	<u>-</u>	<u>3,911,937</u>	<u>39,846</u>	<u>3,951,783</u>
Total operating and grantmaking expenses	<u>\$ 292,343</u>	<u>\$ 4,642,258</u>	<u>\$ 406,797</u>	<u>\$ 5,341,398</u>

The financial statements report certain categories of expense that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses are allocated based upon time and effort, full time equivalent, square footage, and actual expenses.

**MARY BLACK FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2020 AND 2019

**Note 11—Fair value measurements**

In accordance with the authoritative guidance on fair value measurements and disclosures under U.S. GAAP, the Foundation discloses and recognizes the fair value of its assets and liabilities using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The guidance establishes three levels of fair value as follows:

*Level 1* – Valuation is based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical investments;

*Level 2* – Valuation is based on inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and

*Level 3* – Valuation is based on unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to pricing of the asset or liability including assumptions regarding risk.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

When available, the Foundation uses unadjusted, quoted market prices to determine the fair value of investment securities, and they are included in Level 1. For investments held in partnerships, the Foundation uses other inputs including NAV per share estimated by the investment partnerships' general manager. Such investments may not have readily available market values and may be subject to certain redemption restrictions. Such investments are measured at fair value using NAV per share practical expedient and have not been classified under the fair value hierarchy.

The Foundation's investments measured at value as of December 31, 2020 are as follows:

	Investments Measured at NAV	Investments Categorized in Fair Value Hierarchy			Total	Liquidation	Day's Notice
		Level 1	Level 2	Level 3			
Real estate	\$ 5,177,963	\$ -	\$ -	\$ -	\$ 5,177,963	Quarterly / Illiquid*	60 / N/A*
Fixed income	21,395,119	-	-	-	21,395,119	Daily / Illiquid*	2 - 10 / N/A*
Infrastructure	971,354	-	-	-	971,354	Illiquid	N/A
U.S. equities	25,419,747	-	-	-	25,419,747	Daily	1 day
Non-U.S. equities	18,744,115	-	-	-	18,744,115	Daily	1 day
Opportunistic	8,227,047	-	-	-	8,227,047	Monthly / Semi-Monthly	15 - 95
Total investments	\$ 79,935,345	\$ -	\$ -	\$ -	\$ 79,935,345		

\* \$765,519, \$1,857,943, and \$971,354 of real estate, fixed income, and infrastructure investments, respectively, are considered illiquid due to restrictions in place on the underlying fund.

**MARY BLACK FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2020 AND 2019

**Note 11—Fair value measurements (continued)**

The Foundation's investments measured at value as of December 31, 2019 are as follows:

	Investments Measured at NAV	Investments Categorized in Fair Value Hierarchy				Liquidation	Day's Notice
		Level 1	Level 2	Level 3	Total		
Real estate	\$ 5,762,808	\$ -	\$ -	\$ -	\$ 5,762,808	Quarterly / Illiquid*	60 / N/A*
Fixed income	20,288,627	-	-	-	20,288,627	Daily / Illiquid*	2 - 10 / N/A*
Infrastructure	1,756,300	-	-	-	1,756,300	Illiquid	N/A
U.S. equities	21,792,690	-	-	-	21,792,690	Daily	1 day
Non-U.S. equities	18,087,345	-	-	-	18,087,345	Daily	1 day
Opportunistic	5,424,802	1,248,436	-	-	6,673,238	Monthly / Semi-Monthly	15 - 95
Total investments	<u>\$ 73,112,572</u>	<u>\$ 1,248,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,361,008</u>		

\* \$677,968, \$1,442,754, and \$1,756,300 of real estate, fixed income, and infrastructure investments, respectively, are considered illiquid due to restrictions in place on the underlying fund.

**Note 12— Commitments and Contingencies**

On January 30, 2020, the World Health Organization declared the coronavirus COVID-19 outbreak a Public Health Emergency of International Concern and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines, or stay-at-home restrictions in certain areas, and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets globally, including the geographical areas in which the Foundation operates.

While it is unknown how long these conditions will last and what the complete financial impact will be, the Foundation is closely monitoring the impact of the COVID-19 pandemic on all aspects of the programming and operations and are unable at this time to predict the continued impact COVID-19 will have on its operations, financial position, and operating results in future periods due to numerous uncertainties.

**Note 13— Subsequent events**

The Foundation has evaluated subsequent events through October 28, 2021 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.