MARY BLACK FOUNDATION, INC.

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2022 and 2021

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

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

Opinion

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, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the 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 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 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.

Cherry Bekaert LLP

Greenville, South Carolina
November 16, 2023

MARY BLACK FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and cash equivalents	$ 610,239	$ 784,999
Investments	76,305,448	83,475,211
Investment proceeds in transit	-	100,000
Other receivables	42,533	614,461
Excise tax prepayment	5,130	14,704
Other assets	149,140	211,548
Deferred tax asset	75,392	-
Notes receivable	1,810,316	1,700,000
Land, building, and equipment, net	4,181,963	4,241,165
Total Assets	$ 83,180,161	$ 91,142,088
LIABILITIES AND NET ASSETS		
Grants payable, net of present value allowance	$ 2,703,483	$ 2,475,912
Other payables and accrued expenses	27,053	64,361
Deferred tax liability	-	90,607
Total Liabilities	2,730,536	2,630,880
Net assets without donor restrictions	80,449,625	88,511,208
Total Liabilities and Net Assets	$ 83,180,161	$ 91,142,088

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, 2022 AND 2021

	2022	2021
Revenue and Other Support Without Donor Restrictions:		
Investment return, net	$ (11,752,314)	$ 8,980,563
Rent income	213,022	207,386
Contribution revenue	7,971,788	-
Other income	874	1,912
Total Revenue and Other Support Without Donor Restrictions	(3,566,630)	9,189,861
Operating Expenses:		
Salaries and wages	627,177	704,151
Payroll taxes	44,169	46,539
Employee benefits	90,579	102,292
Retirement contributions	58,459	58,358
Professional development	40,220	35,495
Professional services	86,975	40,727
Meetings and events	19,663	5,468
Technology	82,361	90,232
Insurance	30,896	29,121
Miscellaneous	4,810	4,354
Supplies	9,094	10,041
Utilities and maintenance	183,321	157,531
Leasing and property management	27,602	23,250
Communications	9,474	8,168
Depreciation	186,064	187,278
Total Operating Expenses	1,500,864	1,503,005
Change in Net Assets Without Donor Restrictions Before Grants Expenses and Taxes	(5,067,494)	7,686,856
Grants awarded	2,827,863	3,709,655
Grant related expenses	277,970	308,339
Total Grants Expenses	3,105,833	4,017,994
Change in net assets without donor restrictions before federal excise tax and deferred tax provision	(8,173,327)	3,668,862
Federal excise tax on investment income	54,255	44,503
Deferred federal excise tax (benefit) expense	(165,999)	42,589
Change in net assets without donor restrictions	(8,061,583)	3,581,770
Net assets without donor restrictions, beginning of year	88,511,208	84,929,438
Net assets without donor restrictions, end of year	$ 80,449,625	$ 88,511,208

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, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (8,061,583)	$ 3,581,770
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Deferred federal excise tax (benefit) expense	(165,999)	42,589
Depreciation expense	186,064	187,278
Realized and unrealized losses (gains) on investments	13,413,557	(8,246,795)
Gain on disposal of land, building, and equipment	(275)	-
Changes in assets and liabilities:		
Other assets and receivables	634,336	(684,236)
Excise tax prepayment	9,574	(14,704)
Other payables and accrued expenses	(37,308)	(72,546)
Unearned revenue	-	(500)
Grants payable, net of present value allowance	227,571	1,051,325
Excise tax payable	-	(34,328)
Net cash flows from operating activities	6,205,937	(4,190,147)
Cash flows from investing activities:		
Purchases of investments	(12,145,696)	(73,427,538)
Proceeds from maturities and sales of investments	6,001,902	78,320,682
Repayment of notes receivable	297,816	500,000
Issuance of notes receivable	(408,132)	(1,100,000)
Purchases of equipment and tenant improvements	(201,309)	(15,981)
Proceeds from sale of equipment	74,722	-
Net cash flows from investing activities	(6,380,697)	4,277,163
Net change in cash and cash equivalents	(174,760)	87,016
Cash and cash equivalents and designated cash, beginning of year	784,999	697,983
Cash and cash equivalents and designated cash, end of year	$ 610,239	$ 784,999
Supplemental disclosures:		
Cash paid for federal excise taxes	$ 42,500	$ 93,535
Noncash investing activities:		
Investment proceeds in transit	$ -	$ 100,000

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

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, 2022 and 2021, 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 ("FDIC") covers $250,000 for substantially all depository accounts. The primary account maintains a target balance of $250,000 for the funds to remain in compliance with FDIC insurance limits. Beginning in March 2021, excess funds greater than $250,000 are swept into a secondary account called an Insured Cash Sweep ("ICS") that is fully insured. The Foundation from time to time may have amounts on deposit in excess of insured limits but mitigates this risk by utilizing the ICS account. 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.

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

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.

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 59% public equities, 26% fixed income, 10.5% real estate, 3.5% private credit, and 1% private equity at December 31, 2022. The long-term asset allocation policy of the Foundation reflects targets of 54% public equities, 25% fixed income, 10.5% real estate, 3.5% private credit, and 7% private equity at December 31, 2021.

Notes Receivable – The Foundation's notes receivable are 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. During the year ended December 31, 2022, the Foundation issued one unsecured note described in Note 3.

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, 2022 or 2021. 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.

Contribution Revenue – Contributions are recognized as revenue in the period in which they are received. Conditional contributions with a measurable performance or other barrier and a right of return or release are not recognized until the conditions on which they depend are substantially met. There were no conditional contributions for the years ended December 31, 2022 or 2021. The Foundation records contributions as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. 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.

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.

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

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% for the years ended December 31, 2022 and 2021, 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% for the years ended December 31, 2022 and 2021. Deferred federal excise taxes were provided at 1.39% on cumulative unrealized gains or losses on investments existing at December 31, 2022 and 2021. Cash paid for excise taxes and UBTI in 2022 and 2021, was $37,500 and $87,500, 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, 2022 and 2021, the Foundation had a deferred tax asset of $75,392 and a deferred tax liability of $90,607, respectively.

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

	2022	2021
Current tax expense	$ 54,255	$ 44,503
Deferred tax (benefit) expense	(165,999)	42,589
	$ (111,744)	$ 87,092

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, 2022 or 2021 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, 2022 or 2021.

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, 2022.

At December 31, 2022, the Foundation had excess distribution carryforwards totaling $6,516,474. This excess qualifying distribution is carried forward and is available to offset future minimum distribution requirements. This carryover amount expires between December 31, 2023 and December 31, 2027.

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.

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

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. The Foundation adopted this standard during the year ending December 31, 2022. There was no material impact on the financial statements as a result of adopting this standard.

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires presentation of contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, apart from contributions of cash and other financial assets. It also requires a disclosure of disaggregated contributions of nonfinancial assets by category that depicts the type of contributed nonfinancial assets. This distinction increases transparency of contributions recognized. The Foundation adopted this standard during the year ending December 31, 2022. There was no material impact on the financial statements as a result of adopting this standard.

Upcoming Pronouncements – In June 2016, FASB issued ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326) and subsequently related amendments (ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11, and ASU 2022-02). This guidance replaces the existing incurred loss impairment guidance and establishes a single allowance framework for financial assets carried at amortized cost based on expected credit losses. The estimate of expected credit losses requires the incorporation of historical information, current conditions, and reasonable and supportable forecasts. This ASU will be effective for the Foundation's fiscal year ended December 31, 2023. The Foundation is currently evaluating the effect the adoption of this ASU will have on the financial statements.

Note 2—Investments

A summary of investments held by the Foundation is as follows as of December 31:

	2022	2021
Money manager held funds:		
Cash and cash equivalents	$ 10,058,664	$ 779,498
Real estate	8,965,487	8,428,919
Fixed income	17,543,423	22,156,303
U.S. equities	20,308,261	26,943,988
Non U.S. equities	12,837,566	16,885,385
Emerging markets equities	3,543,924	4,780,849
Private credit	3,048,123	3,500,269
	$ 76,305,448	$ 83,475,211

Commitments – As of December 31, 2022, the Foundation is committed to contribute additional capital of $1,481,154 to one investment in the real estate partnerships, and $1,568,923 to three investments in the private credit funds.

Note 2—Investments (continued)

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

	2022	2021
Interest and dividend income	$ 2,032,630	$ 1,668,006
Realized and unrealized (losses) gains on investments	(13,413,557)	8,246,795
Investment expense	(203,187)	(753,478)
Investment consulting expense	(168,200)	(180,760)
Total investment return, net	$ (11,752,314)	$ 8,980,563

Note 3—Notes receivable

	2022	2021
Note receivable issued on January 31, 2019 to Northside Development Corporation ("NDC") reflecting a loan 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. 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 $600,000 as issued by a financial institution.	$ 302,184	$ 600,000
Note receivable issued on July 1, 2021 to Chapman Cultural Center, Inc. ("CCC") reflecting a loan of $400,000, to be dispursed in $100,000 increments quaterly. Interest-only payments are due quarterly at an interest rate of 4% per annum. CCC is also required to make quarterly payments of principal in the amount of $28,862. The unsecured note was funded on July 1, 2021, with the first interest and principal payments due in September of 2022.	350,132	200,000
Note receivable issued on July 19, 2021 to City of Spartanburg Development Corporation ("CSDC") reflecting a loan of $600,000 for the operations and initiatives related to the development of a grocery store located in the City of Spartanburg. CDSC is required to make quarterly payments of interest in arrears on February 1, May 1, August 1, and November 1 commencing February 1, 2022. Interest payments are calculated at an interest rate of 2.75% per annum. The unsecured note matures on August 1, 2026 at which time all unpaid interest and principal is due.	600,000	600,000

Note 3—Notes receivable (continued)

	2022	2021
Note receivable issued on July 19, 2021 to City of Spartanburg Development Corporation ("CSDC") reflecting a loan of $300,000 for the operations and initiatives related to the development of a grocery store located in the City of Spartanburg. Interest-only payments are due quarterly at an interest rate of 4.5% per annum. CSDC is also required to make a balloon payment of principal in the amount of $300,000 at August 1, 2026. The note was funded on July 19, 2021, with the first interest and principal payments due in February of 2022. The note is secured by an irrevocable standby letter of credit in the amount of $2,000,000 as issued by a financial institution.	300,000	300,000
Note receivable issued on June 25, 2022 to Homes of Hope ("HOH") reflecting a loan of $258,000 for the construction of up to seven housing units on or near South Converse Street, in Spartanburg. Interest-only payments are due monthy at an interest rate of 2.0% per annum. HOH is also required to make a balloon payment of principal in the amount of $258,000 at September 1, 2027. The unsecured note matures on September 1, 2027 at which time all unpaid interest and principal is due.	258,000	-
Total notes receivable	$ 1,810,316	$ 1,700,000

The underlying project and initiatives of the loans are compatible with the Foundation's mission and are classified as a program-related investment for tax purposes.

Minimum future principal payments to be received per the note receivable agreements are as follows for the year ended December 31:

2023	$ 102,184
2024	290,376
2025	115,447
2025	115,447
2026	928,862
Thereafter	258,000
	$ 1,810,316

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, 2022 and 2021, the Foundation considers all expenditures related to its ongoing activities of program and supporting services to be general expenditures:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	$ 610,239	$ 784,999
Investments	76,305,448	83,475,211
Investment proceeds in transit	-	100,000
Other receivables	42,533	614,461
Notes receivable	1,810,316	1,700,000
Total financial assets	78,768,536	86,674,671
Less amounts not available to be used for general expenditures within 12 months:		
Illiquid investments	(2,789,934)	(2,906,515)
Notes receivable, noncurrent	(1,708,132)	(1,650,165)
Financial assets available to meet general expenditures over the next 12 months	$ 74,270,470	$ 82,117,991

Although the Foundation's financial assets available to meet general expenditures over the next 12 months are $74,270,470 and $82,117,991 as of December 31, 2022 and 2021, 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.

Note 5—Land, building, and equipment

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

	2022	2021
Land	$ 544,635	$ 544,635
Building	5,994,982	5,947,537
Tenant improvements	286,599	286,599
Furniture, fixtures, and equipment	508,639	430,511
	7,334,855	7,209,282
Less accumulated depreciation	(3,152,892)	(2,968,117)
	$ 4,181,963	$ 4,241,165

Included in furniture, fixtures, and equipment are non-depreciable works of art totaling $15,700 and $10,700 at December 31, 2022 and 2021, respectively.

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 $58,459 and $58,358 for the years ended December 31, 2022 and 2021, respectively.

Note 7—Grants awarded reconciliation

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

	2022	2021
Grant payments	$ 2,600,292	$ 2,658,330
Change in grants payable	227,571	1,051,325
Grants awarded	$ 2,827,863	$ 3,709,655

Note 8—Grants payable

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

	2022	2021
Payable in less than 1 year	$ 1,764,790	$ 1,386,669
Payable in 1 to 4 years (future value)	1,000,654	1,159,394
	2,765,444	2,546,063
Less amount to reduce to present value (discount rate - 3.25% and 3.50%, respectively)	(61,961)	(70,151)
Grants payable, net	$ 2,703,483	$ 2,475,912

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 by the Foundation as lessor. As of December 31, 2022, 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, 2022 and 2021 was $213,022 and $207,386, respectively.

At lease inception, the Foundation determines whether an arrangement qualifies as a lease under ASC 842 (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration). The Foundation only reassess if the terms and conditions of the contract are changed.

Note 9—Leases and building (continued)

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

2023	$ 209,459
2024	149,340
2025	37,473
	$ 396,272

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 $27,602 and $23,250 for the years ended December 31, 2022 and 2021, respectively.

Note 10—Expenses

Expenses by function and nature consist of the following for the year ended December 31, 2022:

	Investing	Grantmaking	Management and General	Total
Salaries and wages	$ 18,816	$ 388,850	$ 219,511	$ 627,177
Payroll taxes	1,325	27,385	15,459	44,169
Employee benefits	2,718	56,159	31,702	90,579
Retirement contributions	1,754	36,245	20,460	58,459
Professional development	1,815	33,090	5,315	40,220
Professional services	53,517	21,970	11,488	86,975
Meetings and events	3,387	9,602	6,674	19,663
Technology	7,708	39,968	34,685	82,361
Insurance	7,451	14,878	8,567	30,896
Miscellaneous	1,047	1,749	2,014	4,810
Supplies	1,021	3,945	4,128	9,094
Utilities and maintenance	107,171	60,981	15,169	183,321
Leasing and property management	22,443	3,943	1,216	27,602
Communications	2,557	3,507	3,410	9,474
Depreciation	67,352	70,524	48,188	186,064
Total operating expenses	300,082	772,796	427,986	1,500,864
Grantmaking expenses:				
Grants awarded	-	2,827,863	-	2,827,863
Non-federal grant related expenses	-	277,970	-	277,970
Total grantmaking expenses	-	3,105,833	-	3,105,833
Total operating and grantmaking expenses	$ 300,082	$ 3,878,629	$ 427,986	$ 4,606,697

Note 10—Expenses (continued)

Expenses by function and nature consist of the following for the year ended December 31, 2021:

	Investing	Grantmaking	Management and General	Total
Salaries and wages	$ 21,125	$ 436,574	$ 246,452	$ 704,151
Payroll taxes	1,396	28,854	16,289	46,539
Employee benefits	3,069	63,421	35,802	102,292
Retirement contributions	1,751	36,182	20,425	58,358
Professional development	1,602	29,203	4,690	35,495
Professional services	25,060	10,288	5,379	40,727
Meetings and events	1,073	2,974	1,421	5,468
Technology	8,445	43,787	38,000	90,232
Insurance	7,023	14,023	8,075	29,121
Miscellaneous	918	1,534	1,902	4,354
Supplies	1,127	4,355	4,559	10,041
Utilities and maintenance	92,094	52,402	13,035	157,531
Leasing and property management	19,391	2,949	910	23,250
Communications	2,179	2,989	3,000	8,168
Depreciation	68,005	70,857	48,416	187,278
Total operating expenses	254,258	800,392	448,355	1,503,005
Grantmaking expenses:				
Grants awarded	-	3,709,655	-	3,709,655
Non-federal grant related expenses	-	308,339	-	308,339
Total grantmaking expenses	-	4,017,994	-	4,017,994
Total operating and grantmaking expenses	$ 254,258	$ 4,818,386	$ 448,355	$ 5,520,999

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.

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, 2022 are as follows:

	Investments Measured at NAV	Investments Categorized in Fair Value Hierarchy					Day's
		Level 1	Level 2	Level 3	Total	Liquidation	Notice
Cash and cash equivalents	$ -	$ 10,058,664	$ -	$ -	$ 10,058,664	Daily	1 day
Real estate	8,965,487	-	-	-	8,965,487	Quarterly / Illiquid*	60 / N/A*
Fixed income	-	17,543,423	-	-	17,543,423	Daily	1 day
U.S. equities	-	20,308,261	-	-	20,308,261	Daily	1 day
Non-U.S. equities	-	12,837,566	-	-	12,837,566	Daily	1 day
Emerging markets equities	-	3,543,924	-	-	3,543,924	Daily	1 day
Private credit	3,048,123	-	-	-	3,048,123	Monthly / Semi-Monthly	15 - 95
Total investments	$ 12,013,610	$ 64,291,838	$ -	$ -	$ 76,305,448		

* $1,049,196 and $1,740,738 of real estate and private credit investments, respectively, are considered illiquid due to restrictions in place on the underlying fund.

Note 11—Fair value measurements (continued)

The Foundation's investments measured at value as of December 31, 2021 are as follows:

	Investments Measured at NAV	Investments Categorized in Fair Value Hierarchy					Day's
		Level 1	Level 2	Level 3	Total	Liquidation	Notice
Cash and cash equivalents	$ -	$ 779,498	$ -	$ -	$ 779,498	Daily	1 day
Real estate	8,428,919	-	-	-	8,428,919	Quarterly / Illiquid*	60 / N/A*
Fixed income	-	22,156,303	-	-	22,156,303	Daily	1 day
U.S. equities	-	26,943,988	-	-	26,943,988	Daily	1 day
Non-U.S. equities	-	16,885,385	-	-	16,885,385	Daily	1 day
Emerging markets equities	-	4,780,849	-	-	4,780,849	Daily	1 day
Private credit	3,500,269		-	-	3,500,269	Closed End, Quartely Annual*	60 - 90/ N/A*
Total investments	$ 11,929,188	$ 71,546,023	$ -	$ -	$ 83,475,211		

* $1,057,834 and $1,848,681 of real estate, fixed income, and infrastructure investments, respectively, are considered illiquid due to restrictions in place on the underlying fund.

Note 12—Subsequent events

The Foundation has evaluated subsequent events through November 16, 2023 in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.