

MARY BLACK FOUNDATION, INC.

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2023 and 2022

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

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, 2023 and 2022, 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, 2023 and 2022, 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 that 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 that 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
February 13, 2025

MARY BLACK FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 696,601	\$ 610,239
Investments	79,393,439	76,305,448
Other receivables	16,729	42,533
Excise tax prepayment	29,590	5,130
Other assets	207,465	149,140
Deferred tax asset	73,378	75,392
Notes receivable	1,257,396	1,810,316
Land, building, and equipment, net	4,012,214	4,181,963
Total Assets	<u>\$ 85,686,812</u>	<u>\$ 83,180,161</u>
LIABILITIES AND NET ASSETS		
Grants payable, net of present value allowance	\$ 3,250,281	\$ 2,703,483
Other payables and accrued expenses	34,945	27,053
Total Liabilities	3,285,226	2,730,536
Net assets without donor restrictions	82,401,586	80,449,625
Total Liabilities and Net Assets	<u>\$ 85,686,812</u>	<u>\$ 83,180,161</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, 2023 AND 2022

	2023	2022
Revenue and Other Support Without Donor Restrictions:		
Investment return, net	\$ 7,302,118	\$ (11,752,314)
Rent income	207,630	213,022
Contribution revenue	334,179	7,971,788
Other income	1,239	874
Total Revenue and Other Support Without Donor Restrictions	<u>7,845,166</u>	<u>(3,566,630)</u>
Operating Expenses:		
Salaries and wages	870,365	627,177
Payroll taxes	61,425	44,169
Employee benefits	104,950	90,579
Retirement contributions	68,988	58,459
Professional development	40,407	40,220
Professional services	74,826	86,975
Meetings and events	20,495	19,663
Technology	90,732	82,361
Insurance	33,085	30,896
Miscellaneous	6,291	4,810
Supplies	9,870	9,094
Utilities and maintenance	168,171	183,321
Leasing and property management	25,522	27,602
Communications	18,300	9,474
Depreciation	185,992	186,064
Total Operating Expenses	<u>1,779,419</u>	<u>1,500,864</u>
Change in Net Assets Without Donor Restrictions Before Grants Expenses and Taxes	<u>6,065,747</u>	<u>(5,067,494)</u>
Grants awarded	3,821,626	2,827,863
Grant related expenses	252,969	277,970
Total Grants Expenses	<u>4,074,595</u>	<u>3,105,833</u>
Change in net assets without donor restrictions before federal excise tax and deferred tax provision	1,991,152	(8,173,327)
Federal excise tax on investment income	37,177	54,255
Deferred federal excise tax (benefit) expense	2,014	(165,999)
Change in net assets without donor restrictions	1,951,961	(8,061,583)
Net assets without donor restrictions, beginning of year	<u>80,449,625</u>	<u>88,511,208</u>
Net assets without donor restrictions, end of year	<u>\$ 82,401,586</u>	<u>\$ 80,449,625</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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,951,961	\$ (8,061,583)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Deferred federal excise tax (benefit) expense	2,014	(165,999)
Depreciation expense	185,992	186,064
Notes receivable converted to grant expense	300,000	-
Realized and unrealized (gains) losses on investments	(5,494,102)	13,413,557
Gain on disposal of land, building, and equipment	-	(275)
Changes in assets and liabilities:		
Other assets and receivables	(32,521)	634,336
Excise tax prepayment	(24,460)	9,574
Other payables and accrued expenses	7,892	(37,308)
Grants payable, net of present value allowance	546,798	227,571
Net cash flows from operating activities	<u>(2,556,426)</u>	<u>6,205,937</u>
Cash flows from investing activities:		
Purchases of investments	(2,891,800)	(12,145,696)
Proceeds from maturities and sales of investments	5,297,911	6,001,902
Repayment of notes receivable	252,920	297,816
Issuance of notes receivable	-	(408,132)
Purchases of equipment and tenant improvements	(16,243)	(201,309)
Proceeds from sale of equipment	-	74,722
Net cash flows from investing activities	<u>2,642,788</u>	<u>(6,380,697)</u>
Net change in cash and cash equivalents	86,362	(174,760)
Cash and cash equivalents and designated cash, beginning of year	610,239	784,999
Cash and cash equivalents and designated cash, end of year	<u>\$ 696,601</u>	<u>\$ 610,239</u>
Supplemental disclosures:		
Cash paid for federal excise taxes	<u>\$ 31,000</u>	<u>\$ 42,500</u>
Noncash investing and financing activities:		
Notes receivable converted to grant expense	<u>\$ 300,000</u>	<u>\$ -</u>

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

MARY BLACK FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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, 2023 and 2022, 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 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 returns consisting of 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.

MARY BLACK FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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 54% public equities, 25% fixed income, 10.5% real estate, 3.5% private credit and 7% private equity at December 31, 2023. 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.

Notes Receivable – The Foundation's notes receivable are stated at net realizable value less an allowance for credit losses. The allowance for credit losses is based on the Foundation's assessment of the collectability of these notes receivable. Receivables are considered delinquent when payments are not received in accordance with stated terms. Notes receivables are written off as grants expense when there is no reasonable expectation of recovery. The underlying project and initiatives of the notes receivable are compatible with the Foundation's mission and are classified as a program-related investments. During the year ended December 31, 2023, the Foundation converted one of its notes receivable in the amount of \$300,000 into grants expense. In accordance with ASC Topic 326, *Financial Instruments – Credit Losses*, the Foundation makes ongoing estimates relating to the collectability of notes receivable and records an allowance for estimated losses expected from the inability of the organizations to make required payments. The Foundation establishes expected credit losses by evaluating historical levels of credit losses, current economic conditions that may affect a program participant's ability to pay, and creditworthiness of program participants. These inputs are used to determine a range of expected credit losses and an allowance is recorded within range. As of December 31, 2023 or 2022, the allowance for credit losses was not material.

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, 2023 or 2022. 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, 2023 or 2022. 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.

MARY BLACK FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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% for the years ended December 31, 2023 and 2022, 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, 2023 and 2022. Deferred federal excise taxes were provided at 1.39% on cumulative unrealized gains or losses on investments existing at December 31, 2023 and 2022. Cash paid for excise taxes and unrelated business taxable income in 2023 and 2022 was \$31,000 and \$37,500, 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, 2023 and 2022, the Foundation had a deferred tax asset of \$73,378 and \$75,392, respectively.

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

	<u>2023</u>	<u>2022</u>
Current tax expense	\$ 37,177	\$ 54,255
Deferred tax (benefit) expense	2,014	(165,999)
	<u>\$ 39,191</u>	<u>\$ (111,744)</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, 2023 or 2022 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, 2023 or 2022.

MARY BLACK FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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, 2023.

At December 31, 2023, the Foundation had excess distribution carryforwards totaling \$6,336,833. This excess qualifying distribution is carried forward and is available to offset future minimum distribution requirements. This carryover amount expires between December 31, 2024 and December 31, 2028.

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 Issued Accounting Pronouncements Adopted – In June 2016, FASB issued Accounting Standards Update ("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. The Foundation adopted this new accounting standard effective January 1, 2023. There was no significant impact to the Foundation's operating results for the current period due to this standard update.

Note 2—Investments

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

	<u>2023</u>	<u>2022</u>
Money manager held funds:		
Cash and cash equivalents	\$ 8,089,128	\$ 10,058,664
Real estate	7,712,793	8,965,487
Fixed income	18,136,503	17,543,423
US equities	22,728,045	20,308,261
Non U.S. equities	14,165,611	12,837,566
Emerging markets equities	3,739,140	3,543,924
Private credit	4,822,219	3,048,123
	<u>\$ 79,393,439</u>	<u>\$ 76,305,448</u>

Commitments – As of December 31, 2023, the Foundation is committed to contribute additional capital of \$793,344 to one investment in real estate partnerships and \$930,672 to two investments in the private credit funds.

MARY BLACK FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 2—Investments (continued)

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

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 2,168,043	\$ 2,032,630
Realized and unrealized (losses) gains on investments	5,494,102	(13,413,557)
Investment expense	(171,264)	(203,187)
Investment consulting expense	(188,763)	(168,200)
Total investment return, net	<u>\$ 7,302,118</u>	<u>\$ (11,752,314)</u>

Note 3—Notes receivable

	<u>2023</u>	<u>2022</u>
<p>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 and the final payment due on July 1, 2024. The note is secured by an irrevocable standby letter of credit in the amount of \$600,000 as issued by a financial institution.</p>	\$ 152,184	\$ 302,184
<p>Note receivable issued on July 1, 2021 to Chapman Cultural Center, Inc. ("CCC") reflecting a loan of \$400,000, to be disbursed in \$100,000 increments quarterly. 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 and the final payment due on March 31, 2026.</p>	247,212	350,132
<p>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.</p>	600,000	600,000

MARY BLACK FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 3—Notes receivable (continued)

	<u>2023</u>	<u>2022</u>
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.	\$ -	\$ 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 monthly 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.	<u>258,000</u>	<u>258,000</u>
Total notes receivable	<u>\$ 1,257,396</u>	<u>\$ 1,810,316</u>

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

2024	259,276
2025	111,490
2026	628,630
2027	<u>258,000</u>
	<u>\$ 1,257,396</u>

MARY BLACK FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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, 2023 and 2022, the Foundation considers all expenditures related to its ongoing activities of program and supporting services to be general expenditures:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 696,601	\$ 610,239
Investments	79,393,439	76,305,448
Other receivables	16,729	42,533
Notes receivable	<u>1,257,396</u>	<u>1,810,316</u>
Total financial assets	81,364,165	78,768,536
Less amounts not available to be used for general expenditures within 12 months:		
Illiquid investments	(2,618,890)	(2,789,934)
Notes receivable, noncurrent	<u>(998,120)</u>	<u>(1,708,132)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 77,747,155</u>	<u>\$ 74,270,470</u>

Although the Foundation's financial assets available to meet general expenditures over the next 12 months are \$77,747,155 and \$74,270,470 as of December 31, 2023 and 2022, 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:

	<u>2023</u>	<u>2022</u>
Land	\$ 544,635	\$ 544,635
Building	5,987,038	5,994,982
Tenant improvements	286,599	286,599
Furniture, fixtures, and equipment	<u>532,825</u>	<u>508,639</u>
	7,351,097	7,334,855
Less accumulated depreciation	<u>(3,338,883)</u>	<u>(3,152,892)</u>
	<u>\$ 4,012,214</u>	<u>\$ 4,181,963</u>

Included in furniture, fixtures, and equipment are non-depreciable works of art totaling \$15,700 at December 31, 2023 and 2022, respectively.

MARY BLACK FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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 \$68,988 and \$58,459 for the years ended December 31, 2023 and 2022, respectively.

Note 7—Grants awarded reconciliation

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

	<u>2023</u>	<u>2022</u>
Grant payments	\$ 3,274,828	\$ 2,600,292
Change in grants payable	546,798	227,571
Grants awarded	<u>\$ 3,821,626</u>	<u>\$ 2,827,863</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>2023</u>	<u>2022</u>
Payable in less than 1 year	\$ 1,422,067	\$ 1,764,790
Payable in 1 to 4 years (future value)	1,995,725	1,000,654
	3,417,792	2,765,444
Less amount to reduce to present value (discount rate - 3.25%)	<u>(167,511)</u>	<u>(61,961)</u>
Grants payable, net	<u>\$ 3,250,281</u>	<u>\$ 2,703,483</u>

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, 2023, 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, 2023 and 2022 was \$207,630 and \$213,022, 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.

MARY BLACK FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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:

2024	\$	146,353
2025		34,487
2026		22,520
	<u>\$</u>	<u>203,360</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 \$25,522 and \$27,602 for the years ended December 31, 2023 and 2022, respectively.

Note 10—Expenses

Expenses by function and nature consist of the following for the year ended December 31, 2023:

	<u>Investing</u>	<u>Grantmaking</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 26,111	\$ 539,626	\$ 304,628	\$ 870,365
Payroll taxes	1,843	38,083	21,499	61,425
Employee benefits	3,149	65,069	36,732	104,950
Retirement contributions	2,070	42,772	24,146	68,988
Professional development	2,020	33,134	5,253	40,407
Professional services	46,393	18,706	9,727	74,826
Meetings and events	3,615	9,978	6,902	20,495
Technology	8,166	44,460	38,106	90,732
Insurance	7,941	15,881	9,263	33,085
Miscellaneous	1,320	2,138	2,833	6,291
Supplies	1,086	4,244	4,540	9,870
Utilities and maintenance	97,906	55,705	14,560	168,171
Leasing and property management	21,184	3,318	1,020	25,522
Communications	4,770	6,537	6,993	18,300
Depreciation	66,957	70,677	48,358	185,992
Total operating expenses	<u>294,531</u>	<u>950,328</u>	<u>534,560</u>	<u>1,779,419</u>
Grantmaking Expenses:				
Grants awarded	-	3,821,626	-	3,821,626
Non-federal grant related expenses	-	252,969	-	252,969
Total grantmaking expenses	<u>-</u>	<u>4,074,595</u>	<u>-</u>	<u>4,074,595</u>
Total operating and grantmaking expenses	<u>\$ 294,531</u>	<u>\$ 5,024,923</u>	<u>\$ 534,560</u>	<u>\$ 5,854,014</u>

MARY BLACK FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

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Note 10—Expenses (continued)

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	<u>300,082</u>	<u>772,796</u>	<u>427,986</u>	<u>1,500,864</u>
Grantmaking Expenses:				
Grants awarded	-	2,827,863	-	2,827,863
Non-federal grant related expenses	-	277,970	-	277,970
Total grantmaking expenses	<u>-</u>	<u>3,105,833</u>	<u>-</u>	<u>3,105,833</u>
Total operating and grantmaking expenses	<u>\$ 300,082</u>	<u>\$ 3,878,629</u>	<u>\$ 427,986</u>	<u>\$ 4,606,697</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, 2023 AND 2022

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, 2023 are as follows:

	Investments Measured at NAV	Investments Categorized in Fair Value Hierarchy				Liquidation	Day's Notice
		Level 1	Level 2	Level 3	Total		
Cash and cash equivalents	\$ -	\$ 8,089,128	\$ -	\$ -	\$ 8,089,128	Daily	1 day
Real estate	7,712,793	-	-	-	7,712,793	Quarterly/Illiquid*	60/N/A*
Fixed income	-	18,136,503	-	-	18,136,503	Daily/Illiquid	2 to 10/N/A
U.S. equities	-	22,728,045	-	-	22,728,045	Daily	1 day
Non U.S. equities	-	14,165,611	-	-	14,165,611	Daily	1 day
Emerging markets equities	-	3,739,140	-	-	3,739,140	Daily	1 day
Private credit	4,822,219	-	-	-	4,822,219	Monthly/semi-monthly*	15 - 95*
Total investments	\$ 12,535,012	\$ 66,858,427	\$ -	\$ -	\$ 79,393,439		

* \$1,035,026 and \$1,583,864 of real estate and private credit 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, 2023 AND 2022

Note 11—Fair value measurements (continued)

The Foundation's investments measured at value as of December 31, 2022 are as follows:

	Investments		Investments Categorized in Fair Value Hierarchy				Liquidation	Day's Notice
	Measured at NAV		Level 1	Level 2	Level 3	Total		
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 12—Subsequent events

The Foundation has evaluated subsequent events through February 13, 2025, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued.