THE GREATER NEW ORLEANS FOUNDATION

Audits of Combined Financial Statements

December 31, 2022 and 2021

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

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Independent Auditor's Report

To the Board of Directors
The Greater New Orleans Foundation

Opinion

We have audited the accompanying combined financial statements of The Greater New Orleans Foundation (the Foundation), which comprise the combined statements of financial position as of December 31, 2022 and 2021, the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements (collectively, 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 (GAAS). 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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.

LaPorte

A Professional Accounting Corporation

Metairie, LA
June 6, 2023

THE GREATER NEW ORLEANS FOUNDATION
Combined Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Cash and Cash Equivalents	**$ 962,667**	$ 8,065,449
Accounts and Interest Receivable	**106,241**	195,364
Grants Receivable	**1,398,200**	1,711,600
Unconditional Promises to Give, Net	**4,048,835**	3,499,819
Investments	**409,422,011**	465,604,092
Assets Held in Charitable Remainder Trusts	**8,731,091**	10,596,490
Beneficial Interests in Remainder Trusts and Lead Trusts	**23,195**	240,272
Notes Receivable	**25,998,147**	27,060,254
Property and Equipment, Net	**11,631,404**	11,803,810
Real Estate Held	**1,177,500**	1,177,500
Other Assets	**436,168**	902,987
Total Assets	**$ 463,935,459**	$ 530,857,637
Liabilities and Net Assets		
Liabilities		
Accounts Payable	**$ 542,310**	$ 176,866
Grants Payable	**1,135,500**	622,823
Liabilities Under Split-Interest Agreements	**2,429,587**	3,023,423
Agency Funds	**27,521,615**	28,212,137
Total Liabilities	**31,629,012**	32,035,249
Net Assets		
Without Donor Restrictions		
Designated by Board for Endowment	**226,251,131**	258,957,747
Available for Grants	**172,408,206**	200,494,622
Operating	**4,937,490**	6,346,595
Invested in Property and Equipment, Net	**11,631,404**	11,803,810
With Donor Restrictions		
Restricted to the Passage of Time	**6,595,801**	8,087,266
Restricted for Specified Purpose	**10,482,415**	13,132,348
Total Net Assets	**432,306,447**	498,822,388
Total Liabilities and Net Assets	**$ 463,935,459**	$ 530,857,637

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

THE GREATER NEW ORLEANS FOUNDATION
Combined Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions and Grants	$ 28,830,315	$ 8,134,405	$ 36,964,720
Fees, Net	196,047	-	196,047
Net Investment Loss	(56,868,906)	-	(56,868,906)
Change in Value of Split-Interest Agreements	126,078	(1,491,465)	(1,365,387)
Other Income	209,721	-	209,721
Net Assets Released from Restrictions	10,784,338	(10,784,338)	-
Total Support and Revenues	(16,722,407)	(4,141,398)	(20,863,805)
Expenses			
Program Services			
Grants	36,231,243	-	36,231,243
Program Initiatives	5,338,790	-	5,338,790
Supporting Services			
Management and General	2,498,065	-	2,498,065
Development and Fundraising	1,584,038	-	1,584,038
Total Expenses	45,652,136	-	45,652,136
Change in Net Assets	(62,374,543)	(4,141,398)	(66,515,941)
Net Assets, Beginning of Year	477,602,774	21,219,614	498,822,388
Net Assets, End of Year	$ 415,228,231	$ 17,078,216	$ 432,306,447

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

THE GREATER NEW ORLEANS FOUNDATION
Combined Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions and Grants	$ 52,507,404	$ 15,123,516	$ 67,630,920
Fees, Net	217,186	-	217,186
Net Investment Return	55,498,930	-	55,498,930
Change in Value of Split-Interest Agreements	241,965	439,401	681,366
Other Income	925,359	-	925,359
Net Assets Released from Restrictions	9,408,912	(9,408,912)	-
Total Support and Revenues	118,799,756	6,154,005	124,953,761
Expenses			
Program Services			
Grants	33,964,591	-	33,964,591
Program Initiatives	3,799,983	-	3,799,983
Supporting Services			
Management and General	1,820,217	-	1,820,217
Development and Fundraising	1,478,148	-	1,478,148
Total Expenses	41,062,939	-	41,062,939
Change in Net Assets	77,736,817	6,154,005	83,890,822
Net Assets, Beginning of Year	399,865,957	15,065,609	414,931,566
Net Assets, End of Year	$ 477,602,774	$ 21,219,614	$ 498,822,388

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

THE GREATER NEW ORLEANS FOUNDATION
Combined Statements of Functional Expenses
For the Years Ended December 31, 2022 and 2021

	Program Services		Supporting Services		
Year Ended December 31, 2022	**Grants Awarded**	**Program Initiatives**	**Management and General**	**Development and Fundraising**	**Total**
Grants	**$ 36,231,243**	**$ -**	**$ -**	**$ -**	**$ 36,231,243**
Salaries and Benefits	**-**	**1,713,312**	**1,255,579**	**1,070,564**	**4,039,455**
Professional Fees	**-**	**2,489,109**	**606,573**	**178,232**	**3,273,914**
Other Expenses	**-**	**688,102**	**307,221**	**121,097**	**1,116,420**
Travel, Education, and Meetings	**-**	**218,876**	**164,242**	**26,888**	**410,006**
Depreciation	**-**	**112,899**	**82,970**	**72,878**	**268,747**
Office and Occupancy	**-**	**80,376**	**47,542**	**38,102**	**166,020**
Communications and Development	**-**	**36,116**	**33,938**	**76,277**	**146,331**
Total Functional Expenses	**$ 36,231,243**	**$ 5,338,790**	**$ 2,498,065**	**$ 1,584,038**	**$ 45,652,136**

	Program Services		Supporting Services		
Year Ended December 31, 2021	Grants Awarded	Program Initiatives	Management and General	Development and Fundraising	Total
Grants	$ 33,964,591	$ -	$ -	$ -	$ 33,964,591
Salaries and Benefits	-	1,582,741	826,817	985,547	3,395,105
Professional Fees	-	1,593,790	520,963	171,711	2,286,464
Other Expenses	-	351,449	302,968	120,864	775,281
Depreciation	-	124,976	65,469	78,302	268,747
Communications and Development	-	21,651	43,430	78,508	143,589
Office and Occupancy	-	53,837	34,775	27,348	115,960
Travel, Education, and Meetings	-	71,539	25,795	15,868	113,202
Total Functional Expenses	$ 33,964,591	$ 3,799,983	$ 1,820,217	$ 1,478,148	$ 41,062,939

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

THE GREATER NEW ORLEANS FOUNDATION
Combined Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in Net Assets	**$ (66,515,941)**	$ 83,890,822
Adjustments to Reconcile Change in Net Assets to Net		
Cash Used in Operating Activities		
Net Realized and Unrealized Loss (Gain) on Investments	**61,753,614**	(47,360,273)
Realized Gain on Sale of Property	**-**	(186,135)
Forgiveness of Debt	**-**	(514,612)
Non-Cash Financial Contributions	**(4,310,985)**	(39,284,208)
Depreciation	**268,747**	268,747
(Increase) Decrease in Assets		
Accounts and Interest Receivable	**89,123**	(125,518)
Grants Receivable	**313,400**	(771,600)
Unconditional Promises to Give	**(549,016)**	(68,990)
Other Assets	**466,819**	111,661
Increase (Decrease) in Liabilities		
Accounts Payable	**365,444**	(224,402)
Grants Payable	**512,677**	(390,218)
Liabilities Under Split-Interest Agreements	**(593,836)**	81,871
Agency Funds	**(690,522)**	4,553,746
Net Cash Used in Operating Activities	**(8,890,476)**	(19,109)
Cash Flows from Investing Activities		
Decrease (Increase) in Assets Held in Charitable		
Remainder Trusts	**1,865,399**	(685,643)
Decrease in Beneficial Interests in Remainder Trusts		
and Lead Trusts	**217,077**	456,357
Proceeds from Sale of Investments	**211,431,415**	208,263,351
Cash Collections on Notes Receivable	**1,062,107**	-
Proceeds from Sale of Property	**-**	925,000
Purchases of Investments	**(212,691,963)**	(202,651,535)
Payments for Construction in Progress	**(96,341)**	-
Net Cash Provided by Investing Activities	**1,787,694**	6,007,530
Net (Decrease) Increase in Cash and Cash Equivalents	**(7,102,782)**	5,988,421
Cash and Cash Equivalents, Beginning of Year	**8,065,449**	2,077,028
Cash and Cash Equivalents, End of Year	**$ 962,667**	$ 8,065,449

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

Note 1. Summary of Significant Accounting Policies

The Greater New Orleans Foundation (the Foundation) and its supporting organizations are a community foundation created to build charitable endowments and to assist the community in many areas. The Foundation administers many individual charitable funds, each established with a gift instrument describing either the general or specific purposes from which grants will be made. The Foundation's spending policy for endowed funds is based on a percentage of a twelve-quarter rolling average. The Foundation improves the quality of life for all citizens of the area, now and for future generations.

Grants - As a catalyst and resource for philanthropy, the Foundation demonstrates strategic grantmaking that invests in leaders and systematic change, builds irrevocable endowments for the community's changing issues and opportunities, and serves as a flexible and cost-effective vehicle for philanthropists to invest in their community.

Program Initiatives - The Foundation also provides program initiatives in the areas of civic leadership; economic opportunity; environment; workforce; and non-profit leadership and effectiveness.

Basis of Accounting

The Foundation prepares its combined financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Combined Financial Statements

The combined financial statements of the Foundation include the accounts of The Greater New Orleans Foundation and 12 supporting organizations. All significant interorganizational accounts and transactions have been eliminated. Collectively, the entities are referred to as "the Foundation."

Supporting Organizations

Supporting organizations are affiliated charitable organizations, which enjoy the continuing involvement of their founders, yet gain public charity status through their affiliation with the Foundation. The net assets of the supporting organizations at December 31, 2022 and 2021 were $32,596,767 and $37,995,052, respectively, and are included in net assets without donor restrictions.

Basis of Presentation

The financial statement presentation follows the recommendations of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). In accordance with these standards, the Foundation is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)
Net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions. This category also includes board-designated net assets.

Net Assets With Donor Restrictions - Net assets representing contributed funds subject to specific donor-imposed restrictions contingent upon a specific purpose or a specific passage of time.

Accounting standards provide that if the governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as net assets without donor restrictions. However, under the Foundation's governing instruments, certain assets are held as endowment funds until such time (if ever) as the governing body deems it prudent and appropriate to expend some part of the principal or appreciation. Accordingly, the combined financial statements classify all net assets that meet these criteria as net assets without donor restrictions but segregate the endowment funds from the remaining funds that are currently available for grants and administration.

Without Donor Restrictions
Endowment: Board-designated endowed net assets include those for which donors gave the Foundation variance power and a preference that the assets remain in perpetuity with the Foundation. The Board of Directors (the Board) intends to spend from these assets only an amount allowable under its spending policy.

Available for Grants: Available for grants net assets include all non-endowed funds and that portion of endowed funds determined under the Foundation's spending policy to be available for grants.

Operating: Operating net assets include those used to provide supporting services for the Foundation and to produce income to offset administrative and operating expenses.

Invested in Property and Equipment, Net: Property and equipment net assets include all of the capital assets of the Foundation, net of accumulated depreciation.

With Donor Restrictions
Restricted to the Passage of Time and *Restricted for Specified Purpose*: Contributions with donor-stipulated time or purpose restrictions are reported as revenues with donor restrictions. When the restrictions expire, net assets with donor restrictions are released to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions.

New Donations
New donations are recorded when all events required for the transfer of the assets from the donor to the Foundation have occurred.

Note 1. Summary of Significant Accounting Policies (Continued)

Investments

In accordance with the *Not-for-Profit Entities* Topic of the FASB ASC, the Foundation's investments in marketable securities with readily determinable fair values, and all investments in debt securities are valued at their fair value in the combined statements of financial position. Investments also include an allocation to the asset class commonly referred to as alternative investments with net asset value (NAV) investments in private equity funds, hedge funds, and pooled investment funds. The Foundation has significant transparency into the underlying positions of the private equity funds. The Foundation cannot independently assess the value of these underlying positions through a public exchange or over the counter market. These investments are structured as limited liability corporations and are reported at NAV, which approximates fair value.

Net investment return reported in the combined statements of activities includes interest and dividends, net realized and unrealized gains and losses, and investment expenses. Interest and dividends are accrued when earned. Net realized and unrealized gains and losses are included in the change in net assets in the period in which they occur. Investment expenses are recognized in the period they are charged to the various investment accounts.

Fair Value of Financial Instruments

The Foundation follows the provisions of the *Fair Value Measurement* Topic of the FASB ASC. Accordingly, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The *Fair Value Measurement* Topic of the FASB ASC establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Pricing inputs are quoted prices in active markets for identical assets or liabilities. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Investments whose values are based on quoted market prices in active markets, and are therefore classified as Level 1, include common stocks, mutual funds, and money market securities.

Note 1. Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments (Continued)
Level 2 - Pricing inputs are other than quoted prices in active markets for identical assets, but the inputs are either directly or indirectly observable. Quoted prices are available, but the assets are traded less frequently and thus valuation is accomplished using similar securities, the parameters of which can be directly observed.

Investments classified as Level 2 trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations, or alternative pricing sources supported by observable inputs. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. Investments classified as Level 2 include corporate and government bonds.

Level 3 - Pricing inputs are not observable in the market. Thus, valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments include contributions expected to be collected in future periods and convertible notes of a public benefit corporation. When observable prices are not available for these assets, the Foundation uses one or more valuation techniques (e.g., market approach, income approach, or cost approach) for which sufficient and reliable data is available. Within Level 3, the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market, and/or other risk factors.

The inputs used by the Foundation in estimating the fair value of Level 3 investments include the original transaction price, recent transactions for the same or similar instruments, completed or pending third-party transactions in the underlying investment or comparable issuers, subsequent rounds of financing, recapitalizations and other transactions across the capital structure, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Foundation in the absence of market information. The fair value measurement of Level 3 investments does not include transaction costs as an input, although those costs may have been capitalized as part of the security's cost. Due to the lack of observable inputs, assumptions used by the Foundation may significantly impact the resulting fair value and, therefore, the amounts reported in the Foundation's accompanying combined financial statements.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement (see Note 13).

Note 1. Summary of Significant Accounting Policies (Continued)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions to be received after one year are discounted at an appropriate discount rate. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Management closely monitors outstanding balances throughout the year and writes off all balances that are considered uncollectable. The Foundation believes that all promises to give at December 31, 2022 and 2021 will be fully collected. Accordingly, no allowance for doubtful accounts is recorded.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Property and Equipment, Net

Assets greater than $2,500 are recorded at cost. Depreciation is provided using the straight-line method. Computer equipment and office furniture and equipment are depreciated over a five- to ten-year period. Buildings are depreciated over fifty years.

Grants Payable

Grants payable are grants authorized but unpaid at year-end. The recipients of these grants are subject to routine performance requirements.

Administrative Fees

The Foundation charges administrative fees to the various funds. Gross revenues are reported net of related expenses to the various funds. Net revenues from such assessments totaled $196,047 and $217,186 for the years ended December 31, 2022 and 2021, respectively.

Cash and Cash Equivalents

The Foundation considers investments in money market accounts to be cash equivalents, except for certain money market accounts maintained with investments at financial institutions which are reported as investments, as disclosed in Note 5.

Endowment Funds

The *Not-for-Profit Entities* Topic of the FASB ASC provides guidance on the net asset classification of endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). This Topic requires additional disclosures about an organization’s endowment funds (both donor-restricted endowment funds and board-designated endowment funds), which are disclosed in Note 12.

Note 1. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the combined statements of activities. The combined statements of functional expenses present the natural classification detail of expenses by function. Those expenses which cannot be specifically identified by function type are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits; travel, education, and meetings; communications and development; professional fees; office and occupancy; depreciation; and other expenses, which are allocated to functions based upon time spent for the years ended December 31, 2022 and 2021.

Income Tax

The Foundation is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. Gifts to the Foundation are tax deductible.

Uncertain Tax Positions

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Foundation believes it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the combined financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the combined financial statements. Accordingly, actual results could differ from those estimates.

Adopted Accounting Pronouncements

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The Foundation adopted and implemented this guidance effective January 1, 2022. The implementation of this new standard did not have an impact on the combined financial statements or the notes to the combined financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

Adopted Accounting Pronouncements (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires the recognition of a "right-of-use" asset and a lease liability, initially measured as the present value of the lease payments, on all of the Foundation's lease obligations. The Foundation adopted and implemented this guidance effective January 1, 2022. The implementation of this new standard did not have an impact on the combined financial statements or the notes to the combined financial statements.

Note 2. Liquidity and Availability

The Foundation's expenses include grants, program initiatives, management and general expenses, and development and fundraising expenses.

As of December 31, 2022, financial assets available for general operating purposes within one year of the combined statement of financial position date comprise the following:

Cash and Cash Equivalents	$	396,610
Receivables and Other Assets		57,115
Short-Term Investments		2,874,967
Long-Term Investments Made Available for Current Use		3,001,999
Total	$	6,330,691

In addition to the funds above that are available for general operating purposes, an additional amount of approximately $9.7 million based on the current spending rate of 4% will be made available for granting during 2023, at the Board's discretion.

The Foundation manages its cash available for grant purposes by examining the purpose for which the fund was established. The majority of the funds that are not endowed are invested in the Foundation's short-term pool which includes allocations to money market funds and fixed income securities. These funds are subject to withdrawal at any time.

Endowment funds and other funds that meet certain criteria are generally invested in the long-term investment pool. Due to the nature of endowments being held in perpetuity, the Foundation suspends payouts when the value of an endowment falls below its historic gift balance. For additional information on the endowment spending policy, see Note 12.

Note 3. Promises to Give

Unconditional promises to give at December 31, 2022 and 2021 are as follows:

	2022	2021
Receivable in Less than One Year	**$ 3,525,750**	$ 2,767,670
Receivable in One to Five Years	**363,300**	491,200
Receivable in More than Five years	**300,278**	300,281
Total Unconditional Promises to Give	**4,189,328**	3,559,151
Less: Discounts to Net Present Value	**(140,493)**	(59,332)
Unconditional Promises to Give, Net	**$ 4,048,835**	$ 3,499,819

Interest rate assumptions used to calculate the discounts on various promises to give range from 3.88% to 4.73%.

Note 4. Notes Receivable

During the year ended December 31, 2021, the Foundation became the recipient of seven notes receivable that were bequeathed to the Foundation through a donor’s will. At the date of the gift, the principal balances ranged in value from $254,455 to $9,041,088, and had an aggregate value of $28,274,433. The notes bear interest at rates ranging from 2.26% to 2.95%, with maturity dates ranging from December 2046, through August 2049. At the date of the gift, the notes were recorded at the net present value of expected future cash flows, discounted at the rates implicit in each instrument, resulting in the recognition of contribution revenue in 2021 totaling $28,274,433. At December 31, 2022 and 2021, these notes receivable, which are included on the combined statements of financial position, totaled $24,498,147 and $26,310,254, net of a discount of $7,198,027 and $7,624,525, respectively.

The notes receivable are partially backed by personal guaranties of the payor. Each note has separate guaranty not-to-exceed amounts, which total $5,157,722 in aggregate. Based on a review of the payment history provided by attorneys of the donor’s estate, the Foundation believes the notes to be fully collectible and therefore has not recorded an allowance for uncollectible loans with respect to these instruments.

The Foundation also had a total of $1,500,000 and $750,000 at December 31, 2022 and 2021, respectively, invested in two programs in the form of notes receivable. The notes receivable are recorded at their principal balances and payable in a lump sum of $750,000 each on December 16, 2025 and April 25, 2027. The notes currently earn interest at 2.50% and 3.00% per year, respectively.

Note 5. Investments

Investments consisted of the following as of December 31, 2022 and 2021:

December 31, 2022	Fair Market Value	Cost or Assigned Amount
Common Stocks	$ 42,015,705	$ 35,816,961
Equity Mutual Funds	96,811,224	98,105,321
Bond Mutual Funds	37,553,343	42,644,477
Corporate and Government Bonds	31,635,258	35,170,773
Money Market Funds	41,481,091	41,481,091
Limited Liability Entities	83,057,439	59,187,327
Private Equity Funds	29,727,790	19,551,183
Hedge Funds	35,433,209	35,094,319
Pooled Investment Fund	11,706,952	3,577,857
Total	$ 409,422,011	$ 370,629,309

December 31, 2021	Fair Market Value	Cost or Assigned Amount
Common Stocks	$ 52,595,355	$ 32,951,251
Equity Mutual Funds	106,809,151	84,371,755
Bond Mutual Funds	35,207,463	35,132,929
Corporate and Government Bonds	38,509,112	38,498,087
Money Market Funds	31,608,027	31,608,027
Limited Liability Entities	103,792,915	57,533,516
Private Equity Funds	30,257,207	20,282,020
Hedge Funds	51,866,248	46,666,168
Pooled Investment Fund	14,958,614	3,932,527
Total	$ 465,604,092	$ 350,976,280

Note 6. Property and Equipment, Net

Property and equipment are summarized as follows by major classification at December 31, 2022 and 2021:

	2022	2021
Land	$ 1,960,101	$ 1,960,101
Building	10,658,692	10,658,692
Office Furniture and Equipment	575,060	575,060
Computer Equipment	4,706	4,706
Construction in Progress	96,341	-
	13,294,900	13,198,559
Less: Accumulated Depreciation	(1,663,496)	(1,394,749)
Property and Equipment, Net	$ 11,631,404	$ 11,803,810

Depreciation expense was $268,747 for the years ended December 31, 2022 and 2021.

Note 7. Agency Funds

Agency funds are funds in which the Foundation acts as a trustee and has a duty to hold and manage assets for the benefit of a specific beneficiary. Activity related to agency funds for the years ended December 31, 2022 and 2021 was as follows:

	2022	2021
Funds Received	$ 3,425,356	$ 1,287,312
Interest and Dividends	319,248	310,130
(Loss) Gain on Investments	(3,715,480)	3,640,410
Disbursements to Beneficiaries	(601,488)	(573,709)
Administrative Fees	(118,158)	(110,397)
Net Change	(690,522)	4,553,746
Beginning of Year	28,212,137	23,658,391
End of Year	$ 27,521,615	$ 28,212,137

Note 8. Split-Interest Agreements

The Foundation's split-interest agreements at December 31, 2022 include five charitable remainder unitrusts, one charitable remainder annuity trust (which was closed during 2022), four charitable gift annuities, and two charitable lead annuity trusts (one of which was closing during 2022). The Foundation is named trustee on all five of the unitrusts, the remainder annuity trust, and the four gift annuities.

Charitable remainder trusts (unitrusts and annuity trusts) provide for the payment of distributions to designated beneficiaries over the trusts' terms. At the end of the trusts' terms, the remaining assets are available for the Foundation's use. The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded as a contribution with donor restrictions in the combined statements of activities in the period the trust is established. Assets held in the charitable remainder trusts were $8,731,091 and $10,596,490 at December 31, 2022 and 2021, respectively, and are reported at fair market value in the Foundation's combined statements of financial position. Changes in fair market value of charitable remainder trusts are reflected as a change in net assets in the Foundation's combined statements of activities. On a quarterly basis, the Foundation reviews the need to revalue the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present values of the estimated future payments totaled $2,158,485 and $2,749,796 at December 31, 2022 and 2021, respectively, and are calculated using discount rates that range from 2.4% to 10.0% and applicable mortality tables.

The Foundation is the beneficiary of two charitable lead annuity trusts which are held by an unrelated third party. The beneficial interests in the trusts totaled $23,195 and $240,272 at December 31, 2022 and 2021, respectively. The trusts annually pay 5.0% to 9.3% of the respective initial net fair market values of the trusts. These assets are reported at the present value of the estimated future distributions expected to be received by the Foundation in the Foundation's combined statements of financial position.

The portion of net assets related to the split-interest agreements that are classified as net assets with donor restrictions at December 31, 2022 and 2021 are as follows:

	2022	2021
Assets Held in Charitable Remainder Trusts	**$ 8,731,091**	$ 10,596,490
Beneficial Interests in Charitable Remainder Trusts and Lead Trusts	**23,195**	240,272
Total Assets	**8,754,286**	10,836,762
Liabilities Under Charitable Remainder Trusts	**2,158,485**	2,749,496
Total Liabilities	**2,158,485**	2,749,496
Net Assets with Donor Restrictions	**$ 6,595,801**	$ 8,087,266

Note 8. Split-Interest Agreements (Continued)

The Foundation manages a gift annuity program in which assets were transferred to the Foundation. As of December 31, 2022, the Foundation pays $28,706 annually to the donors until the donors' deaths. The assets of $434,016 and $528,762 at December 31, 2022 and 2021, respectively, are included in investments and the present value of estimated future payments of $274,277 and $281,643 at December 31, 2022 and 2021, respectively, are included in the liabilities under split-interest agreements in the Foundation's combined statements of financial position.

Note 9. Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2022 and 2021 have the following donor restrictions on them:

	2022	2021
Restricted for Specified Purpose		
Program Funds	**$ 8,551,618**	$ 7,526,098
COVID-19 Relief	**43,940**	426,103
Hurricane Relief	**1,886,857**	5,180,147
Restricted to the Passage of Time		
Split-Interest Agreements	**6,595,801**	8,087,266
Total	**$ 17,078,216**	$ 21,219,614

Note 10. Release of Net Assets With Donor Restrictions

Net assets were released from restrictions by meeting the time restrictions or by incurring expenses satisfying the restricted purposes for the years ended December 31, 2022 and 2021 as follows:

	2022	2021
Restrictions Accomplished:		
Program Funds Grants and Fees	**$ 7,406,270**	$ 5,296,712
COVID-19 Relief Grants and Fees	**368,663**	663,524
Hurricane Relief Grants and Fees	**3,009,068**	3,448,676
Split-Interest - Other	**337**	-
Total	**$ 10,784,338**	$ 9,408,912

Note 11. Pension Plan

The Foundation has a defined contribution pension plan for all employees. Employees are eligible to participate in the plan after completing six months of service. This plan specifies that the Foundation contribute on behalf of the employees based on their annual compensation. The Foundation's contribution was 8% of the employees' compensation for 2022 and 2021. Contributions were $286,260 and $142,632 for the years ended December 31, 2022 and 2021, respectively.

Note 12. Endowment Funds

As of December 31, 2022 and 2021, the Board of Directors had designated $226,251,131 and $258,957,747, respectively, of net assets for endowment purposes. Since these amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as net assets without donor restrictions.

The Foundation follows a total return spending policy for its endowment funds. Endowment funds are invested for maximum total return (within acceptable risk parameters), without distinction between income and capital gains. The market value of the fund is measured over the past 12 quarters, and a percentage of the average of those values is made available for grants. This method appropriately puts the focus on the long-term growth of the fund. This, in turn, encourages the appropriate use of equities in the fund, helping the fund to grow at a rate greater than inflation. The annual percentage for 2022 and 2021 distributions is 4%. This percentage is evaluated each year and adjusted, as necessary.

The primary financial objective for the Foundation is to increase the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation, and costs of investment management. Endowment assets are invested in a well-diversified asset mix, which includes equity securities, fixed income securities, and alternative investments, that is intended to meet this objective. The Foundation has established a 5% real rate of return objective for the Foundation's portfolio. Actual returns in any given year may vary from this amount. Investment assets and the allocation among asset classes and strategies are managed to not expose the endowment assets to unacceptable levels of risk.

Composition of and changes in endowment net assets for the years ended December 31, 2022 and 2021 were as follows:

	2022	2021
Endowment Net Assets, Beginning of Year	**$ 258,957,747**	$ 197,097,193
Net Investment (Loss) Return	**(30,829,657)**	32,359,312
Contributions	**6,415,909**	32,405,343
Amounts Appropriated for Expenditure	**(9,409,723)**	(8,676,752)
Other Transfers	**1,116,855**	5,772,651
Endowment Net Assets, End of Year	**$ 226,251,131**	$ 258,957,747

Note 13. Fair Value of Financial Instruments

The Foundation's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the *Fair Value Measurement* Topic of the FASB ASC. See Note 1 for a description of the Foundation's policies and valuation procedures.

The valuation of the Foundation's assets measured at fair value on a recurring basis at December 31, 2022 and 2021 are as follows:

December 31, 2022	**Level 1**	**Level 2**	**Level 3**	**Net Balance**
Common Stocks	**$ 42,015,705**	**$ -**	**$ -**	**$ 42,015,705**
Equity Mutual Funds	**96,811,224**	**-**	**-**	**96,811,224**
Bond Mutual Funds	**37,553,343**	**-**	**-**	**37,553,343**
Corporate and Government Bonds	**-**	**31,095,258**	**540,000**	**31,635,258**
Money Market Funds	**41,481,121**	**-**	**-**	**41,481,091**
Unconditional Promises to Give, Net	**-**	**-**	**4,048,835**	**4,048,835**
Total Assets in the Fair Value Hierarchy	**$ 217,861,393**	**$ 31,095,258**	**$ 4,588,835**	**253,545,456**
Assets Measured at Net Asset Value[(a)]				**159,925,390**
Total				**$ 413,470,846**

December 31, 2021	Level 1	Level 2	Level 3	Net Balance
Common Stocks	$ 52,595,355	$ -	$ -	$ 52,595,355
Equity Mutual Funds	106,809,151	-	-	106,809,151
Bond Mutual Funds	35,207,463	-	-	35,207,463
Corporate and Government Bonds	-	37,934,213	574,899	38,509,112
Money Market Funds	31,608,027	-	-	31,608,027
Unconditional Promises to Give, Net	-	-	3,499,819	3,499,819
Total Assets in the Fair Value Hierarchy	$ 226,219,996	$ 37,934,213	$ 4,074,718	268,228,927
Assets Measured at Net Asset Value[(a)]				200,874,984
Total				$ 469,103,911

(a) In accordance with Subtopic 820-10, certain investments that were measured at net asset value (NAV) per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the combined statements of financial position.

The FASB issued a standard update pertaining to *Fair Value Measurements and Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share*. Fair values are determined by the use of calculated net asset value per ownership share.

Note 13. Fair Value of Financial Instruments (Continued)

The Foundation's investments at December 31, 2022 that feature NAV per share are as follows:

Category of Investment	Adjusted Fair Value Calculated Using NAV	Number of Funds	Remaining Life	Unfunded Commitments	Redemption Terms	Redemption Restrictions and Terms in Place at Year End
Private Equity Funds [a]	$ 29,727,790	24	1 - 10 Years	$ 17,714,938	Redemption not permitted during the life of the fund; distributions may be made at the discretion of the general partners	N/A
Hedge Funds [b]	35,433,209	21	Open Ended	-	Full redemption with up to 90 day notice; 25% redeemed quarterly	N/A
Limited Liability Entities [c]	83,057,439	29	Open Ended	30,016,907	Current	N/A
Pooled Investment Fund [d]	11,706,952	1	Open Ended	1,696,800	Quarterly redemptions with 180 day notice after initial lockup	Annual distribution election; minimum of 50% withdrawn paid in cash within 30 days; remainder up to 2 years
Total	$ 159,925,390			$ 49,428,645		

(a) This category invests in private equity funds that employ multiple strategies, which may include venture capital, real estate, growth capital, leveraged buyouts, and fund of funds. Funds invested in this category are very long-term in nature, and are considered illiquid until distributions are achieved, with limited secondary market for interests.

(b) This category invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. Funds incorporate a multi-strategy approach, which may include strategies such as equity long/short, market neutral, convertible arbitrage, event-driven, fixed-income arbitrage, global macro, capital structure arbitrage, and quantitative.

(c) This category invests in entities structured to provide limited liability for their investors. The entities were formed as funds primarily holding equity securities to provide above-average returns to investors in sectors such as federal government services, middle market power, energy, transportation, and agriculture.

(d) This category represents a private investment partnership suitable for the investment needs of endowed charitable organizations. The partnership's investment objective is to maximize annualized returns net of costs over rolling 10-year periods while adhering to the partnership's risk parameters. The partnership's broad return goal is to achieve a total return, over a majority of market cycles, that exceeds inflation plus 5% per annum.

Note 13. Fair Value of Financial Instruments (Continued)

The changes in investments and unconditional promises to give measured at fair value for which the Foundation has used Level 3 inputs to determine fair value are as follows:

December 31, 2022	Level 3 Beginning Balance	Net Realized and Unrealized Gains (Losses)	Net Payments and Gifts	Net Purchases and Sales	Net Transfers In (Out) of Level 3	Level 3 Ending Balance
Unconditional Promises to Give, Net	**$ 3,499,819**	**$ (81,165)**	**$ 630,181**	**$ -**	**$ -**	**$ 4,048,835**
Corporate and Treasury Bonds	**574,899**	**(34,899)**	**-**	**-**	**-**	**540,000**
Total	**$ 4,074,718**	**$ (116,064)**	**$ 630,181**	**$ -**	**$ -**	**$ 4,588,835**

December 31, 2021	Level 3 Beginning Balance	Net Realized and Unrealized Gains (Losses)	Net Payments and Gifts	Net Purchases and Sales	Net Transfers In (Out) of Level 3	Level 3 Ending Balance
Unconditional Promises to Give, Net	$ 3,430,829	$ (30,531)	$ 99,521	$ -	$ -	$ 3,499,819
Corporate and Treasury Bonds	574,899	-	-	-	-	574,899
Total	$ 4,005,728	$ (30,531)	$ 99,521	$ -	$ -	$ 4,074,718

Note 14. Loan Payable

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act which established the Paycheck Protection Program (PPP). The PPP was created to assist small businesses in paying their employees and certain other expenses during the COVID-19 crisis. The Foundation applied for a loan under the PPP and received from its bank proceeds of $508,015 on April 5, 2020. The Foundation received full forgiveness of the loan, plus accrued interest, on August 6, 2021 based on certain criteria as established under the PPP. The income from forgiveness of the loan is included in other income on the combined statement of activities for the year ended December 31, 2021.

Note 15. Related-Party Transactions

The majority of the board members and committee members of the Foundation also serve as board members of entities receiving grants and support from the Foundation. Each board member completes a conflict of interest declaration form annually. Those board members and committee members who have conflicts abstain from voting on grants if the beneficiary is one of these entities.

Note 16. Concentrations

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The amount in excess of the federally insured limits was approximately $38,500,000 and $32,100,000 for the years ended December 31, 2022 and 2021, respectively. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 16. Concentrations (Continued)

For the year ended December 31, 2022, contributions from one donor totaled $5,000,000, representing approximately 14% of contribution and grant revenue. For the year ended December 31, 2021, contributions from one donor totaled approximately $28,000,000, representing approximately 43% of contribution and grant revenue.

Note 17. Subsequent Events

Management has evaluated subsequent events through the date that the combined financial statements were available to be issued, June 6, 2023, and determined that the following matter requires disclosure:

Subsequent to December 31, 2022, the Board approved the Southern Eye Bank Foundation (SEB) to be brought into the Foundation as a supporting organization. SEB has assets of approximately $11 million as of December 31, 2022.

No other subsequent events occurring after June 6, 2023 have been evaluated for inclusion in these combined financial statements.