

# St. Joseph's Villa Foundation

## Financial Statements

June 30, 2022 and 2021



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# ST. JOSEPH'S VILLA FOUNDATION

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
St. Joseph's Villa Foundation  
Richmond, Virginia

### **Opinion**

We have audited the accompanying financial statements of St. Joseph's Villa Foundation (the "Foundation"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Joseph's Villa Foundation as of June 30, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 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, 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 amount 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.



October 24, 2022  
Glen Allen, Virginia

# ST. JOSEPH'S VILLA FOUNDATION

## Statements of Financial Position June 30, 2022 and 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 689,766	\$ 205,795
Construction loan to St. Joseph's Villa - current	<u>341,520</u>	<u>444,607</u>
Total current assets	1,031,286	650,402
Pledges receivable - noncurrent	-	30,000
Investments	21,632,734	26,061,995
Construction loan to St. Joseph's Villa - noncurrent	<u>259,104</u>	<u>955,393</u>
Total assets	<u>\$ 22,923,124</u>	<u>\$ 27,697,790</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Due to St. Joseph's Villa	\$ -	\$ 8,709
Total current liabilities	<u>-</u>	<u>8,709</u>
Net assets:		
Without donor restrictions:		
Undesignated	21,730,880	26,292,320
Board-designated	<u>4,529</u>	<u>70,366</u>
Total without donor restrictions	<u>21,735,409</u>	<u>26,362,686</u>
With donor restrictions:		
Purpose and time	909,475	1,048,155
Principal gift held in perpetuity	<u>278,240</u>	<u>278,240</u>
Total with donor restrictions	<u>1,187,715</u>	<u>1,326,395</u>
Total net assets	<u>22,923,124</u>	<u>27,689,081</u>
Total liabilities and net assets	<u>\$ 22,923,124</u>	<u>\$ 27,697,790</u>

See accompanying notes to financial statements.

# ST. JOSEPH'S VILLA FOUNDATION

## Statement of Activities Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, support, and gains (losses):			
Net investment income	\$ 530,906	\$ 20,629	\$ 551,535
Unrealized loss on investments	(4,273,798)	(128,318)	(4,402,116)
Realized gains on investments	<u>335,348</u>	<u>6,440</u>	<u>341,788</u>
Total revenues, support, and gains (losses)	<u>(3,407,544)</u>	<u>(101,249)</u>	<u>(3,508,793)</u>
Net assets released from restrictions	<u>37,431</u>	<u>(37,431)</u>	<u>-</u>
Expenses:			
Program services:			
Contributions	1,231,657	-	1,231,657
Management and general:			
Professional fees	15,713	-	15,713
Insurance	9,768	-	9,768
Miscellaneous	<u>26</u>	<u>-</u>	<u>26</u>
Total expenses	<u>1,257,164</u>	<u>-</u>	<u>1,257,164</u>
Change in net assets	(4,627,277)	(138,680)	(4,765,957)
Net assets, beginning of year	<u>26,362,686</u>	<u>1,326,395</u>	<u>27,689,081</u>
Net assets, end of year	<u>\$ 21,735,409</u>	<u>\$ 1,187,715</u>	<u>\$ 22,923,124</u>

See accompanying notes to financial statements.

# ST. JOSEPH'S VILLA FOUNDATION

## Statement of Activities, Continued Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, support, and gains:			
Contributions	\$ -	\$ 123,600	\$ 123,600
Net investment income	365,932	12,713	378,645
Unrealized gains on investments	4,512,681	133,575	4,646,256
Miscellaneous income	<u>1,115,943</u>	<u>26,152</u>	<u>1,142,095</u>
Total revenues, support, and gains	<u>5,994,556</u>	<u>296,040</u>	<u>6,290,596</u>
Net assets released from restrictions	<u>31,503</u>	<u>(31,503)</u>	<u>-</u>
Expenses and losses:			
Program services:			
Contributions	1,204,305	-	1,204,305
Management and general:			
Professional fees	14,750	-	14,750
Insurance	9,699	-	9,699
Miscellaneous	<u>25</u>	<u>-</u>	<u>25</u>
Total expenses	<u>1,228,779</u>	<u>-</u>	<u>1,228,779</u>
Change in net assets	4,797,280	264,537	5,061,817
Net assets, beginning of year	<u>21,565,406</u>	<u>1,061,858</u>	<u>22,627,264</u>
Net assets, end of year	<u>\$ 26,362,686</u>	<u>\$ 1,326,395</u>	<u>\$ 27,689,081</u>

See accompanying notes to financial statements.

# ST. JOSEPH'S VILLA FOUNDATION

## Statements of Cash Flows Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (4,765,957)	\$ 5,061,817
Adjustments to reconcile the change in net assets to net cash from operations:		
Net investment income reinvested	(313,075)	(272,579)
Realized gains on investments, net	(341,788)	(1,142,095)
Unrealized losses (gains) on investments, net	4,402,116	(4,646,256)
Contributions restricted for endowment	-	(104,600)
Changes in operating assets and liabilities:		
Pledges receivable, net	30,000	(27,350)
Due from St. Joseph's Villa	-	6,514
Due to St. Joseph's Villa	<u>(8,709)</u>	<u>8,709</u>
Net cash used in operating activities	<u>(997,413)</u>	<u>(1,115,840)</u>
Cash flows from investing activities:		
Net proceeds from sale of investments	4,346,388	12,918,335
Purchase of investments	(3,664,380)	(10,467,051)
Repayment (funding) of St. Joseph's Villa construction loan	<u>799,376</u>	<u>(1,400,000)</u>
Net cash provided by investing activities	<u>1,481,384</u>	<u>1,051,284</u>
Cash flows provided by financing activities:		
Contributions restricted for endowment	<u>-</u>	<u>104,600</u>
Net change in cash and cash equivalents	483,971	40,044
Cash and cash equivalents, beginning of year	<u>205,795</u>	<u>165,751</u>
Cash and cash equivalents, end of year	<u>\$ 689,766</u>	<u>\$ 205,795</u>

See accompanying notes to financial statements.



## ST. JOSEPH'S VILLA FOUNDATION

### Notes to Financial Statements

#### 1. Organization and Summary of Significant Accounting Policies:

**Organization:** St. Joseph's Villa Foundation (the "Foundation") is a non-stock, non-profit corporation formed in Virginia for the purpose of performing and carrying out the promotion and support of programs for health, education and general welfare of children and their families.

**Basis of Accounting:** The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP") as determined by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

The financial statements are presented in accordance with FASB guidance, which establishes standards for financial statements issued by nonprofit organizations. It required that net assets and related revenue and expenses be classified in two classes of net assets – net assets without donor restrictions and net assets with donor restrictions based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

**Net Assets Without Donor Restrictions:** Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions include the revenues and expenses of the primary operations of the Foundation. Donor-restricted contributions, sponsorships, and grants whose restrictions are met in the same reporting period are reported as unrestricted support. If the Board specifies a purpose where none has been stated by the original donor, such assets are classified as Board-designated within net assets without donor restrictions. Board-designated assets totaled \$4,529 at June 30, 2022, and \$70,366 at June 30, 2021.

**Net Assets With Donor Restrictions:** Net assets that are subject to donor stipulations that may or will be met either by actions of the Foundation and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that they must be maintained permanently by the Foundation to use all or part of the income earned on any related investments for general or specific purposes, in accordance with the conditions of each specific donation.

## ST. JOSEPH'S VILLA FOUNDATION

### Notes to Financial Statements, Continued

#### 1. Organization and Summary of Significant Accounting Policies, Continued:

**Estimates:** The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents:** The Foundation considers as cash equivalents all short term, highly liquid investments with maturities of three months or less at date of acquisition.

**Concentrations Credit Risk:** The Foundation maintains its cash and cash equivalent balances in brokerage houses. Funds held by brokerage houses are insured by the Securities Investors Protection Corporation up to \$500,000, including cash claims of up to \$250,000. The Foundation periodically has balances in excess of insured limits.

**Pledges Receivable:** Pledges receivable include unconditional promises to give and are recognized at their net present value in the year promised as net assets without donor restrictions or net assets with donor restrictions as appropriate. Contributions that are to be collected more than one year into the future are recorded at their discounted present value. Conditional promises are recorded when donor stipulations are substantially met. The Foundation provides an allowance for potentially uncollectible pledges based on the Foundation's historical experience and based on management's judgment. When pledges are considered uncollectible, they are written off against the allowance. There was no allowance for doubtful accounts as of June 30, 2022 and 2021. There were no pledges receivable as of June 30, 2022, and all pledges receivable as of June 30, 2021, were collected in 2022.

**Investments:** The Foundation's investments are reported at fair values determined by the respective investment managers. Investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the risks in the near term could materially affect amounts reported on the financial statements. Unrealized gains and losses are included in the statements of activities. Realized gains and losses on investments are determined using the specific-identification method. Interest income on investments in debt securities is computed by the interest method over their contractual lives. Dividend income on marketable equity securities is recognized in income when dividends are declared.

## ST. JOSEPH'S VILLA FOUNDATION

### Notes to Financial Statements, Continued

#### 1. Organization and Summary of Significant Accounting Policies, Continued:

**Recognition of Contributions:** Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor as to purpose or time are reported as an increase in net assets without donor restrictions if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are classified as net assets without donor restrictions.

**Income Taxes:** The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**Income Tax Uncertainties:** Management has evaluated the effects of accounting guidance related to uncertain income tax positions and concluded that the Foundation had no significant financial statement exposure to uncertain income tax positions at June 30, 2022 and 2021. The Foundation is not currently under audit by any tax jurisdiction.

**Functional Allocation of Expenses:** The cost of providing various program and supporting services have been summarized on a functional basis and by natural classification in the statements of activities. Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of those functional areas without the need for allocation.

**Subsequent Events:** Management has evaluated subsequent events through October 24, 2022, the date the financial statements were available to be issued, and has determined that there are no subsequent events to be reported in the accompanying financial statements.

## ST. JOSEPH'S VILLA FOUNDATION

### Notes to Financial Statements, Continued

#### 2. Investments:

The costs of investments and their related carrying values (market) by major investment type were as follows:

	June 30, 2022		June 30, 2021	
	Cost	Market	Cost	Market
Corporate obligations	\$ 357,862	\$ 319,779	\$ 523,444	\$ 542,518
Government obligations	917,972	892,475	654,209	680,876
Asset backed securities	119,928	118,034	208,307	209,706
Equities	1,317,415	1,582,052	1,724,104	2,503,760
Fixed income mutual funds	5,431,976	4,993,090	5,333,180	5,605,989
Equity mutual funds	11,762,926	13,181,354	11,278,940	15,519,538
Exchange traded funds	523,336	540,326	700,990	993,802
Hedge funds	5,804	5,624	39,410	5,806
	<u>\$ 20,437,219</u>	<u>\$ 21,632,734</u>	<u>\$ 20,462,584</u>	<u>\$ 26,061,995</u>

#### 3. Fair Value Measurements:

The Foundation follows FASB guidance, which provides a framework for measuring fair value under GAAP, for all financial assets and liabilities measured at fair value on a recurring basis.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The guidance also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of the three levels.

These levels are:

Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

## ST. JOSEPH'S VILLA FOUNDATION

### Notes to Financial Statements, Continued

#### 3. Fair Value Measurements, Continued:

Level 3 – Valuation is determined using model-based techniques that use significant assumptions not observable in the market and significant to the fair value measurement. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

Following is a description of the valuation methodologies used for assets measured at fair value:

**Cash and cash equivalents:** Valued at the realizable cash value equivalent to the specific sum of money held by the Foundation at year end.

**Equity securities, ETFs, and mutual funds:** Valued at the net asset value ("NAV") of shares held by the Foundation at year end. The funds held by the Foundation are deemed to be actively traded.

**Government bonds, corporate bonds, and bond index funds:** Valued at quoted market process of similar investments in active markets or quoted prices from identical or similar instruments in inactive markets.

**Pledges receivable:** Valued at the original gift amount, less payments and a discount for payments expected in future periods beyond one year. Pledges receivable are considered to be fair value level 3 assets.

**Hedge funds and mutual funds-absolute return:** Valued using net asset value per share of the investments as provided by the fund managers as a practical expedient. The fair value of certain investments in the underlying entities, which may include private placements and other securities for which values are not readily available, are determined in good faith by the investment advisors of the respective entities and may not reflect amounts that could be realized upon immediate sale, nor amounts that may be ultimately realized. The estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments, and these differences could be material. Net asset valuations are provided daily, monthly or quarterly by these entities. Appreciation (depreciation) of investments in these entities is net of all fee allocations to the investment advisors.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

## ST. JOSEPH'S VILLA FOUNDATION

### Notes to Financial Statements, Continued

#### 3. Fair Value Measurements, Continued:

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2022:

	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 689,766	\$ 689,766	\$ -	\$ -
Investments at fair value:				
Corporate obligations	319,779	-	319,779	-
Government obligations	892,475	-	892,475	-
Asset backed securities	118,034	-	118,034	-
Equities	1,582,052	1,582,052	-	-
Fixed income mutual funds	4,993,090	4,993,090	-	-
Equity mutual funds	13,181,354	13,181,354	-	-
Exchange traded funds	540,326	540,326	-	-
<b>Total assets in the fair value hierarchy</b>	<b>\$ 22,316,876</b>	<b>\$ 20,986,588</b>	<b>\$ 1,330,288</b>	<b>\$ -</b>
Investments measured at NAV *	5,624			
<b>Total assets at fair value</b>	<b>\$ 22,322,500</b>			

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2021:

	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 205,795	\$ 205,795	\$ -	\$ -
Investments at fair value:				
Corporate obligations	557,150	-	557,150	-
Government obligations	680,876	-	680,876	-
Asset backed securities	209,706	-	209,706	-
Equities	2,489,128	2,489,128	-	-
Fixed income mutual funds	5,605,989	5,605,989	-	-
Equity mutual funds	15,519,538	15,519,538	-	-
Exchange traded funds	993,802	993,802	-	-
Pledges receivable	30,000	-	-	30,000
<b>Total assets in the fair value hierarchy</b>	<b>\$ 26,291,984</b>	<b>\$ 24,814,252</b>	<b>\$ 1,447,732</b>	<b>\$ 30,000</b>
Investments measured at NAV *	5,806			
<b>Total assets at fair value</b>	<b>\$ 26,297,790</b>			

\* In accordance with ASU 2015-07, *Disclosure for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*, the Foundation's investments valued using NAV per share as a practical expedient are excluded from categorization in the fair value hierarchy.

## ST. JOSEPH'S VILLA FOUNDATION

### Notes to Financial Statements, Continued

#### 3. Fair Value Measurements, Continued:

During 2022, there were \$30,000 of collections to level 3 assets (pledges receivable). During 2021, there were \$90,000 of additions, \$62,500 of collections, and \$650 of reductions to level 3 assets (pledges receivable).

The following information is presented regarding the nature of the investments valued using NAV as a practical expedient. Redemption of these investments is restricted as indicated below and there are no unfunded commitments at June 30, 2022.

	<u>Fair Value</u>	<u>Redemption Frequency</u>	<u>Lock-in Period</u>
Hedge Funds:			
Multi-strategy (a)	\$ 5,624	Illiquid	N/A

Redemption of these investments is restricted as indicated below and there are no unfunded commitments at June 30, 2021.

	<u>Fair Value</u>	<u>Redemption Frequency</u>	<u>Lock-in Period</u>
Hedge Funds:			
Multi-strategy (a)	\$ 5,806	Illiquid	N/A

(a) This fund includes investments in a feeder in a master feeder fund structure. The master fund investment employs a multi-strategy approach, investing in global securities, corporate bonds, private equities, private debt, and derivatives.

#### 4. Net Assets With Donor Restrictions:

Net assets with donor restrictions were restricted for the following purposes at June 30:

	<u>2022</u>	<u>2021</u>
Brook Road scholarship	\$ 3,000	\$ 3,000
Assisting homeless women and children	399,000	399,000
Endowment earnings available for appropriation	507,475	646,155
Donor-restricted endowment funds - corpus	<u>278,240</u>	<u>278,240</u>
	<u>\$ 1,187,715</u>	<u>\$ 1,326,395</u>

Endowment earnings were appropriated for expenditures in accordance with the endowment spending policy in the amount of \$37,431 during 2022 and \$31,503 during 2021.

## ST. JOSEPH'S VILLA FOUNDATION

### Notes to Financial Statements, Continued

#### 5. Endowment Funds:

The Foundation's endowment consists of one individual donor-restricted fund and several individual donor-restricted gifts. The funds have no purpose restriction and can be used to support the general operations of St. Joseph's Villa. As required by GAAP, net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the cost basis of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, and (b) the original value of subsequent gifts to the endowment, until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

**Endowment Investing and Spending Policies:** The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets are invested in a manner that is intended to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Actual returns in any given year may vary. To satisfy its long-term objectives, the Foundation utilizes diversified investment classes that provide the opportunity to achieve the return objectives without exposing the funds to unnecessary risk. Absent donor specified spending policies, the Foundation appropriates amounts for expenditure based upon a target rate of 4%, set as a percentage of the average market value of their investments over the trailing 12 quarter-end periods calculated each December.



## ST. JOSEPH'S VILLA FOUNDATION

### Notes to Financial Statements, Continued

#### 5. Endowment Funds, Continued:

All endowment net assets of the Foundation are donor-restricted. Changes in endowment net assets for the years ended June 30, 2022 and 2021 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2020	\$ -	\$ 678,858	\$ 678,858
Contributions	-	104,600	104,600
Investment return:			
Investment income	-	12,713	12,713
Net realized and unrealized gain	-	159,727	159,727
Appropriation for expenditure	-	(31,503)	(31,503)
Endowment net assets, June 30, 2021	-	924,395	924,395
Investment return:			
Investment income	-	20,629	20,629
Net realized and unrealized loss	-	(121,878)	(121,878)
Appropriation for expenditure	-	(37,431)	(37,431)
Endowment net assets, June 30, 2022	<u>\$ -</u>	<u>\$ 785,715</u>	<u>\$ 785,715</u>

#### 6. Related Party Transactions:

The Foundation is associated with St. Joseph's Villa (the "Villa"), an organization that provides for the health, education, and general welfare of children and their families. The Foundation made contributions and expense reimbursements to the Villa of \$1,244,971 for 2022 and \$1,221,668 for 2021. In addition, during 2021 the Foundation transferred \$1,400,000 from its investment accounts to the Villa as a loan to cover a gap in funding for construction costs. Interest accrues at the London Interbank Offered Rate ("LIBOR") plus 1.5% and was \$10,914 for 2021, which is included within net investment income in the accompanying statement of activities. In 2022, the loan principal was repaid by \$799,376 along with \$20,587 in interest, resulting in \$600,624 outstanding on the loan at June 30, 2022. The remaining loan balance is to be paid back as soon as possible, using future pledge payments received by the Villa. The current portion of the loan represents current pledges receivable on the Villa's financial statements as of June 30, 2022.

At June 30, 2022, the Foundation did not have any payables or receivables to the Villa for expense reimbursement. At June 30, 2021, the Foundation had a payable to St. Joseph's Villa of \$8,709 for expense reimbursement.

## ST. JOSEPH'S VILLA FOUNDATION

### Notes to Financial Statements, Continued

#### 6. Related Party Transactions, Continued:

In addition, the Villa provides management and qualified personnel to implement the Foundation's programs and policies. In order to be recognized in the financial statements, contributed services must meet several requirements including criteria for services to be specialized skills. These contributed services do not meet the recognition criteria and have not been recognized in the accompanying statements of activities.

The Foundation also made contributions to The Villa Corporation totaling \$12,193 for 2022 and \$12,024 for 2021.

#### 7. Liquidity and Availability of Financial Assets:

The Foundation's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2022	2021
Financial assets available within one year:		
Cash and cash equivalents	\$ 689,766	\$ 205,795
Construction loan to St. Joseph's Villa	341,520	444,607
Investments	<u>21,632,734</u>	<u>26,061,995</u>
Total financial assets available within one year	<u>22,664,020</u>	<u>26,712,397</u>
Less those unavailable for general expenditure within one year:		
Investments in non-liquid securities	5,624	5,806
Investments with donor restrictions	<u>1,187,715</u>	<u>1,326,395</u>
Total amounts unavailable for general expenditures within one year	<u>1,193,339</u>	<u>1,332,201</u>
Financial assets available within one year for general expenditure	<u>\$ 21,470,681</u>	<u>\$ 25,380,196</u>

The Foundation's invested funds consist of donor-restricted endowments and unrestricted investments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 5, both the donor-restricted endowment and the other investments follow investing and spending policies which are approved by the Board of Directors. Appropriations of \$1,042,094 from donor endowments and other investments will be available within the next 12 months. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.