

FISA Foundation

Financial Statements

Years Ended June 30, 2023 and 2022
with Independent Auditor's Report

MaherDuessel

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FISA FOUNDATION

YEARS ENDED JUNE 30, 2023 AND 2022

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Independent Auditor's Report

**Board of Directors
FISA Foundation**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of FISA Foundation (FISA), which comprise the statements of financial position as of June 30, 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 FISA as of June 30, 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 (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 FISA, 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.

Change in Accounting Principle

As described in Noted 2 to the financial statements, FISA adopted ASU 2016-02, "*Leases (Topic 842)*", which requires lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Our opinion is not modified with respect to this matter.

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 FISA'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 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 FISA'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 FISA'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.

Maher Duessel

Pittsburgh, Pennsylvania
October 24, 2023

FISA FOUNDATION

STATEMENTS OF FINANCIAL POSITION

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Assets		
Cash	\$ 152,612	\$ 206,054
Investments	42,801,576	42,253,436
Prepaid taxes	597	-
Other assets	40,174	64,444
Right-of-use asset - operating lease	297,354	-
Total Assets	\$ 43,292,313	\$ 42,523,934
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 20,411	\$ 29,958
Grants payable	30,000	170,000
Excise tax payable	-	3,036
Accrued compensation and amounts withheld from compensation	18,060	18,722
Lease liability - operating	311,622	-
Total Liabilities	380,093	221,716
Net Assets:		
Without donor restrictions	42,795,309	42,188,101
With donor restrictions:		
Perpetual in nature	116,911	114,117
Total Net Assets	42,912,220	42,302,218
Total Liabilities and Net Assets	\$ 43,292,313	\$ 42,523,934

See accompanying notes to financial statements.

FISA FOUNDATION

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Net Assets Without Donor Restrictions:		
Revenues, gains, and other support:		
Contributions	\$ 10,550	\$ 10,865
Investment income (loss), net	2,736,004	(3,804,300)
Total revenues, gains, and other support	2,746,554	(3,793,435)
Expenses:		
Program expenses:		
Program grants	1,444,362	1,370,232
Direct charitable expenses	272,896	258,342
Total program expenses	1,717,258	1,628,574
Management and general expenses:		
Salaries, wages, and benefits	149,051	141,125
Office operations	185,877	188,160
Insurance	5,471	4,009
Legal and professional	37,190	37,400
Excise tax	24,665	34,910
Other expenses	8,969	5,021
Total management and general expenses	411,223	410,625
Total expenses	2,128,481	2,039,199
Excess (Deficiency) of Revenues, Gains, and Other Support Over Expenses	618,073	(5,832,634)
Discontinued operations revenues (expenses):		
Other	(10,865)	(10,865)
Change in Net Assets Without Donor Restrictions	607,208	(5,843,499)
Net Assets With Donor Restrictions (Perpetual in Nature):		
Investment income (loss)	2,794	(24,386)
Change in Net Assets With Donor Restrictions (Perpetual in Nature)	2,794	(24,386)
Change in Net Assets	610,002	(5,867,885)
Net Assets:		
Beginning of year	42,302,218	48,170,103
End of year	\$ 42,912,220	\$ 42,302,218

See accompanying notes to financial statements.

FISA FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities:		
Change in net assets	\$ 610,002	\$ (5,867,885)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net (appreciation) depreciation of investments	(938,502)	6,348,814
Change in:		
Prepaid taxes	(597)	13,174
Other assets	24,270	(58,242)
Accounts payable and accrued compensation	(10,209)	22,363
Grants payable	(140,000)	17,500
Excise tax payable	(3,036)	3,036
Operating lease liabilities	14,268	-
Total adjustments	(1,053,806)	6,346,645
Net cash provided by (used in) operating activities	(443,804)	478,760
Cash Flows From Investing Activities:		
Purchase of investments	(4,283,067)	(7,134,560)
Proceeds from sale of investments	4,673,429	6,703,456
Net cash provided by (used in) investing activities	390,362	(431,104)
Net Increase (Decrease) in Cash	(53,442)	47,656
Cash:		
Beginning of year	206,054	158,398
End of year	\$ 152,612	\$ 206,054
Supplemental Information:		
Excise tax paid	\$ 28,536	\$ 34,296
Schedule of Noncash Investing and Financing Activities:		
Addition of right-of-use asset for operating leases	\$ 297,354	\$ -

See accompanying notes to financial statements.

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

1. Organization and Summary of Accounting Policies

Organization

FISA Foundation (FISA) is a private grantmaking foundation that champions equity, justice, safety and inclusion for women, girls, and people with disabilities, combatting systemic racism that impedes progress for these populations in southwestern Pennsylvania. FISA seeks to foster a community that is strong and vibrant, where all members are treated with dignity and respect, are safe and healthy, have fair access to opportunity, and are fully included.

Since 1911, FISA Foundation and its predecessors, Harmarville Convalescent Home for Women and Harmarville Rehabilitation Center (Center), have focused on addressing important but overlooked issues affecting the lives of its target populations. Over the intervening century, FISA's mission has remained consistent, but the nature of its activities has evolved to meet changing needs. Initially the organization provided direct services, and today it provides financial support for a network of nonprofit organizations that benefit women, girls, and people with disabilities.

FISA strives to raise awareness and promote positive systemic change. Besides grantmaking, FISA furthers its mission through a variety of other activities. The most significant of these activities include:

- Developing programming for grantees and partners, including a robust series of virtual events exploring the intersection of disability and race.
- Leading programs like Southwest PA Says No More, a regional effort to address gender-based violence. This collaboration with United Way of Southwest PA and other nonprofits and funders seeks to build community leadership to prevent sexual assault and domestic violence, and this year included a series of educational webinars focused on abuse of people with disabilities.
- Sponsoring classes for grantees and partners on specific accessibility issues related to in person and virtual events and communications.
- Actively participating in the Black Girls Equity Alliance and working on various convenings and reports to address the criminalization of Black girls and students with disabilities.

With its exclusive focus on three underserved and under-funded populations, FISA provides community leadership on issues related to women, girls, and people with disabilities.

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. FISA's net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of FISA and changes therein are reported as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions

Time/Purpose Restrictions – Net assets whose use is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of FISA pursuant to those stipulations. At June 30, 2023 and 2022, FISA had no net assets with donor restrictions for time/purpose restrictions.

Perpetual in Nature – Net assets whose use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by the actions of FISA. FISA's permanently restricted net assets include FISA's portion of funds held in a perpetual trust.

Cash

Cash consists of demand deposits held in financial institutions.

Investments

Investments in equity securities, debt securities, and alternate investments are stated at fair value based on quoted market prices within active markets. Private equity and corporate lending funds are also carried at fair value as described in Note 2. The cost assigned to investments received by gift is the fair value at the date the gift is received. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in revenues, gains, and other support. Net realized gains/losses are determined using the specific identification method.

In accordance with Internal Revenue Service regulations, FISA is generally required to distribute at least 5% of its investable assets each year. After considering the long-term

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

expected return on its investment assets and the possible effect of inflation, FISA's Board of Directors has established a policy of spending only the required 5% of investable assets annually. FISA's investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Funds are invested in a well-diversified asset mix, which includes primarily equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, FISA expects its investment assets, over time, to produce an average rate of return of approximately 7% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total investment portfolio, investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Contributions

FISA recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized as revenue until the conditions on which they depend have been met. FISA had no conditional promises to give at June 30, 2023 and 2022.

Furniture, Fixtures, and Equipment

Office furniture, fixtures, and equipment over \$5,000 are recorded at cost. Depreciation is provided by the straight-line method over the estimated useful lives of the related assets.

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. Conditional grants, that is those with a measurable performance or other barrier and a right of return, are expensed and considered payable in the period the conditions are substantially satisfied. There were no conditional grants at June 30, 2023 and 2022.

Leases

FISA leases office space. FISA determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the statement of financial position. Finance

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

leases are included in property and equipment, other current liabilities, and other long-term liabilities on the statement of financial position.

ROU assets represent FISA's right to use an underlying asset for the lease term and lease liabilities represent FISA's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the FISA's leases do not provide an implicit rate, the incremental borrowing rate is used which is based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. FISA's lease terms may include options to extend or terminate the lease when it is reasonably certain that they will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

FISA's lease agreements do not contain any material residual value guarantees or material restrictive covenants. In evaluating contracts to determine if they qualify as a lease, FISA considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

In determining the discount rate used to measure the right-of-use asset and lease liability, FISA uses rates implicit in the lease, or if not readily available, they use their incremental borrowing rate. The incremental borrowing rate is based on an estimated secured rate comprised of a risk-free rate plus a credit spread as secured by FISA's assets. Determining a credit spread as secured by the assets may require significant judgment.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Taxes

FISA was incorporated in 1913 as a Pennsylvania nonprofit corporation. FISA is a private, non-operating foundation under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income tax under Section 501(a) of the Internal Revenue Code. FISA is

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obligated to pay federal excise tax on net investment income. In addition, FISA is obligated to pay income taxes on its unrelated business income, if any. Further, FISA annually files a Form 990-PF, Return of Private Foundation, and, as needed, a Form 990-T, Exempt Organization Business Income Tax Return.

Risks and Uncertainties

Financial instruments, which potentially expose FISA to concentrations of credit risk, include cash and investments in marketable securities. As a matter of policy, FISA maintains cash balances only with financial institutions having a high credit quality. Concentration of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. Investment securities are also exposed to various other risks such as interest rate and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and that such change could materially affect the amount reported on the statements of financial position.

Presentation of Expenses on the Statements of Activities

The costs of providing the various programs and other activities have been allocated between program (grants and direct charitable) and management and general expenses in the accompanying statements of activities based on management's estimates of the time and effort devoted to each activity. Program grants and direct charitable expenses are charitable costs, expended for the benefit of others. Direct charitable expenses included on the statements of activities include allocated salary and benefits for direct charitable expenses and other employment costs totaling \$272,896 and \$258,342 in 2023 and 2022, respectively. Management and general expenses relate to administrative operational costs.

Discontinued Operations

The Discontinued Operations referenced in the statements of activities represent cash payments made by FISA that relate to discontinued operations assumed by FISA from the sale of the Center and are considered to be disbursements for charitable purposes pursuant to its private ruling letter.

Adopted Accounting Standard

The provisions of this Standards Update have been adopted and incorporated into these financial statements.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

ASU 2016-02, "*Leases (Topic 842)*." These amendments and related amendments require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than 12 months. Disclosures also are required by leases to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The adoption of the standard resulted in the presentation of right-of-use lease assets and related lease liabilities on the statement of financial position, and additional footnote disclosure. The effects of this adoption were not material to beginning net asset balances and were adjusted through the statements of financial position. FISA adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

2. Liquidity and Availability

FISA manages its liquid resources by focusing on investment efforts, through an endowment fund, to ensure the entity has adequate investment returns to cover the grants that are being distributed and direct charitable efforts of FISA. In accordance with FISA's spending policy, as described in Note 1, they have established a policy of spending only the required 5% of investment assets annually. However, investments are available to be spent, if necessary. Included in the endowment is a portion of donor-restricted funds that are not available for general use. FISA prepares detailed budgets and has been very active in fiscal management to ensure the entity remains liquid.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following cash and investments:

	<u>2023</u>	<u>2022</u>
Financial assets, at year-end	\$ 42,954,188	\$ 42,459,490
Donor-imposed restrictions:		
Investments held in perpetuity	<u>(116,911)</u>	<u>(114,117)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 42,837,277</u>	<u>\$ 42,345,373</u>

3. Investments

Investments consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
	Fair Value	Fair Value
Money market accounts	\$ 673,505	\$ 974,762
Private equity funds	8,704,871	8,008,969
Fixed income mutual funds	7,032,625	5,370,153
Equity mutual funds	23,563,929	24,719,895
Other investments	2,709,735	3,065,540
Perpetual trust	<u>116,911</u>	<u>114,117</u>
	<u>\$ 42,801,576</u>	<u>\$ 42,253,436</u>

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NOTES TO FINANCIAL STATEMENTS

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Investment income (loss) consisted of the following for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Dividend and interest income	\$ 969,635	\$ 1,072,245
Unrealized/realized gains (losses)	<u>2,037,183</u>	<u>(4,665,551)</u>
	3,006,818	(3,593,306)
Less: investment expenses	<u>(268,020)</u>	<u>(235,380)</u>
Investment income (loss), net	<u>\$ 2,738,798</u>	<u>\$ (3,828,686)</u>

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value, maximizing the use of observable inputs and minimizing the use of unobservable inputs by requiring that the observable inputs be used when available. Investments whose values are based on quoted market prices in active markets are classified within Level 1. Investments determined by reference to quoted prices for similar investments in active markets are classified within Level 2. Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all.

FISA reports investments at fair value in accordance with fair value accounting standards. Fair value is 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. These standards require an entity to maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, FISA reports private equity funds using the net asset value per share as determined by investment managers under the so-called “practical expedient.” The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value measurement standards also require FISA to classify these financial instruments into a three-level hierarchy, based upon priority of inputs to the valuation technique or in accordance with the net asset value practical expedient rule.

Determination of Fair Value

FISA measures fair value based upon market price, where available. The carrying amount of cash and cash equivalents approximates fair value due to the short-term nature of these instruments. Fixed income, equity mutual funds and other investments are valued at fair value, which are the amounts reported in the statements of financial position, based on

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

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quoted market prices for identical securities in active markets that FISA has the ability to access at the measurement date.

FISA's investment in private equity funds is accomplished by investment in various limited partnerships or multi-fund pools that are very long lived (often more than 10 years) and illiquid. Limited partnerships are valued at fair value, which are the amounts reported in the statements of financial position, based on the net asset value per share of the fund at June 30, 2023 and 2022. The valuation of each fund is based upon the compilation of the prices from each underlying private equity investment. For the limited partnerships, fair value is based on the best information available and is determined by reference to information including, but not limited to, the following: projected sales, net earnings, earnings before interest, taxes, depreciation and amortization, balance sheets, public or private transactions, valuations for publicly-traded comparable companies, and/or other measures, and consideration of any other pertinent information including the types of securities held and restrictions on disposition. Upon completion of the fund valuation, FISA's quarterly individual investor valuations are based upon their ownership share of each pool. Per the terms of the limited partnership agreements, FISA cannot withdraw funds or sell funds until the limited partnership liquidates. Liquidation is not expected in the near-term.

FISA's investment in corporate lending funds is accomplished by investment in various newly originated, privately negotiated senior credit investments in high-quality, established upper-middle market companies. Corporate lending funds are value at fair value, which are the amounts reported in the statements of financial position, based on the net asset value per share of the fund at June 30, 2023 and 2022. The valuation of each fund is based upon the compilation of the prices from each corporate lending investment. Fair value is based on the best information available and is determined by reference to information including, but not limited to, the following: projected sales, net earnings, earnings before interest, taxes, depreciation and amortization, balance sheets, public or private transactions, valuations for publicly-traded comparable companies, and/or other measures, and consideration of any other pertinent information including the types of securities held and restrictions on disposition. Upon completion of the fund valuation, FISA's quarterly individual investor valuations are based upon their ownership share of each pool. Per the terms of the limited partnership agreements, FISA cannot withdraw funds or sell funds until the limited partnership liquidates. Liquidation is not expected in the near-term.

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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

The following table summarizes investments by fair value measurement categories as of June 30, 2023:

	Total	Level 1	Level 2	Level 3
Money market accounts	\$ 673,505	\$ 673,505	\$ -	\$ -
Fixed income mutual funds	7,032,625	7,032,625	-	-
Equity mutual funds:				
US Large Cap Equity	13,539,386	13,539,386	-	-
US Mid Cap Equity	1,196,010	1,196,010	-	-
US All Cap Equity	244,398	244,398	-	-
European Large Cap Equity	1,769,371	1,769,371	-	-
EAFE Equity	2,471,816	2,471,816	-	-
Japanese Large Cap Equity	1,444,870	1,444,870	-	-
Asia ex-Japan Equity	369,648	369,648	-	-
Emerging Market Equity	2,018,518	2,018,518	-	-
Global Equity	509,912	509,912	-	-
Total equity mutual funds	<u>23,563,929</u>	<u>23,563,929</u>	-	-
Other investments:				
Real Estate & Infrastructure	1,695,603	1,695,603	-	-
Hard Assets	1,014,132	1,014,132	-	-
Total other investments	<u>2,709,735</u>	<u>2,709,735</u>	-	-
Perpetual trust	116,911	-	-	116,911
Total assets in fair value hierarchy	<u>34,096,705</u>	<u>\$ 33,979,794</u>	<u>\$ -</u>	<u>\$ 116,911</u>
Investments measured at net asset value:				
Private equity funds	7,196,853			
Corporate lending funds	1,508,018			
Total investments at fair value	<u>\$ 42,801,576</u>			

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The following table summarizes investments by fair value measurement categories as of June 30, 2022:

	Total	Level 1	Level 2	Level 3
Money market accounts	\$ 974,762	\$ 974,762	\$ -	\$ -
Fixed income mutual funds	5,370,153	5,370,153	-	-
Equity mutual funds:				
US Large Cap Equity	14,525,218	14,525,218	-	-
US Mid Cap Equity	-	-	-	-
US All Cap Equity	-	-	-	-
European Large Cap Equity	3,869,985	3,869,985	-	-
EAFE Equity	1,185,809	1,185,809	-	-
Japanese Large Cap Equity	1,144,245	1,144,245	-	-
Asia ex-Japan Equity	775,226	775,226	-	-
Emerging Market Equity	2,874,506	2,874,506	-	-
Global Equity	344,906	344,906	-	-
Total equity mutual funds	<u>24,719,895</u>	<u>24,719,895</u>	<u>-</u>	<u>-</u>
Other investments:				
Real Estate & Infrastructure	1,684,349	1,684,349	-	-
Hard Assets	1,381,191	1,381,191	-	-
Total other investments	<u>3,065,540</u>	<u>3,065,540</u>	<u>-</u>	<u>-</u>
Perpetual trust	114,117	-	-	114,117
Total assets in fair value hierarchy	<u>34,244,467</u>	<u>\$ 34,130,350</u>	<u>\$ -</u>	<u>\$ 114,117</u>
Investments measured at net asset value:				
Private equity funds	8,008,969			
Equity hedge funds	-			
Total investments at fair value	<u>\$ 42,253,436</u>			

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

4. Private Equity Capital Commitments

FISA has entered into agreements to commit capital into various private equity funds. The callable capital can be requested at any time by the fund. The remaining capital commitments as of June 30, 2023 are estimated as follows:

	Amount Committed	Amount Drawn	Amount Distributed	Remaining Capital Commitment
Hirtle Callaghan Private Equity Fund VI	\$ 1,100,000	\$ 980,480	\$ 1,059,881	\$ 119,520
Hirtle Callaghan Private Equity Fund VII	1,175,000	927,554	1,168,658	247,446
Hirtle Callaghan Private Equity Fund VIII	130,000	115,394	15,329	14,606
Hirtle Callaghan Private Equity Fund IX	1,000,000	899,385	1,077,567	100,615
Hirtle Callaghan Private Equity Fund X	1,000,000	876,550	1,058,772	131,828
Hirtle Callaghan Private Equity Fund XI	1,200,000	1,027,111	860,928	172,889
Hirtle Callaghan Private Equity Fund XII	2,100,000	1,772,025	139,040	327,975
GCM Grosvenor Advance Feeder Fund	1,000,000	517,686	12,367	482,314
PEG Global Private Equity IX Offshore Special	1,000,000	540,080	24,553	459,920
PEG Global Private Equity X S A	2,000,000	448,217	-	1,551,783
	<u>\$ 11,705,000</u>	<u>\$ 8,104,482</u>	<u>\$ 5,417,095</u>	<u>\$ 3,608,896</u>

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

5. Endowment Assets

The endowment assets used by FISA to provide income for the maintenance and granting activities is comprised of the various investments held by FISA. During 2023 and 2022, FISA had the following endowment-related investment activities:

	<u>2023</u>	<u>2022</u>
Investment return on endowment assets:		
Interest and dividends	\$ 969,635	\$ 1,072,245
Unrealized gains (losses)	938,502	(6,348,814)
Realized gains (losses)	1,098,681	1,683,263
Investment fees	<u>(268,020)</u>	<u>(235,380)</u>
Total investment return on endowment assets	2,738,798	(3,828,686)
Transfers out of endowment	<u>(2,190,658)</u>	<u>(2,089,024)</u>
Total change in endowment funds	548,140	(5,917,710)
Endowment Investment Funds:		
Beginning of year	<u>42,253,436</u>	<u>48,171,146</u>
End of year	<u>\$ 42,801,576</u>	<u>\$ 42,253,436</u>

6. Grants Payable

FISA has made unconditional promises to give to other FISAs the amounts of \$30,000 and \$170,000 at June 30, 2023 and 2022, respectively. These amounts are reflected on the statements of financial position as grants payable. The total grants payable at June 30, 2023 is expected to be paid during the year ending June 30, 2023.

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

7. Leases

During fiscal year 2013, FISA entered into a ten-year lease for building and office space for its operations and administration. The term of the lease is for the period April 1, 2013 through March 31, 2023. The term of the lease has been extended for a period beginning April 1, 2023 through July 31, 2030. Future minimum lease payments at June 30, 2023 are as follows:

The components of lease expense were as follows as of June 30:

	<u>2023</u>
Operating lease cost, including interest	<u>\$ 42,916</u>
Total lease costs	<u>\$ 42,916</u>

Other information related to leases was as follows:

	<u>2023</u>
Supplemental cash flows information:	
Cash paid for amounts included in the measurement of:	
Lease liabilities	
Operating leases	\$ 42,916
Weighted average remaining lease term:	
Operating leases	7.00 years
Weighted average discount rate:	
Operating leases	2.92%

FISA FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

Future minimum lease payments under non-cancellable leases as of June 30, 2023 were as follows:

Year Ending June 30,	Operating Leases
2024	\$ 45,884
2025	47,060
2026	48,237
2027	49,413
2028-2030	<u>155,298</u>
Total future minimum lease payments	345,892
Less: interest	<u>(34,270)</u>
Total	<u><u>\$ 311,622</u></u>

Rent expense for the year ended June 30, 2022, prior to the effective date of *Leases (Topic 842)* totaled \$45,075. The minimum rental payments required under such operating leases for annual periods beyond June 30, 2022 totaled \$33,806 for the year ending June 30, 2023.

8. Related Party Transactions

During 2023 and 2022, certain grants were awarded to grantee organizations with which certain members of the Board of Directors (Board) of FISA are also affiliated as board members. Pursuant to the policies and practices of FISA, the Board was informed about the dual affiliations before voting and the conflicted Board members abstained from voting on those grants.