

THE GREATER NEW ORLEANS FOUNDATION

Audits of Combined Financial Statements

December 31, 2023 and 2022



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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, 2023 and 2022, 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, 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 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.



A Professional Accounting Corporation

Metairie, LA
June 6, 2024

THE GREATER NEW ORLEANS FOUNDATION
Combined Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Cash and Cash Equivalents	\$ 7,671,800	\$ 962,667
Accounts and Interest Receivable	146,570	106,241
Grants Receivable	1,052,000	1,398,200
Unconditional Promises to Give, Net	2,158,225	4,048,835
Investments	467,897,831	409,422,011
Assets Held in Charitable Remainder Trusts	9,272,532	8,731,091
Beneficial Interests in Remainder Trusts and Lead Trusts	-	23,195
Notes Receivable, Net	25,611,570	25,998,147
Property and Equipment, Net	11,594,560	11,631,404
Real Estate Held	1,177,500	1,177,500
Other Assets	580,990	436,168
	\$ 527,163,578	\$ 463,935,459
Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 701,963	\$ 542,310
Grants Payable	4,285,235	1,135,500
Liabilities Under Split-Interest Agreements	2,387,929	2,429,587
Agency Funds	30,826,636	27,521,615
	38,201,763	31,629,012
Net Assets		
Without Donor Restrictions		
Designated by Board for Endowment	252,788,406	226,251,131
Available for Grants	202,027,196	172,408,206
Operating	4,749,751	4,937,490
Invested in Property and Equipment, Net	11,594,560	11,631,404
With Donor Restrictions		
Restricted to the Passage of Time	7,148,498	6,595,801
Restricted for Specified Purpose	10,653,404	10,482,415
	488,961,815	432,306,447
	\$ 527,163,578	\$ 463,935,459

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions and Grants	\$ 38,608,705	\$ 13,699,183	\$ 52,307,888
Fees, Net	205,390	-	205,390
Net Investment Gain	52,908,725	-	52,908,725
Change in Value of Split-Interest Agreements	49,719	644,145	693,864
Other Income	141,446	-	141,446
Net Assets Released from Restrictions	13,619,642	(13,619,642)	-
Total Support and Revenues	105,533,627	723,686	106,257,313
Expenses			
Program Services			
Grants	39,907,533	-	39,907,533
Program Initiatives	5,541,695	-	5,541,695
Supporting Services			
Management and General	2,518,083	-	2,518,083
Development and Fundraising	1,634,634	-	1,634,634
Total Expenses	49,601,945	-	49,601,945
Change in Net Assets	55,931,682	723,686	56,655,368
Net Assets, Beginning of Year	415,228,231	17,078,216	432,306,447
Net Assets, End of Year	\$ 471,159,913	\$ 17,801,902	\$ 488,961,815

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 Statements of Functional Expenses
For the Years Ended December 31, 2023 and 2022

Year Ended December 31, 2023	Program Services		Supporting Services		Total
	Grants Awarded	Program Initiatives	Management and General	Development and Fundraising	
Grants	\$ 39,907,533	\$ -	\$ -	\$ -	39,907,533
Salaries and Benefits	-	1,811,599	1,358,262	1,067,255	4,237,116
Professional Fees	-	2,608,331	559,239	145,956	3,313,526
Other Expenses	-	449,690	282,510	92,932	825,132
Travel, Education, and Meetings	-	278,633	124,254	55,007	457,894
Depreciation	-	116,820	88,948	71,975	277,743
Office and Occupancy	-	171,803	93,743	74,488	340,034
Communications and Development	-	104,819	11,127	127,021	242,967
Total Functional Expenses	\$ 39,907,533	\$ 5,541,695	\$ 2,518,083	\$ 1,634,634	\$ 49,601,945

Year Ended December 31, 2022	Program Services		Supporting Services		Total
	Grants Awarded	Program Initiatives	Management and General	Development and Fundraising	
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

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, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	\$ 56,655,368	\$ (66,515,941)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Net Realized and Unrealized (Gain) Loss on Investments	(42,640,601)	61,753,614
Non-Cash Financial Contributions	(18,242,366)	(4,310,985)
Depreciation	277,743	268,747
(Increase) Decrease in Assets		
Accounts and Interest Receivable	(40,329)	89,123
Grants Receivable	346,200	313,400
Unconditional Promises to Give	1,890,610	(549,016)
Other Assets	(144,822)	466,819
Increase (Decrease) in Liabilities		
Accounts Payable	159,653	365,444
Grants Payable	3,149,735	512,677
Liabilities Under Split-Interest Agreements	(41,658)	(593,836)
Agency Funds	3,305,021	(690,522)
Net Cash Provided by (Used in) Operating Activities	4,674,554	(8,890,476)
Cash Flows from Investing Activities		
(Increase) Decrease in Assets Held in Charitable Remainder Trusts	(541,441)	1,865,399
Decrease in Beneficial Interests in Remainder Trusts and Lead Trusts	23,195	217,077
Proceeds from Sale of Investments	196,900,557	211,431,415
Cash Collections on Notes Receivable	1,500,745	1,062,107
Purchases of Investments	(195,607,577)	(212,691,963)
Purchase of Fixed Assets	(240,900)	(96,341)
Net Cash Provided by Investing Activities	2,034,579	1,787,694
Net Increase (Decrease) in Cash and Cash Equivalents	6,709,133	(7,102,782)
Cash and Cash Equivalents, Beginning of Year	962,667	8,065,449
Cash and Cash Equivalents, End of Year	\$ 7,671,800	\$ 962,667
Supplemental Disclosure of Cash Flow Information		
Noncash Contributions from New Supporting Organization	\$ 10,863,878	\$ -

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

THE GREATER NEW ORLEANS FOUNDATION

Notes to 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 13 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. During the year ended December 31, 2023, one new supporting organization was added, which resulted in approximately \$11 million of contributed net assets. The net assets of the supporting organizations at December 31, 2023 and 2022 were \$47,414,866 and \$32,596,767, 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.

THE GREATER NEW ORLEANS FOUNDATION

Notes to Combined Financial Statements

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.

THE GREATER NEW ORLEANS FOUNDATION

Notes to Combined Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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, 2023 and 2022 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. There were no conditional promises to give at December 31, 2023 or 2022.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, 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 in certain hedge funds, private equity funds, pooled investment funds, and limited liability entities which do not have readily determinable fair values are valued using net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, 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.

THE GREATER NEW ORLEANS FOUNDATION

Notes to Combined Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Allowance for Credit Losses - Debt Securities

Debt securities with a fair value less than its amortized cost basis is considered impaired. Management evaluates debt securities in an unrealized loss position on an annual basis, and more frequently when economic or market conditions warrant such evaluation. If the Foundation has the intent to sell the security, or it is more likely than not that the Foundation will be required to sell the security, the total impairment loss is recognized as an adjustment to the amortized cost basis of the of the investment and reflected in the combined statements of activities. The new amortized cost basis is not adjusted for subsequent recoveries in fair value.

If the Foundation does not have the intent to sell and determines that it is not more likely than not that it will be required to sell the security, management evaluates whether the decline in fair value is the result of credit losses or other factors. In making the assessment, management may consider various factors including the extent to which fair value is less than amortized cost, performance on any underlying collateral, downgrades in the ratings of the security by a rating agency, the failure of the issuer to make scheduled interest or principal payments and adverse conditions specifically related to the security. If the assessment indicates that a credit loss exists, the present value of cash flows expected to be collected is compared to the amortized cost basis of the security. To the extent that the security's amortized cost basis exceeds the present value of cash flows expected to be collected, an allowance for credit losses is recorded. Recoveries of credit losses can be reversed in subsequent periods. At December 31, 2023, there was no allowance for credit loss related to their debt securities.

Assets Held and Liabilities Under Split-Interest Agreements

Assets Held in Charitable Remainder Trusts

The Foundation acts as trustee for various charitable remainder trusts. 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 charitable remainder trusts are reported at fair market value in the combined statements of financial position. Changes in fair market value of charitable remainder trusts are reflected as a change in net assets with donor restrictions in the 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. These estimated future payments are reported at present value in the combined statements of activities and are calculated using discount rates that range from 2.4% to 10.0% and applicable mortality tables.

THE GREATER NEW ORLEANS FOUNDATION

Notes to Combined Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Assets Held and Liabilities Under Split-Interest Agreements (Continued)

Beneficial Interests in Charitable Lead Annuity Trusts

The Foundation reports beneficial interests in trusts at the present value of the estimated future distributions expected to be received by the Foundation in the combined statements of financial position. The Foundation was the beneficiary of two charitable lead annuity trusts which were held by an unrelated third party. The trusts annually paid 5.0% to 9.3% of the respective initial net fair market values of the trusts. The terms of both trusts ended by December 31, 2023.

Gift Annuity Program

The Foundation manages a gift annuity program in which assets were transferred to the Foundation. As of December 31, 2023, the Foundation pays \$28,706 annually to the donors until the donors' death. The Foundation's assets in the gift annuity program of \$456,380 and \$434,016 at December 31, 2023 and 2022, respectively, are included in investments and the present value of estimated future payments of \$270,117 and \$274,277 at December 21, 2023 and 2022, respectively, are included in liabilities under split-interest agreements in the Foundation's combined statements of financial position.

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.

Real Estate Held

Real estate held is valued at the fair value of the property on the date of contribution.

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 \$205,390 and \$196,047 for the years ended December 31, 2023 and 2022, respectively.

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.

THE GREATER NEW ORLEANS FOUNDATION

Notes to Combined Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Contributions and Grants

Contributions and grants are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Contributed Nonfinancial Assets

Contributed nonfinancial assets include donated equipment, real estate or property, and other in-kind contributions which are recorded at the respective fair values of the goods or services to be received on the date of receipt. There were no contributed nonfinancial assets for the years ended December 31, 2023 and 2022.

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, 2023 and 2022.

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.

THE GREATER NEW ORLEANS FOUNDATION

Notes to Combined Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

On January 1, 2023, the Foundation implemented Accounting Standards Update (ASU) 2016-13 and all subsequent ASU's that modified ASU 2016-13, which have been codified under ASC 326, *Financial Instruments - Credit Losses*. This standard modified guidance related to estimating allowance for credit losses for amortized assets, such as trade receivables and debt securities. The Foundation implemented this guidance using the modified retrospective approach, as required, and has not adjusted prior period comparative information and will continue to disclose prior period financial information in accordance with previous accounting guidance. The implementation of ASC 326 did not result in a significant impact on 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, 2023, financial assets available for general operating purposes within one year of the combined statement of financial position date comprise the following:

	2023	2022
Cash and Cash Equivalents	\$ 3,120	\$ 396,610
Receivables and Other Assets	55,765	57,115
Short-Term Investments	3,045,334	2,874,967
Long-Term Investments Made Available for Current Use	3,598,214	3,001,999
Total	\$ 6,702,433	\$ 6,330,691

In addition to the funds above that are available for general operating purposes, an additional amount of approximately \$10.5 million based on the current spending rate of 4% will be made available for granting during 2024, 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.

THE GREATER NEW ORLEANS FOUNDATION

Notes to Combined Financial Statements

Note 3. Promises to Give

Unconditional promises to give at December 31, 2023 and 2022 are as follows:

	2023	2022
Receivable in Less than One Year	\$ 1,829,104	\$ 3,525,750
Receivable in One to Five Years	147,400	363,300
Receivable in More than Five years	300,278	300,278
	<hr/>	<hr/>
Total Unconditional Promises to Give	2,276,782	4,189,328
Less: Discounts to Net Present Value	(118,557)	(140,493)
	<hr/>	<hr/>
Unconditional Promises to Give, Net	\$ 2,158,225	\$ 4,048,835

Interest rate assumptions used to calculate the discounts on various promises to give range from 3.84% to 4.79%.

Note 4. Notes Receivable

In 2021 seven notes receivable were gifted to the Foundation. At the date of the gift, the contributed notes receivable were recorded as contribution revenue by the Foundation at the present value of future cash flows expected to be received over the life of the notes, discounted at the notes' interest rates ranging from 2.26% to 2.95%. As there was no exchange of commensurate value associated with this transaction, the contributed notes receivable are deemed to have the nature of a contribution receivable which is exempted from ASC 326, *Financial Instruments - Credit Losses*. At December 31, 2023 and 2022, the notes receivable, which are included on the combined statements of financial position, totaled \$29,785,887 and \$31,696,174 of expected future cash flows, net of a discount of \$6,649,921 and \$7,198,027, respectively. Based on payment history and the backing of the notes by personal guarantees of the payor totaling \$5,157,722 in the aggregate, the Foundation believes the notes to be fully collectible and, therefore, has not recorded an allowance with respect to these notes.

THE GREATER NEW ORLEANS FOUNDATION

Notes to Combined Financial Statements

Note 4. Notes Receivable (Continued)

Future maturities of contributed notes receivables are as follows:

Year Ending December 31,	
2024	\$ 3,843,111
2025	3,843,111
2026	3,843,111
2027	3,843,111
2028	3,843,111
Thereafter	<u>10,570,332</u>
Total Contributed Notes Receivable	29,785,887
Less: Discounts to Net Present Value	<u>(6,649,921)</u>
Contributed Notes Receivable, Net	<u><u>\$ 23,135,966</u></u>

As mentioned in Note 1, on May 9, 2023, the Board of the Foundation accepted a new supporting organization. On this date, the supporting organization held a note receivable with a principal balance of \$1,114,168. The note bears interest at a rate of 4%, with a maturity date of April 1, 2028. At December 31, 2023, this note receivable, which is included on the combined statements of financial position, totaled \$975,604, net of a discount of \$86,896. \$250,000 is due to the Foundation each year from 2024 through 2027, with the final amount of \$62,500 due in 2028.

The Foundation also had a total of \$1,500,000 at December 31, 2023 and 2022 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.

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Notes to Combined Financial Statements

Note 5. Investments

Investments consisted of the following as of December 31, 2023 and 2022:

December 31, 2023	Fair Market Value	Cost or Assigned Amount
Common Stocks	\$ 56,232,939	\$ 38,105,036
Equity Mutual Funds	123,087,980	107,750,801
Bond Mutual Funds	31,890,320	34,201,174
Corporate and Government Bonds	47,374,379	49,203,759
Money Market Funds	35,042,543	35,042,541
Limited Liability Entities	101,032,416	62,753,130
Private Equity Funds	31,020,616	19,213,952
Hedge Funds	31,027,221	29,374,483
Pooled Investment Fund	11,189,417	2,763,271
Total	\$ 467,897,831	\$ 378,408,147
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

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Notes to Combined Financial Statements

Note 6. Property and Equipment, Net

Property and equipment by major classification at December 31, 2023 and 2022 was as follows:

	2023	2022
Land	\$ 1,960,101	\$ 1,960,101
Building	10,808,752	10,658,692
Office Furniture and Equipment	756,463	575,060
Computer Equipment	10,483	4,706
Construction in Progress	-	96,341
	13,535,799	13,294,900
Less: Accumulated Depreciation	(1,941,239)	(1,663,496)
Property and Equipment, Net	\$ 11,594,560	\$ 11,631,404

Depreciation expense totaled \$277,743 and \$268,747 for the years ended December 31, 2023 and 2022, respectively.

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, 2023 and 2022 was as follows:

	2023	2022
Funds Received	\$ 921,106	\$ 3,425,356
Interest and Dividends	397,861	319,248
Gain (Loss) on Investments	3,248,402	(3,715,480)
Disbursements to Beneficiaries	(1,081,618)	(601,488)
Administrative Fees	(126,188)	(118,158)
Transfers	(54,542)	-
Net Change	3,305,021	(690,522)
Beginning of Year	27,521,615	28,212,137
End of Year	\$ 30,826,636	\$ 27,521,615

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Notes to Combined Financial Statements

Note 8. Split-Interest Agreements

The portion of net assets related to the split-interest agreements that are classified as net assets with donor restrictions at December 31, 2023 and 2022 are as follows:

	2023	2022
Assets Held in Charitable Remainder Trusts	\$ 9,272,532	\$ 8,731,091
Beneficial Interests in Charitable Remainder Trusts and Lead Trusts	-	23,195
Total Assets	9,272,532	8,754,286
Liabilities Under Charitable Remainder Trusts	2,124,034	2,158,485
Total Liabilities	2,124,034	2,158,485
Net Assets with Donor Restrictions	\$ 7,148,498	\$ 6,595,801

Note 9. Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2023 and 2022 have the following donor restrictions on them:

	2023	2022
Restricted for Specified Purpose		
Program Funds	\$ 9,680,329	\$ 8,551,618
COVID-19 Relief	43,840	43,940
Hurricane Relief	929,235	1,886,857
Restricted to the Passage of Time		
Split-Interest Agreements	7,148,498	6,595,801
Total	\$ 17,801,902	\$ 17,078,216

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Notes to Combined Financial Statements

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, 2023 and 2022 as follows:

	2023	2022
Restrictions Accomplished:		
Program Funds Grants and Fees	\$ 12,219,886	\$ 7,406,270
COVID-19 Relief Grants and Fees	100	368,663
Hurricane Relief Grants and Fees	1,308,208	3,009,068
Split-Interest - Other	91,448	337
Total	\$ 13,619,642	\$ 10,784,338

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 2023 and 2022. Contributions were \$239,938 and \$286,260 for the years ended December 31, 2023 and 2022, respectively.

Note 12. Endowment Funds

As of December 31, 2023 and 2022, the Board of Directors had designated \$252,788,406 and \$226,251,131, 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 2023 and 2022 distributions is 4%. This percentage is evaluated each year and adjusted, as necessary.

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Notes to Combined Financial Statements

Note 12. Endowment Funds (Continued)

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, 2023 and 2022 were as follows:

	2023	2022
Endowment Net Assets, Beginning of Year	\$ 226,251,131	\$ 258,957,747
Net Investment Return (Loss)	27,653,370	(30,829,657)
Contributions	7,379,443	6,415,909
Amounts Appropriated for Expenditure	(9,988,158)	(9,409,723)
Other Transfers	1,492,620	1,116,855
Endowment Net Assets, End of Year	\$ 252,788,406	\$ 226,251,131

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. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

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 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.

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Notes to Combined Financial Statements

Note 13. Fair Value of Financial Instruments (Continued)

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

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date. Instruments 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.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs. Instruments classified as Level 2 include corporate and government bonds.

Level 3 - Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances. Instruments classified as Level 3 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. 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 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.

The Foundation uses NAV per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair value of certain hedge funds, private equity funds, pooled investment funds, and limited liability entities which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

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Notes to Combined Financial Statements

Note 13. Fair Value of Financial Instruments (Continued)

The valuation of the Foundation's assets measured at fair value on a recurring basis at December 31, 2023 and 2022 are as follows:

December 31, 2023	Level 1	Level 2	Level 3	Net Balance
Common Stocks	\$ 56,232,939	\$ -	\$ -	\$ 56,232,939
Equity Mutual Funds	123,087,980	-	-	123,087,980
Bond Mutual Funds	31,890,320	-	-	31,890,320
Corporate and Government Bonds	-	46,834,379	540,000	47,374,379
Money Market Funds	35,042,543	-	-	35,042,543
Unconditional Promises to Give, Net	-	-	2,158,225	2,158,225
Total Assets in the Fair Value Hierarchy	\$ 246,253,782	\$ 46,834,379	\$ 2,698,225	295,786,386
Assets Measured at Net Asset Value^(a)				174,269,670
Total				\$ 470,056,056
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	41,481,091	-	-	41,481,091
Unconditional Promises to Give, Net	-	-	4,048,835	4,048,835
Total Assets in the Fair Value Hierarchy	\$ 217,861,363	\$ 31,095,258	\$ 4,588,835	253,545,456
Assets Measured at Net Asset Value^(a)				159,925,390
Total				\$ 413,470,846

(a) In accordance with Subtopic 820-10, certain investments that were measured at 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.

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Notes to Combined Financial Statements

Note 13. Fair Value of Financial Instruments (Continued)

The Foundation's investments at December 31, 2023 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)	\$ 31,020,616	27	1 - 10 Years	\$ 20,797,752	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)	31,027,221	20	Open Ended	1,759,459	Full redemption with up to 90 day notice; 25% redeemed quarterly	N/A
Limited Liability Entities ^(c)	101,032,416	26	Open Ended	26,046,040	Current	N/A
Pooled Investment Fund ^(d)	11,189,417	1	Open Ended	1,470,900	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	<u>\$ 174,269,670</u>			<u>\$ 50,074,151</u>		

- (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.

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Notes to Combined Financial Statements

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 ^(e)	\$ 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 ^(f)	35,433,209	21	Open Ended	-	Full redemption with up to 90 day notice; 25% redeemed quarterly	N/A
Limited Liability Entities ^(g)	83,057,439	29	Open Ended	30,016,907	Current	N/A
Pooled Investment Fund ^(h)	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	<u>\$ 159,925,390</u>			<u>\$ 49,428,645</u>		

(e) 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.

(f) 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.

(g) 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.

(h) 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.

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Notes to Combined Financial Statements

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:

	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
December 31, 2023						
Unconditional Promises to Give, Net Corporate and Treasury Bonds	\$ 4,048,835 540,000	\$ 21,940 -	\$ (1,912,550) -	\$ - -	\$ - -	\$ 2,158,225 540,000
Total	\$ 4,588,835	\$ 21,940	\$ (1,912,550)	\$ -	\$ -	\$ 2,698,225
December 31, 2022						
Unconditional Promises to Give, Net Corporate and Treasury Bonds	\$ 3,499,819 574,899	\$ (81,165) (34,899)	\$ 630,181 -	\$ - -	\$ - -	\$ 4,048,835 540,000
Total	\$ 4,074,718	\$ (116,064)	\$ 630,181	\$ -	\$ -	\$ 4,588,835

Note 14. 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 15. 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 \$36,500,000 and \$38,500,000 for the years ended December 31, 2023 and 2022, 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.

For the year ended December 31, 2023, contributions from three donors totaled \$24,400,000, representing approximately 47% of contribution and grant revenue. For the year ended December 31, 2022, contributions from one donor totaled approximately \$5,000,000, representing approximately 14% of contribution and grant revenue.

Note 16. Subsequent Events

Management has evaluated subsequent events through the date that the combined financial statements were available to be issued, June 6, 2024 and determined that the following matter requires disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these combined financial statements.