BATON ROUGE AREA FOUNDATION
AND SUPPORTING ORGANIZATIONS
BATON ROUGE, LOUISIANA

DECEMBER 31, 2022 and 2021

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Independent Auditor's Report

To the Board of Directors
Baton Rouge Area Foundation
Baton Rouge, Louisiana

Opinion

We have audited the consolidated financial statements of the Baton Rouge Area Foundation (a nonprofit organization) and its subsidiaries and its supporting organizations, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the reports of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Baton Rouge Area Foundation and its subsidiaries and its supporting organizations as of December 31, 2022 and 2021, and the results of their changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of The Wilbur Marvin Foundation, The E.J. and Marjory B. Ourso Family Foundation, The Milford Wampold Support Foundation, The Credit Bureau of Baton Rouge Foundation, and The Community Foundation of Southwest Louisiana (five supporting organizations), whose statements reflect total assets of $336,050,120 and $342,450,533 as of December 31, 2022 and 2021, and total support and revenues of $18,870,323 and $50,554,177 for the years then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these supporting organizations, is based solely on the report of the other auditors.

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 Baton Rouge Area Foundation and its subsidiaries and its supporting organizations 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Baton Rouge Area Foundation and its subsidiaries and its supporting organizations' ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Baton Rouge Area Foundation and its subsidiaries and its supporting organizations' 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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Baton Rouge Area Foundation and its subsidiaries and its supporting organizations' 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.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
July 2, 2024

BATON ROUGE AREA FOUNDATION
AND SUPPORTING ORGANIZATIONS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	$ 38,755,327	$ 41,505,235
Restricted and escrowed cash	269,931	4,260
Accounts and other receivables	5,430,193	2,453,043
Notes receivable	89,130	293,567
Investments, at fair value	378,578,141	427,996,249
Real estate, net	253,373,160	249,582,945
Beneficial interest in estates, trusts and annuities	9,353,599	11,530,937
Property and equipment, net	2,203,125	2,450,584
Real estate held for sale	7,285,180	6,305,860
Other assets	7,012,118	3,461,739
Total assets	$ 702,349,904	$ 745,584,419
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$ 6,521,627	$ 5,233,982
Grants payable	3,271,402	2,210,114
Amounts held on behalf of others	112,037,495	128,809,220
Mortgages and notes payable	129,290,726	125,192,636
Other liabilities	11,774,104	13,669,150
Total liabilities	262,895,354	275,115,102
NET ASSETS		
Without donor restrictions:		
Undesignated	225,167,774	243,154,289
Designated by the Board	51,576,443	52,960,734
Total without donor restrictions	276,744,217	296,115,023
With donor restrictions:		
Perpetual in nature	88,521,111	90,055,807
Restricted for a specified purpose	49,645,472	65,946,503
Total with donor restrictions	138,166,583	156,002,310
Noncontrolling interest	24,543,750	18,351,984
Total net assets	439,454,550	470,469,317
Total liabilities and net assets	$ 702,349,904	$ 745,584,419

The accompanying notes are an integral part of this statement.

BATON ROUGE AREA FOUNDATION

AND SUPPORTING ORGANIZATIONS

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	$ 10,723,985	$ 21,640,718	$ 32,364,703
Program service fees	21,425	50,270	71,695
Real estate income	16,891,628	50,490	16,942,118
Gains (Losses) on disposal of assets	6,089,285	(182,211)	5,907,074
Change in value of beneficial interest in estates, trusts and annuities	(61,487)	428,003	366,516
Net investment income (loss)	(5,285,408)	(13,066,092)	(18,351,500)
In-kind contributions	40,000	54,430	94,430
PPP loan forgiveness	478,160	-	478,160
Other revenue	10,000	-	10,000
Gross special events revenue	-	870,912	870,912
Less cost of direct benefit to donors	-	(192,446)	(192,446)
Net special events revenue	-	678,466	678,466
Administrative assessment	58,490	-	58,490
Net assets released from restriction pursuant to endowment spending-rate distribution formula	8,733,833	(8,733,833)	-
Net assets released from restriction - other	18,755,968	(18,755,968)	-
Total revenue, support, and reclassifications	56,455,879	(17,835,727)	38,620,152
EXPENSES			
Program services expense			
Grants	34,082,103	-	34,082,103
Projects	3,449,227	-	3,449,227
Other	4,605,385	-	4,605,385
Total program expenses	42,136,715	-	42,136,715
Supporting services expense			
Real estate	17,757,566	-	17,757,566
Management and general	8,630,819	-	8,630,819
Fundraising	1,018,427	-	1,018,427
Total supporting services expenses	27,406,812	-	27,406,812
Total expenses	69,543,527	-	69,543,527

Continued . . .

	Without Donor Restrictions	With Donor Restrictions	Total
OTHER CHANGES			
Unrelated business income tax expense	765,449	-	765,449
	765,449	-	765,449
CHANGE IN NET ASSETS BEFORE NON-CONTROLLING INTEREST	(13,853,097)	(17,835,727)	(31,688,824)
Change in net assets attributable to noncontrolling interest	1,623,960	-	1,623,960
CHANGE IN NET ASSETS ATTRIBUTABLE TO BATON ROUGE AREA FOUNDATION AND SUPPORTING ORGANIZATIONS	$ (15,477,057)	$ (17,835,727)	$ (33,312,784)

The accompanying notes are an integral part of this statement.

BATON ROUGE AREA FOUNDATION

AND SUPPORTING ORGANIZATIONS

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	$ 35,538,193	$ 21,489,252	$ 57,027,445
Program service fees	16,000	27,431	43,431
Real estate income	14,202,389	51,270	14,253,659
Gains (Losses) on disposal of assets	8,947,859	-	8,947,859
Change in value of beneficial interest in estates, trusts and annuities	48,017	439,007	487,024
Net investment income	23,246,293	18,113,544	41,359,837
In-kind contributions	45,100	6,464	51,564
PPP loan forgiveness	1,069,623	-	1,069,623
Other forgiveness of debt	635,430	-	635,430
Other revenue	1,604,790	-	1,604,790
Gross special events revenue	-	302,666	302,666
Less cost of direct benefit to donors	-	(50,377)	(50,377)
Net special events revenue	-	252,289	252,289
Administrative assessment	51,773	-	51,773
Net assets released from restriction pursuant to endowment spending-rate distribution formula	4,287,434	(4,287,434)	-
Net assets released from restriction - other	21,353,329	(21,353,329)	-
Total revenue, support, and reclassifications	111,046,230	14,738,494	125,784,724
EXPENSES			
Program services expense			
Grants	33,688,413	-	33,688,413
Projects	3,157,492	-	3,157,492
Other	5,187,644	-	5,187,644
Total program expenses	42,033,549	-	42,033,549
Supporting services expense			
Real estate	15,042,035	-	15,042,035
Management and general	8,847,724	-	8,847,724
Fundraising	943,075	-	943,075
Total supporting services expenses	24,832,834	-	24,832,834
Total expenses	66,866,383	-	66,866,383

Continued . . .

	Without Donor Restrictions	With Donor Restrictions	Total
OTHER CHANGES			
Unrelated business income tax expense	494,998	-	494,998
Provision for litigation loss	1,200,000	-	1,200,000
	1,694,998	-	1,694,998
CHANGE IN NET ASSETS BEFORE NON-CONTROLLING INTEREST	42,484,849	14,738,494	57,223,343
Change in net assets attributable to noncontrolling interest	533,645	-	533,645
CHANGE IN NET ASSETS ATTRIBUTABLE TO BATON ROUGE AREA FOUNDATION AND SUPPORTING ORGANIZATIONS	$ 41,951,204	$ 14,738,494	$ 56,689,698

The accompanying notes are an integral part of this statement.

BATON ROUGE AREA FOUNDATION

AND SUPPORTING ORGANIZATIONS

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

For the Years ended December 31, 2022 and 2021

	Attributable to Baton Rouge Area Foundation and Supporting Organizations				
	Without Donor Restrictions	With Donor Restrictions	Total	Noncontrolling Interest	Total
Balance at December 31, 2020	$ 254,365,061	$ 141,263,816	$ 395,628,877	$ 27,088,214	$ 422,717,091
Redemption of membership interest	1,898,559	-	1,898,559	(1,898,559)	-
Sale of controlling interest	(2,099,801)	-	(2,099,801)	-	(2,099,801)
Contributions	-	-	-	4,170,056	4,170,056
Redemption of stock	-	-	-	(1,000)	(1,000)
Distributions	-	-	-	(11,540,372)	(11,540,372)
Change in net assets	41,951,204	14,738,494	56,689,698	533,645	57,223,343
Balance at December 31, 2021	296,115,023	156,002,310	452,117,333	18,351,984	470,469,317
Transfer of non-controlling interest	(3,893,749)	-	(3,893,749)	4,855,095	961,346
Contributions	-	-	-	3,390,000	3,390,000
Redemption of stock	-	-	-	(1,000)	(1,000)
Distributions	-	-	-	(3,676,289)	(3,676,289)
Change in net assets	(15,477,057)	(17,835,727)	(33,312,784)	1,623,960	(31,688,824)
Balance at December 31, 2022	$ 276,744,217	$ 138,166,583	$ 414,910,800	$ 24,543,750	$ 439,454,550

The accompanying notes are an integral part of this statement.

BATON ROUGE AREA FOUNDATION

AND SUPPORTING ORGANIZATIONS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year ended December 31, 2022

	Program Services				Supporting Services				
	Grants	Projects	Other	Total	Real Estate	Management and General	Fundraising	Total	Total
Grants and other assistance	$34,082,103	$ -	$ -	$34,082,103	$ -	$ -	$ -	$ -	$34,082,103
Salaries and wages, employee benefits, and payroll taxes	-	15,397	1,731,041	1,746,438	94,438	6,584,595	553,121	7,232,154	8,978,592
Professional services	-	2,959,406	710,086	3,669,492	896,873	597,359	102,800	1,597,032	5,266,524
Office expenses	-	59,217	133,777	192,994	825,361	255,123	28,703	1,109,187	1,302,181
Insurance	-	294	152,634	152,928	1,267,608	183,898	12,264	1,463,770	1,616,698
Information technology	-	5,926	65,400	71,326	-	156,109	21,071	177,180	248,506
Printing	-	20,822	15,384	36,206	-	16,926	97,172	114,098	150,304
Rent	-	32,917	76,088	109,005	757,107	265,907	72,996	1,096,010	1,205,015
Travel and meetings	-	94,091	132,601	226,692	3,690	276,131	21,408	301,229	527,921
Depreciation and amortization	-	-	984,650	984,650	5,047,607	179,344	22,258	5,249,209	6,233,859
Common area maintenance	-	-	546,637	546,637	2,640,169	72,591		2,712,760	3,259,397
Interest	-	-	-	-	4,796,594	-	-	4,796,594	4,796,594
Other property expenses	-	72,704	47,840	120,544	1,428,119	34,836	-	1,462,955	1,583,499
Other project expenses	-	188,453	9,247	197,700	-	8,000	1,079	9,079	206,779
Direct fundraising expenses	-	-	-	-	-	-	278,001	278,001	278,001
Total expenses by function	34,082,103	3,449,227	4,605,385	42,136,715	17,757,566	8,630,819	1,210,873	27,599,258	69,735,973
Less expenses included with revenues on the statement of activities									
Cost of direct benefit to donors	-	-	-	-	-	-	192,446	192,446	192,446
Total expenses included in the expense section of the statement of activities	$34,082,103	$3,449,227	$4,605,385	$42,136,715	$17,757,566	$ 8,630,819	$ 1,018,427	$27,406,812	$69,543,527

The accompanying notes are an integral part of this statement.

BATON ROUGE AREA FOUNDATION

AND SUPPORTING ORGANIZATIONS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year ended December 31, 2021

	Program Services				Supporting Services				
	Grants	Projects	Other	Total	Real Estate	Management and General	Fundraising	Total	Total
Grants and other assistance	$33,688,413	$ -	$ -	$33,688,413	$ -	$ -	$ -	$ -	$33,688,413
Salaries and wages, employee benefits, and payroll taxes	-	31,152	2,099,150	2,130,302	87,976	7,059,896	543,058	7,690,930	9,821,232
Professional services	-	2,305,945	759,843	3,065,788	706,345	645,868	91,330	1,443,543	4,509,331
Office expenses	-	24,829	98,627	123,456	167,715	240,016	21,944	429,675	553,131
Insurance	-	133	159,256	159,389	816,910	71,265	9,675	897,850	1,057,239
Information technology	-	2,271	46,356	48,627	-	127,421	21,649	149,070	197,697
Printing	-	10,767	18,797	29,564	-	15,574	118,474	134,048	163,612
Rent	-	27,075	358,474	385,549	495,485	273,565	24,583	793,633	1,179,182
Travel and meetings	-	36,782	82,500	119,282	9,189	173,617	16,359	199,165	318,447
Depreciation and amortization	-	-	980,891	980,891	4,761,133	149,267	20,808	4,931,208	5,912,099
Common area maintenance	-	-	489,746	489,746	2,867,462	63,148	-	2,930,610	3,420,356
Advertising	-	151,072	-	151,072	-	-	-	-	151,072
Interest	-	-	-	-	3,738,385	-	-	3,738,385	3,738,385
Other property expenses	-	-	46,498	46,498	1,391,435	23,638	-	1,415,073	1,461,571
Other project expenses	-	567,466	47,506	614,972	-	4,449	-	4,449	619,421
Direct fundraising expenses	-	-	-	-	-	-	125,572	125,572	125,572
Total expenses by function	33,688,413	3,157,492	5,187,644	42,033,549	15,042,035	8,847,724	993,452	24,883,211	66,916,760
Less expenses included with revenues on the statement of activities									
Cost of direct benefit to donors	-	-	-	-	-	-	50,377	50,377	50,377
Total expenses included in the expense section of the statement of activities	$33,688,413	$3,157,492	$5,187,644	$42,033,549	$15,042,035	$ 8,847,724	$ 943,075	$24,832,834	$66,866,383

The accompanying notes are an integral part of this statement.

BATON ROUGE AREA FOUNDATION

AND SUPPORTING ORGANIZATIONS

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (31,688,824)	$ 57,223,343
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation, depletion and amortization	6,283,309	6,050,766
Net loss (gain) on investments	42,672,864	(55,042,810)
Net loss (gain) on disposal of property, plant and equipment	(5,904,137)	(8,946,979)
Net loss (gain) on beneficial interest in perpetual trust	662,467	(312,003)
Non-cash contributions	(2,679,888)	(21,366,637)
Non-cash grants	222,372	9,652
Unrealized loss (gain) on interest rate contracts	(2,637,702)	(1,371,680)
Equity in loss of affiliate	595,317	574,461
Recognition of prepaid right-of-use agreement	37,858	-
Change in lease liabilities	(18,258)	-
PPP loan forgiveness	(478,160)	(1,069,623)
Forgiveness of other debt	-	(635,430)
Provision for litigation loss	-	1,200,000
Changes in assets and liabilities:		
(Increase) decrease in accounts and other receivables	(357,129)	128,934
(Increase) decrease in other assets	(1,383,801)	(696,452)
Increase (decrease) in accounts payable and accrued liabilities	(1,350,769)	(1,499,853)
Increase (decrease) in grants payable	870,842	(456,651)
Increase (decrease) in amounts held on behalf of others	(16,771,725)	24,649,325
Increase (decrease) in other liabilites	(740,700)	3,239,272
(Increase) decrease in receivables from estates, trusts and annuities	102,959	(703,152)
Other increases in long-term investments:		
Cash contributions to endowments	(1,920,773)	(402,087)
Interest and dividends restricted for reinvestment in endowments	(8,470)	(12,796)
Net cash provided by (used in) operating activities	(14,492,348)	559,600
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(219,024)	(27,265)
Purchase of real estate	(16,579,521)	(5,677,519)

Continued . . .

	2022	2021
Proceeds from sale of property and equipment	$ 12,344,500	$ 16,127,023
Proceeds from sale of real estate	1,635,632	-
Proceeds from sale of stock and withdrawal of partnership interest	166,491	113,111
Proceeds from life insurance	87,000	-
Capital contribution to equity partnership interest	-	(3,150)
Net sales (purchases) of investments	7,543,852	(3,155,032)
New loans provided	-	(147,766)
Loan repayments received	216,137	-
Distributions from trusts, estates, and equity investments	1,473,210	35,548
Net purchases of investments by perpetual trusts	(61,298)	(65,505)
Distribution of LLC interest	15,071	821,655
Net cash provided by (used in) investing activities	6,622,050	8,021,100
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash contributions to endowments	$ 1,920,773	$ 402,087
Interest and dividends restricted for reinvestment in endowments	8,470	12,796
New borrowings	24,540,645	11,085,997
Principal payments on borrowings	(20,859,356)	(3,585,555)
Proceeds from notes payable - other	-	478,160
Payments on notes payable - other	(683,989)	(463,658)
Proceeds from Payroll Protection Program loan	-	68,730
Increase in due from owners	51,994	35,999
Contributions from noncontrolling interests	3,390,000	1,625,755
Redemption of non-controlling interest	(1,000)	(1,000)
Transfers to non-controlling interest	961,346	-
Distributions to minority interest owners	(3,676,289)	(11,540,372)
Deferred financing costs	(266,533)	(242,181)
Net cash provided by (used in) financing activities	5,386,061	(2,123,242)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,484,237)	6,457,458
Cash and cash equivalents - beginning of year	41,509,495	35,052,037
Cash and cash equivalents - end of year	$ 39,025,258	$ 41,509,495

Continued . . .

	2022	2021
Cash and cash equivalents	$ 38,755,327	$ 41,505,235
Restricted and escrowed cash	269,931	4,260
	$ 39,025,258	$ 41,509,495

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash payments for interest	$ 4,071,364	$ 5,044,643
Cash payments for income taxes, net of refunds	$ 641,966	$ 2,198
Paydown of mortgages payable and notes payable through disposal of real estate investments	$ 6,913,089	$ 14,861,662
Recognition of right-to-use assets for operating leases	$ 353,432	$ -
Operating lease liabilities arising from obtaining right-to-use assets	$ (353,432)	$ -
Reduction on note payable through trade-in of vehicles	$ -	$ 149,230
Acquisition of real estate investments through notes payable	$ 8,504,750	$ 3,336,437
Purchase of property and equipment financed by notes payable	$ 75,570	$ 155,634
Reduction of mortgages payable through increase in notes payable	$ -	$ 1,200,000
Exchange of controlling interest for interest in a partnership	$ -	$ 2,099,801

The accompanying notes are an integral part of this statement.

Note 1 – Summary of Significant Accounting Policies and Nature of Operations

Nature of activities
The Baton Rouge Area Foundation (BRAF) is a not-for-profit organization committed to serving the general charitable, educational, and scientific needs of the greater Baton Rouge area through charitable grants made and other Foundation projects carried out at the discretion of the Board of Directors.

Basis of presentation
The financial statements have been prepared on the accrual basis of accounting.

BRAF is required to report information regarding its financial position and activities according to the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without donor restrictions: Net assets available to use in general operations and not subject to donor restrictions.

With donor restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Principles of consolidation
The consolidated financial statements include the accounts of BRAF and its wholly-owned subsidiaries, LaSalle – Galvez, L.L.C.; Douglas Manship, Sr. Theater Complex, L.L.C.; Alvin & Louise Albritton Memorial Fund, L.L.C.; Albritton Memorial Fund II, L.L.C.; Gray Fox Mineral Corporation; BRAF Cornwallis, LLC; BRAF Hunt, LLC; BRAF LeBlanc, LLC; Storehouse 28, LLC; 725 Main, LLC; BRAF Reeves, LLC; and BRAF Stevens, LLC. All material interorganization transactions have been eliminated.

Accounting principles generally accepted in the United States of America require consolidation of all entities that an organization has both control over and an economic interest in. BRAF effectively controls various affiliated organizations' board of directors and distributions made by these supporting organizations. Transactions and balances between the organizations have been eliminated in consolidation.

Note 1 – Summary of Significant Accounting Policies and Nature of Operations (Continued)

As a result, the financial statements also include the consolidated accounts of BRAF's supporting organizations:

- The Wilbur Marvin Foundation (TWMF) was organized on October 22, 1992, and it includes the operations of its wholly owned and majority-owned subsidiaries. When TWMF does not have a controlling interest in an entity, but exerts significant influence over the entity, TWMF applies the equity method of accounting.

- Helen S. Barnes Trust was organized in 1990 as a private non-operating foundation and is administered by a national bank with offices in Chicago, Illinois.

- The E. J. and Marjory B. Ourso Family Foundation (TOFF) was organized on August 16, 1995 and recognized as the sole legatee of the succession of Mr. E. J. Ourso and put in possession of his estate. Under the terms of Mr. Ourso's will, his estate became a donor-imposed restricted endowment fund for the benefit of twelve named religious and/or charitable organizations. Seventy-five percent (75%) of the income from the endowment is required to be distributed to these beneficiaries and the remaining twenty-five percent (25%) to be added back to the donor-imposed restricted endowment. TOFF's office is located in Donaldsonville, Louisiana.

- The Milford Wampold Support Foundation was organized on December 22, 1997 and its office is located in Baton Rouge, Louisiana.

- The Newton B. Thomas Support Foundation was formed in 2002 to assist BRAF in its mission to support people in Baton Rouge and the surrounding areas and is located in Baton Rouge, Louisiana.

- The Gulf Coast Restoration and Protection Foundation (GCRPF) provides temporary relief to victims of disasters, both natural and man-made, along the Gulf Coast who suffer financial or economic hardship as a result of such disasters.

- The Credit Bureau of Baton Rouge Foundation (CBBRF) was established on January 9, 2004 to support, fund and participate in programs designed to educate the public about the consumer credit system, the prudent use of consumer credit and how the public should manage the individual finances. CBBRF's office is located in Baton Rouge, Louisiana.

- Northshore Community Foundation (NCF) was organized on January 11, 2007 to operate in the Louisiana parishes of St. Helena, St. Tammany, Tangipahoa, and Washington (the Northshore Community). NCF's office is located in Covington, Louisiana.

- Community Foundation of Southwest Louisiana (CFSWL) was organized on June 1, 2001 and as amended on April 30, 2008 operates in the Louisiana parishes of Calcasieu, Beauregard, Allen, Cameron, and Jefferson Davis (Southwest Louisiana). CFSWL's office is located in Lake Charles, Louisiana.

Note 1 – Summary of Significant Accounting Policies and Nature of Operations (Continued)

- The John W. Barton Family Foundation was organized in 2000 to advance charitable activities through a grant-making program and is located in Baton Rouge, Louisiana.
- Community Foundation Realty, Inc. (CFR) was organized on February 7, 2006 specifically to acquire, develop, manage, and dispose of real estate assets donated or otherwise acquired by CFR.
- Employee Assistance Foundation was organized on April 18, 2011 to provide disaster relief and emergency assistance programs to organizations for the benefit of their employees and eligible dependents.

<u>Revenue recognition</u>
BRAF utilizes the accrual basis of accounting for recognizing revenue from rental income, special events, and program service fees whereby income is recognized when earned. Revenue from program service fees and special events is recognized at a point in time when the goods or services are provided by BRAF or the event is held. Rental income is recognized over time in the period in which the service is provided. Any payments received in advance from these sources or revenues are deferred and recognized in the period when the underlying performance obligation is satisfied.

<u>Real estate operations revenue recognition</u>
In 2020, TWMF adopted Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and all subsequent ASUs that modified Topic 606. Topic 606 implements a common revenue standard that clarifies the principles for recognizing revenue. The standard states that an entity should recognize revenue to depict the transfer of control for promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. To attain the standard, an entity is required to identify the contract(s) with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when (or as) the entity satisfies a performance obligation. Topic 606 further requires that companies disclose sufficient information to enable users to financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard does not affect revenue streams that are addressed by other standards such as leases under Topic 842 or sales of real estate (that do not meet the definition of a business) to noncustomers under ASC 610-20, *Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets*. However, TWMF has identified certain other revenue streams related to tenant charges, conference center income, daily parking revenue, and land development income which are within the scope of Topic 606. The revenue streams and applicable policies are discussed below.

Real estate income is mainly derived from the leasing of both commercial and residential properties and is accounted for on an accrual basis in accordance with Topic 842, *Lease Accounting*. Lease agreements may include escalation provisions, and as such, rental income is recognized on a straight-line basis with an offset to straight-line rent receivables. Percentage rental revenue is included in rental income and is recognized based upon tenant sales that exceed specific levels or breakpoints.

Tenant recoveries include reimbursements from tenants for common area maintenance (CAM), insurance premiums, property taxes, and other expenses. Under Topic 842, certain tenant recoveries are identified as non-lease components and accounted for separately under other accounting principles generally accepted in the United States of America (U.S. GAAP) except for when a practical expedient, applicable by class of underlying asset, which allows lessors to not separate non-lease components from the associated lease components is adopted. TWMF has adopted the practical expedient and considers commercial space, residential space, and land as classes of underlying assets, assets that are the subject of the lease.

Reimbursements associated with insurance and taxes are considered a lease component as they directly relate to the underlying assets and do not transfer a good or service separate from the underlying asset. Reimbursements associated with maintenance and other goods or services transferred to the lessee (i.e., utilities, trash removal, etc.) are considered a non-lease component. However, TWMF has elected to apply the practical expedient, the non-lease components will not be separated from the associated lease components. TWMF recognizes revenue for tenant recoveries in accordance with ASC 842, *Lease Accounting.*

TWMF evaluates real estate properties in accordance with its operating strategy. Such evaluation may result in the purchase and/or sale of real estate to customers and noncustomers. TWMF, in the ordinary course of business, may generate revenue from the sale of developed land parcels to customers. These fees are considered a single performance obligation and are recognized at the point in time. Fees generated from the sale of real estate to noncustomers, outside the ordinary course of business, are recognized in accordance with ASC 610-20, *Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets.* When real estate is sold, the entire capitalized cost of the real estate as well as any associated accumulated depreciation is removed from TWMF's books. The difference between the consideration received and the net book value removed is recognized as a gain or loss in the consolidated statement of activities.

Tenant charges include non-refundable move-in and pet deposit fees, damage assessments, application fees, late fees and insufficient funds and related notice fees. These activities associated with these types of fees do not transfer a good or service to the customer; therefore, they do not give rise to a performance obligation. Fees are charged when the event occurs, and revenue is recognized at a point in time.

Conference center revenue is generated by providing services such as meeting rooms, audio/visual equipment and/or catering to customers. These fees along with associated deposits are considered a single performance obligation as TWMF is providing a service of distinct services that are substantially the same and have the same patterns of transfer. Consideration, including deposits, is variable and fully constrained as the nonoccurrence of a future event.

Note 1 – Summary of Significant Accounting Policies and Nature of Operations (Continued)

Deposits are deferred until the performance obligation is met. Revenue is recognized at a point in time when the immediate consumption of the services is provided.

TWMF owns a parking garage from which monthly and daily receipts are generated. Monthly parking revenue is derived from the leasing of reserved parking spaces that are billed monthly. As monthly parking spaces are leased, the revenue is recognized in accordance with ASC 842, *Lease Accounting.* Daily parking revenue is derived from customers parking their vehicles on a short-term basis. Parking spaces are not reserved for daily parking patrons. Customers enter the garage, take a ticket, park, and pay upon exit. As such, this transaction is considered a single performance obligation and recognized at a point in time.

TWMF periodically receives revenue in the form of grants or contributions to further the development of property. Grants and contributions are provided in both monetary and non-monetary forms and are accounted for under ASC 685-605, *Not-for-Profit Entities, Revenue Recognition.* When non-monetary grants and contributions are received, they are recorded at fair value at the time they are provided. Grant funds received are typically reimbursable grants and are not required to be restricted for any purpose.

There are no significant judgements relating to the amount and timing of revenue recognition for revenue streams within the scope of Topic 606. Due to the nature of the service provided, TWMF does not incur costs to obtain contracts other than for real estate sales to customers. As these costs (typically sales commissions) are associated with the sale of real estate, which is recognized at a point in time, the incremental costs do not qualify for capitalization under Topic 606. Additionally, there are no material contract assets or receivables as TWMF does not typically enter into long-term revenue contracts with its customers.

Contributions

BRAF recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value for the amounts expected to be collected. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. All contributions are considered available without donor restrictions unless specifically restricted by the donor.

Endowment contributions are restricted by the donor. Investment earnings available for distribution are reclassified to net assets without donor restrictions or net assets with donor restrictions as specified by the donor.

Use of estimates

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 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, and such differences maybe material.

A material estimate that is particularly susceptible to significant change relates to the determination of the fair value for investments. Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in risks in the near term would materially affect account balances and the amounts reported in the accompanying financial statements.

Other significant estimates include adjustments for discounted present values of long-term contributions and other receivables as well as grants payable.

While management uses available information to determine the market values and the present value discounts, future adjustments may be required. It is reasonably possible that the market values and present value discounts may change materially in the near term.

Gifts of marketable securities and other items

Gifts of marketable securities and other noncash donations are recorded as contributions at their fair values at the date of the donation.

Donated services

No amounts have been reflected in the financial statements for donated services. BRAF generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist BRAF in the performance of its projects and various committee activities.

Cash and cash equivalents

Generally, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents for the purposes of the statement of cash flows.

Assets held and liabilities under split-interest agreements

BRAF acts as trustee for an irrevocable trust. BRAF received unrestricted title to contributed assets and agreed to make recurring payments over a stipulated period to the beneficiary. Contributed assets are recorded at fair value on the date of receipt. The related liability for future payments to be made to the specified beneficiary is recorded at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the liability. The excess of contributed assets over the annuity liability is recorded as a contribution without donor restrictions. In subsequent years, the liability for future annuity payments is reduced by payments made to the specified beneficiary and is adjusted to reflect amortization of the discount and changes in actuarial assumptions at the end of the year. Upon termination of the annuity contract, the remaining liability is removed and recognized as income.

Note 1 – Summary of Significant Accounting Policies and Nature of Operations (Continued)

The fair value of the split-interest agreement assets at December 31, 2022 and 2021 was $2,461,215 and $3,071,048, respectively and is included in cash and cash equivalents ($124,479 and $89,903, respectively) and in investments ($2,336,736 and $2,981,145, respectively) in the consolidated statements of financial position. The present value of the liability included in other liabilities on the consolidated statements of financial position at December 31, 2022 and 2021 is $1,965,859 and $2,495,012, respectively.

Beneficial interest in charitable trusts held by others

BRAF has been named as an irrevocable beneficiary of several charitable trusts held and administered by independent trustees. These trusts were created independently by donors and are administered by outside agents designated by the donors. Therefore, BRAF has neither possession nor control over the assets of the trusts. At the date BRAF receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the statements of activities, and a beneficial interest in charitable trusts held by others is recorded in the statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trusts are reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities.

Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions with donor-imposed restrictions that are perpetual in nature are transferred to an endowment fund and net assets with donor-restrictions are not released.

Beneficial interests in perpetual trusts

BRAF has been named as an irrevocable beneficiary of a perpetual trust held and administered by an independent trustee. Perpetual trusts provide for the distribution of net income of the trusts to the beneficiary; however, the beneficiary will never receive the assets of the trusts. At the date BRAF receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the statement of activities, and a beneficial interest in perpetual trust is recorded in the statements of financial position at fair value of the underlying trust assets. Thereafter, beneficial interests in the trust are reported at the fair value of the trust's assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities.

Accounts receivable

Accounts receivable generally represent amounts due from tenants for monthly rent and billings for reimbursement of common area costs. Accounts receivable are recorded at the invoiced amount and do not bear interest. Management evaluates whether it is necessary to record an allowance for doubtful accounts for estimated losses inherent in the accounts receivable portfolio. In evaluating the required allowance, management considers historical losses adjusted to consider current market conditions and lessee's financial condition, the amounts of receivables in dispute, and the current receivables aging and current payment patterns. Based on its evaluation, management determined that no allowance for doubtful accounts was necessary as of December 31, 2022 and 2021.

In other cases, uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. Use of this method in these cases does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America.

Property and equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair value on the date of donation. Depreciation is recorded using the straight-line method over the estimated useful life of the asset. The basis of property and equipment sold or otherwise disposed of, and the accumulated depreciation thereon is eliminated, and any gain or loss is reported in operations.

The estimated useful lives for office furniture and equipment range from three to ten years, and forty years for buildings and improvements.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Real estate

Real estate properties acquired are recorded at cost. Depreciation on buildings and improvements is calculated on the straight-line method over the estimated useful lives of the assets. Repair and maintenance costs are expensed as incurred.

Real estate developments in process are carried at cost in construction in progress, which includes land acquisition cost, architectural fees, general contractor fees, capitalized interest, internal costs related directly to the development, and other costs related directly to the construction of the property. Depreciation is not recorded until the property is placed in service, which occurs shortly after receipt of a certificate of occupancy.

Interest on borrowings used to finance the cost of major capital projects during the active construction period is capitalized. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the assets.

Real estate held for sale

Real estate properties that are currently being held for sale are held at the lower of the property's cost or its expected net realizable value.

Note 1 – Summary of Significant Accounting Policies and Nature of Operations (Continued)

Impairment of real estate

Long-lived assets, such as land and buildings and improvements in real estate properties, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group to be tested for possible impairment, the undiscounted cash flows expected to be generated by those assets or asset group are compared to the carrying values. Various assumptions are used when determining the expected undiscounted cash flow including expected future lease rates, lease terms, end of economic life, value of the property, periods in which the asset may be held in preparation for lease extensions or new leases, maintenance costs, remarketing costs, the remaining economic life of the property, and estimate proceeds from future property sales. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary.

Tenant improvements

The accounting for tenant improvements is dictated by who is determined to own the improvements. When TWMF is the owner of the tenant improvements, the cost to construct the tenant improvements is recorded as tenant improvements in real estate investments and depreciated over the shorter of the asset's useful life or the lease term. To the extent TWMF funded all or a portion of an improvement that is owned by the tenant, TWMF treats the cost as a lease incentive and amortizes the costs as a reduction to rental revenue on a straight-line basis over the term of the lease.

Lease incentives include cash payments to or on behalf of tenants or the buy-out of a prospective tenant's existing lease obligation with a third party and are amortized as a reduction to rental revenue on a straight-line basis over the term of the lease.

Capitalized leasing costs

Costs, such as commissions paid to brokers, incurred in connection with the execution of leases are capitalized. The costs are amortized over the term of the respective lease. Unamortized costs are charged to expense upon termination of the lease prior to the expiration of the lease.

Deferred financing costs

Debt issuance costs related to mortgages payable are deferred and amortized over the term of the respective mortgages payable to interest expense. Deferred financing costs associated with term debt are netted against the corresponding liability on the consolidated statements of financial position. Deferred financing costs associated with lines of credit are reported as an asset on the consolidated statements of financial position.

Investments
Investments are recorded at cost, or if donated, at the fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

The majority of BRAF's investment portfolio is currently managed by two investment advisors that are authorized to allocate the portion of the investment portfolio under their control within policy guidelines between equity, fixed income and cash, and alternative assets. These advisors select the various investment managers needed to accomplish the investment objectives that provide funding for current grant commitments, as well as providing income to fund future grant requests and meet the operating needs of the Foundation. Investments held in the managed portfolio are stated at fair value. Other investments held outside of the managed portfolio are valued based on various methods depending on the type of investments. See Note 9 for further details of the determination of investment fair value. Increases and decreases in market value are recognized in the period in which they occur.

Additionally, BRAF received a property distribution from an estate in previous years that included various tracts of unimproved properties and their mineral rights. BRAF accounts for these properties at lower of cost or fair value.

Through a wholly owned subsidiary, BRAF has a 50% ownership interest in the Shaw Center for the Arts, L.L.C., which is accounted for using the equity method.

Realized gains or losses are computed based on the cost of purchased securities or the estimated fair value of donated securities at the date of receipt using the first-in, first-out method. Unrealized gains or losses represent the difference between the beginning-of-the-year value, or the fair value recorded on the date of purchase or donation and the end-of-the-year value.

Grants
Grants are recorded as expenses at the time the recipient has met all the necessary qualifying conditions and has gained approval of the Board of Directors. Grants payable in future periods that do not require subsequent review and approval for continuance of payment are recorded as expenses and grants payable in the period the grant is approved.

Deferred compensation plans
Deferred compensation plans have been established for the president and CEO as well as the executive vice-president, the chief financial officer, and the general counsel of BRAF. Under the plans, the president and CEO will earn from 10% to 25% of gross salary per year. The applied percentage depends upon the fair market value of BRAF's net assets. The executive vice-president, the chief financial officer, and the general counsel will earn 20% of gross salary per year. Plan assets are held in the name of the Foundation. The benefit, which is the balance accumulated in the plan account, is payable in ten annual installments with an option for a

lump sum payment upon the employee's termination/retirement after a certain age or by reason of disability or death. The employee becomes vested in the plan at that same certain age. The age specified for distribution and vesting in the plan for the president and CEO as well as the executive vice-president is 70. The age specified for distribution and vesting in the plans for the chief financial officer and the general counsel is 60. If the employee is still employed at the Foundation once he/she reaches the specified age, the balance of the fund is distributed to the employee as a taxable transaction.

TWMF had a non-qualified deferred compensation arrangement for certain key employees selected by the Board of Directors. The plan allowed participants to elect to defer a maximum of 100% of the regular compensation, as defined by the plan, to be held in a trust account. The amounts deferred under this plan were credited with earnings or losses based upon changes in values of investments to which the participant elected to allocate their contributions. The participant was at all times 100% vested in their deferred contributions plus any appreciation or depreciation attributable to those deferred contributions. Upon termination of the participant's employment, the benefit amount is distributed to the participant in either one lump sum payment or a number of consecutive annual installments, as selected by the participant. The deferred compensation agreement was terminated in October 2020. The remaining liability was paid out in 2022.

<u>Other employee benefit plan</u>
BRAF also provides group health and term life insurance coverage for all employees.

<u>Functional expenses</u>
The costs of providing the various programs and administrative activities have been summarized on a functional basis in the consolidated statements of functional expenses. Functional expenses are allocated between program, fundraising, and general and administrative on the following bases: (1) personnel expenses are allocated based upon each employee's time spent on each function through an analysis of time studies conducted throughout the year and (2) other costs that cannot be attributed directly to a particular function or activity are also allocated based on employee time.

Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of BRAF and its supporting organizations. Estimated allocations are determined by management on an equitable basis.

<u>Advertising</u>
BRAF and its supporting organizations expense advertising cost as incurred.

<u>Income taxes</u>
Baton Rouge Area Foundation and its supporting organizations are not-for-profit organizations that have qualified as public charities under sections 501(c)(3) and 170(b)(1)(A)(vi) of the

Note 1 – Summary of Significant Accounting Policies and Nature of Operations (Continued)

Internal Revenue Code and are exempt from federal income taxes except for taxes on unrelated business income.

Income unrelated to exempt purpose is subject to state and federal income taxes. Ordinary income from partnerships and S corporations is deemed to be an unrelated business activity for a non-profit organization by the Internal Revenue Code and is subject to taxation.

During 2022 and 2021, BRAF and its supporting organization's partnership and S corporation holdings generated taxable income and a provision for income tax has been recorded.

BRAF and its supporting organizations file income taxes in the U. S. federal and state jurisdictions. With few exceptions, BRAF and its supporting organizations are no longer subject to federal income tax examinations by taxing authorities for years before 2019. Any interest and penalties assessed by income taxing authorities are not significant and are included in unrelated business income tax expenses in the financial statements.

TWMF has three subsidiaries subject to income taxes: Commercial Properties Management Corporation, Capitol House Hotel, LLC, and Bon Carre' Management Corporation. These subsidiaries account for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards.

Commercial Properties Realty Trust (CPRT), a subsidiary of TWMF, is taxed for federal income taxes as a real estate investment trust (REIT). As a REIT, CPRT is generally not subject to federal income taxes on income and gains distributed to CPRT's shareholders. In 2022 and 2021, no provision was required for federal income taxes on CPRT. Since not all states follow the federal REIT rules, TWMF provides for required state income taxes on CPRT and its subsidiaries.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The effect of income tax positions is recognized only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

BRAF and its supporting organizations evaluate all significant tax positions as required by accounting principles generally accepted in the United States of America. As of December 31, 2022 and 2021, BRAF and its supporting organizations do not believe that they have taken any position that would require the recording of any additional tax liability, nor do they believe that there are any unrecognized tax benefits that would either increase or decrease within the next year.

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

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is reviewed for impairment at least annually in accordance with the provisions of FASB ASC Topic 350, *Intangibles – Goodwill and Other*.

Management performs its annual impairment review of goodwill on both an annual basis at year end, and in the event that a triggering event occurs in the period between the annual impairment tests. There was no impairment of goodwill for the years ended December 31, 2022 and 2021.

Noncontrolling interest

The consolidated financial statements include all assets, liabilities, revenues, and expenses of entities that are controlled by BRAF and its supporting organizations and are therefore consolidated. Noncontrolling interests in the consolidated statement of financial position represent the portion of net assets owned by entities outside of BRAF and its supporting organizations, for those entities in which BRAF and its supporting organization's ownership is less than 100%.

Adoption of new accounting standards

On January 1, 2022, BRAF and its supporting organizations adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842) and all subsequent ASUs that modified Topic 842. Topic 842 establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the consolidated statements of financial position for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statements of activities. Key information about leasing arrangements is also required to be disclosed under the new accounting standard. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. The practical expedient available under ASU 2018-11, *Leases: Targeted Improvements,* was elected which allows the application of transition provisions for Topic 842 as of the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets.

Comparative information continues to be presented under the guidance of the previous standard, ASC 840. BRAF and its supporting organizations have elected the 'package of practical expedients' which approves no reassessment of the prior conclusions about lease identification, lease classification, and initial direct costs under the new standard.

Note 1 – Summary of Significant Accounting Policies and Nature of Operations (Continued)

BRAF and its supporting organizations have also elected the practical expedient to not separate lease and non-lease components for leases of residential and commercial real estate. The short-term lease recognition exemption has been applied for all leases that qualify. This means, for those leases that qualify, the ROU assets and lease liabilities will not be recognized, including not recognized ROU assets or lease liabilities for existing short-term leases of those assets in transition. See Note 19 for further discussion.

During the year ended December 31, 2022, BRAF and its supporting organizations adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The new guidance requires nonprofit entities to present and disclose material contributed nonfinancial assets. The adoption of this standard did not have a material impact on the consolidated financial statements.

Reclassifications

Certain amounts in the prior year consolidated financial statements may have been reclassified to be comparable with the current year presentation and had no effect on changes to net assets as previously reported.

Note 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of December 31, 2022 and 2021:

	2022	2021
Cash and cash equivalents	$ 38,755,327	$ 41,505,235
Accounts and other receivables	5,430,193	2,453,043
Portion of BRAF investment pool held in money-market accounts and available for liquidity	22,886,109	16,034,226
	$ 67,071,629	$ 59,992,504

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

BRAF's board-designated endowments as of December 31, 2022 and 2021 of $51,576,443 and $52,960,734, respectively, are subject to the annual spending rate of 5 percent as described in Note 3. Although BRAF does not intend to spend from these board-designated endowments (other than amounts released for expenditures under the spending policy described in Note 3), these amounts could be made available if necessary.

Note 2 – Liquidity and Availability (Continued)

As part of the liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market funds. BRAF and its supporting organizations goal is to maintain liquid financial assets to meet obligations as they become due.

Note 3 – Spending Policy

BRAF and its supporting organizations use the total return concept to determine the amount of grantmaking dollars available each year. Under the total return concept amounts available for distribution are determined based upon total investment return, which consists of investment income and realized and unrealized gains and losses. Under this policy, distributions made during the year are not dependent on the availability of cash investment earnings. In December of each year, the Board of Directors of BRAF establishes the amount of dollars available for grants for the following year stated as a percentage of the fair value of the individual endowment funds as of the end of each calendar quarter. The quarterly percentage was 1.25% for 2022 and 2021 and is subject to change in the future at the discretion of the Board of Directors.

Note 4 – Restricted and Escrowed Cash

Restricted and escrowed cash of $269,931 and $4,260 at December 31, 2022 and 2021, respectively, is related to certain construction and other agreements. Under the terms of the construction and other agreements, cash will be held by an escrow agent until certain terms and conditions have been met.

Note 5 – Real Estate Investments Held for Sale

For the years ended December 31, 2022 and 2021, activity in real estate investments held for sale was as follows:

	2022	2021
Beginning of year	$ 6,305,860	$ 26,816,607
Transfers from real estate investments	1,785,180	-
Sales	(805,860)	(20,510,747)
End of year	$ 7,285,180	$ 6,305,860

Real estate properties that are currently being offered for sale are held at the lower of the properties' cost or its expected net realizable value.

Note 6 – Notes Receivable

Notes receivable as of December 31, 2022 and 2021 are as follows:

	2022	2021
Various notes donated to NCF payable over 1 to 3 years with an annual payment of $0 to $5,000, with a final original payment due on December 31, 2024, bearing interest at 3%.	$ 80,000	$ 80,000
A non-interest bearing note received from an estate dated June 3, 2021 with monthly payments of $450.	8,100	-
An unsecured note with former tenant with interest at 5%. The note was paid in full on March 15, 2022.	-	5,416
An unsecured note with former tenant. This note was paid in full during 2022.	-	208,151
An unsecured note with interest at 3% from a prior tenant.	1,030	-
	$ 89,130	$ 293,567

The maturities on notes receivable as of December 31, 2022 and 2021 are as follows:

	2022	2021
Due in less than one year	$ 81,430	$ 5,416
Due in one to five years	7,700	288,151
	$ 89,130	$ 293,567

Note 7 – Investments

Investments as of December 31, 2022 and 2021 are presented below:

	2022	2021
Debt and equity securities		
Common and preferred stocks	$ 29,308,193	$ 43,986,389
Closely-held stocks	175,800	175,800
Government agency obligations	305,619	142,169
Corporate and other fixed income obligations	15,317,506	17,288,402
Mutual funds	189,231,661	214,696,535
Unit investment trusts	210,303	249,013
Private equity	63,418,979	61,924,346

Note 7 – Investments (Continued)

	2022	2021
Hedge funds	10,048,456	10,241,140
Partnership and LLC interests	17,647,570	20,950,067
Other alternatives	5,807,227	3,819,526
Venture capital partnerships	20,316,709	19,361,404
Other	2	2
	351,788,025	392,834,793
Other investments and affiliate		
Other cash and cash equivalents	15,907,735	23,548,909
Other	876,042	1,032,505
Affiliate	10,006,339	10,580,042
	26,790,116	35,161,456
	$ 378,578,141	$ 427,996,249

Investment in affiliate

The Douglas Manship, Sr. Theater Complex, L.L.C., a wholly owned subsidiary of BRAF, is an organizational member of the Shaw Center for the Arts, L.L.C. (Shaw Center) with a 50% ownership interest. The investment in affiliate at December 31, 2022 and 2021 was $10,006,339 and $10,580,042, respectively. The summarized unaudited financial information as of and for the years ended December 31, 2022 and 2021 of the Shaw Center for the Arts, L.L.C. is as follows:

	2022	2021
Total assets	$ 24,338,266	$ 25,527,325
Total liabilites	$ 199,696	$ 241,349
Net loss	$ (1,147,406)	$ (1,128,407)

Note 8 – Real Estate

Real estate investments consist of the following as of December 31, 2022 and 2021:

	2022	2021
Oil and gas properties	$ 5,657,612	$ 5,657,612
Less accumulated depletion	(1,377,685)	(1,301,660)
	4,279,927	4,355,952
Land	46,888,817	33,155,165
Leasehold improvements and other	7,954,306	3,255,940
Building and improvements	209,378,188	211,383,206

Note 8 – Real Estate (Continued)

		2022		2021
Construction in progress		11,434,766		21,308,291
Tenant improvements		6,993,261		5,314,750
Total real estate investments		286,929,265		278,773,304
Less accumulated depreciation and amortization		(33,556,105)		(29,190,359)
Real estate investments, net	$	253,373,160	$	249,582,945

Real estate, net includes $29,408,578 and $32,772,254 as of December 31, 2022 and 2021, respectively, associated with properties under development. During 2022 and 2021, TWMF capitalized $525,568 and $595,981, respectively, of interest on development projects. Total depreciation expense of real estate investments for 2022 and 2021 was $5,776,896 and $5,305,930, respectively.

Certain real estate is pledged as collateral for mortgages payable as described in Note 14.

Note 9 – Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. 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. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes 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.

Level 2 – Inputs other than quoted prices included within 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 active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

Note 9 – Fair Value Measurements and Disclosures (Continued)

The fair value measurement level of the asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

In some cases, the inputs used to measure the fair value of an asset or liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the assets and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

BRAF and its supporting organization's investments in securities with readily determinable fair values including common and preferred stocks, mutual funds and U. S. government bonds and U. S. Treasury notes are recorded at fair value based on quoted market prices. For those investments where quoted prices are unavailable (Level 2), management estimates fair value based on quoted prices for similar instruments with consideration of actively quoted interest rates, credit ratings and spreads, prepayment models, and collateral data.

BRAF utilizes several externally managed funds of funds for alternative strategy mutual funds, partnership interest, private equity, venture capital and hedge funds; and with these types of investments (Level 3), quoted prices are often unavailable, and pricing inputs are generally unobservable. Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. In certain instances, several valuation techniques are utilized by external managers (e.g., the market approach or the income approach) for which sufficient and reliable data is available. 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. In circumstances in which net asset value per share of an investment is not indicative of fair value, the manager is permitted, as a practical expedient, to estimate the fair value of an investment in an investment company using the net asset value per share of the investment (or its equivalent) without further adjustment if the net asset value per share of the investment is determined in accordance with the specialized accounting guidance for Investment Companies as of the reporting entity's measurement date. The application of those valuation procedures and methodologies are borne out in each manager's compliant annual audited financial statements and were monitored through BRAF's reporting period ended December 31, 2022.

Although direct valuation techniques and methodologies for Level 3 assets are not completed internally, BRAF and its supporting organization's investment advisors conduct ongoing monitoring and review of managers to ensure that reporting and valuation techniques are in accordance with industry standards and best practices. Capital statements, performance, and

Note 9 – Fair Value Measurements and Disclosures (Continued)

pertinent news regarding changes in management are scrutinized as an internal part of the due diligence process prior to hiring a manager. These same elements are monitored on an on-going basis, as a matter of regular practice, following the hiring of a manager. Level 3 asset types for which this due diligence process and focused monitoring are applied internally are certain equity, structured, real estate and infrastructure investments, and private investments.

The methods used to measure fair value may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although BRAF and its supporting organizations believe the 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.

The following table sets forth by level, within the fair value hierarchy, BRAF and its supporting organization's assets at fair value on a recurring basis as of December 31, 2022 and 2021:

	Assets at Fair Value as of December 31, 2022 (in thousands)				
	Total	Level 1	Level 2	Level 3	NAV*
Common and Preferred Stocks					
US Equity	$ 12,493	$ 12,493	$ -	$ -	$ -
Closely-held	176	-	-	176	-
Non-US Equity	13,810	13,810	-	-	-
Concentrated and Other Equity	1,783	1,783	-	-	-
Global Equity	1,221	1,221	-	-	-
Fixed Income					
Fixed Income - Unclassified	15,624	-	15,624	-	-
Mutual Funds					
Equity					
US Equity	107,126	107,126	-	-	-
Non US Equity	21,357	21,357	-	-	-
Global Equity	624	624	-	-	-
Equity - Unclassified	3,824	3,824	-	-	-
Fixed Income					
US Fixed Income	30,861	30,861	-	-	-
Non US Fixed Income	4,263	4,263	-	-	-
Fixed Income - Unclassified	10,123	10,123	-	-	-
GS Tactical Tilt	6,024	6,024	-	-	-
Real Estate and Infrastructure	5,030	2,184	-	2,846	-
Unit Investment Trusts	210	210	-	-	-
Private Equity	63,419	-	-	-	63,419
Partnership Interests	17,648	-	-	17,648	-
Hedge Funds	10,048	-	-	-	10,048
Other Alternatives	5,807	-	-	5,807	-
Venture Capital Partnerships	20,317	-	-	20,317	-
	$ 351,788	$ 215,903	$ 15,624	$ 46,794	$ 73,467

Note 9 – Fair Value Measurements and Disclosures (Continued)

	Assets at Fair Value as of December 31, 2021 (in thousands)				
	Total	Level 1	Level 2	Level 3	NAV*
Common and Preferred Stocks					
US Equity	$ 17,879	$ 17,879	$ -	$ -	$ -
Closely-held	176	-	-	176	-
Non-US Equity	26,107	26,107	-	-	-
Fixed Income					
Fixed Income - Unclassified	17,431	-	17,431	-	-
Mutual Funds					
Equity					
US Equity	127,684	127,684	-	-	-
Non US Equity	26,595	26,595	-	-	-
Equity - Unclassified	5,500	5,500	-	-	-
Fixed Income					
US Fixed Income	29,930	29,930	-	-	-
Non US Fixed Income	3,033	3,033	-	-	-
Fixed Income - Unclassified	10,742	10,742	-	-	-
GS Tactical Tilt	6,267	6,267	-	-	-
Real Estate and Infrastructure	4,944	2,395	-	2,549	-
Unit Investment Trusts	249	249	-	-	-
Private Equity	61,924	-	-	-	61,924
Partnership Interests	20,951	-	-	20,951	-
Hedge Funds	10,241	-	-	-	10,241
Other Alternatives	3,820	-	-	3,820	-
Venture Capital Partnerships	19,362	-	-	19,362	-
	$ 392,835	$ 256,381	$ 17,431	$ 46,858	$ 72,165

* Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value heirarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Also included in these financial statements under the caption "Beneficial interest in estates, trusts, and annuities" are various charitable remainder trusts that BRAF has been named as a beneficiary. The fair values of these items are determined by calculating present values of the estimated future payments and for changes in actuarial assumptions. These valuation methods are considered Level 3 inputs. The amounts included in the financial statements for these beneficial interests in estates, trusts, and annuity are $9,353,599 and $11,530,937 as of December 31, 2022 and 2021, respectively.

Note 9 – Fair Value Measurements and Disclosures (Continued)

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated statements of financial position as of December 31, 2022 and 2021 using significant unobservable (Level 3) inputs:

	(in thousands)					
	Closely-held	Real Estate and Infrastructure	Venture Capital	Partnership Interests	Other Alternatives	Beneficial Interests
Balance, December 31, 2020	$ 176	$ 2,548	$ 18,622	$ 20,794	$ 1,748	$ 10,456
Total realized and unrealized gains (losses) included in change in net assets	-	17	1,866	1,812	365	1,045
Purchases	-	44	-	2,287	2,060	-
Sales and Withdrawals	-	-	(1,200)	(3,262)	-	(36)
Other Earnings, Distributions and Expenses	-	(60)	74	(680)	(353)	66
Balance, December 31, 2021	176	2,549	19,362	20,951	3,820	11,531
Total realized and unrealized gains (losses) included in change in net assets	-	297	(342)	(1,825)	388	(756)
Purchases	-	29	1,600	336	2,091	-
Sales and Withdrawals	-	-	(196)	(229)	-	(1,482)
Other Earnings, Distributions and Expenses	-	(29)	(107)	(1,585)	(492)	61
Balance, December 31, 2022	$ 176	$ 2,846	$ 20,317	$ 17,648	$ 5,807	$ 9,354

The unfunded commitments, redemption frequency, and notice period for investments in entities that calculate fair value using net asset value per share or its equivalent are as follows:

	(in thousands)			
	Fair Value	Unfunded Commitments	Redemption Frequency +	Redemption Notice
December 31, 2022				
Private Equity	$ 63,419	$ 38,669	see below	see below
Hedge Funds	334	-	unknown	unknown
Hedge Funds	7,017	-	quarterly	65 - 70 days
Hedge Funds	69	-	semi-annually	65 days
Hedge Funds	2,628	-	annually	65 - 90 days
	10,048	-		
	$ 73,467	$ 38,669		

Note 9 – Fair Value Measurements and Disclosures (Continued)

	(in thousands)			
	Fair Value	Unfunded Commitments	Redemption Frequency +	Redemption Notice
December 31, 2021				
Private Equity	$ 61,924	$ 26,642	see below	see below
Hedge Funds	386	-	unknown	unknown
Hedge Funds	10	-	monthly	25 - 75 days
Hedge Funds	7,329	-	quarterly	45 - 95 days
Hedge Funds	40	-	semi-annually	65 days
Hedge Funds	2,476	-	annually	65 - 90 days
	10,241	-		
	$ 72,165	$ 26,642		

\+ If currently eligible

Private equity funds - These investments are generally not redeemable from the fund manager. Instead, distributions are received through the liquidation of the underlying assets of the fund ranging from 5 to 17 years.

Hedge funds - Often these investments cannot be redeemed due to an outstanding lock-up of 6 months to 2 years. Additional restrictions, such as early withdrawal fees, may also limit withdrawal.

Note 10 – Property and Equipment

Property and equipment as of December 31, 2022 and 2021, consist of the following:

	2022	2021
Buildings and improvements	$ 1,400,422	$ 1,764,422
Office furniture and equipment	1,222,404	1,011,841
Tenant improvements	833,181	828,915
	3,456,007	3,605,178
Less accumulated depreciation	(1,252,882)	(1,154,594)
	$ 2,203,125	$ 2,450,584
Depreciation Expense	$ 131,535	$ 134,749

Note 11 – Other Assets

Other assets as of December 31, 2022 and 2021 consists of the following:

	2022	2021
Deferred compensation assets	$ 1,263,684	$ 1,397,428
Deposits	1,083,824	171,572
Interest rate contracts	2,166,050	-

Note 11 – Other Assets (Continued)

		2022		2021
Employee advances		230,683		268,150
Goodwill		489,000		489,000
CEA land lease - St. Tammany Parish		317,082		341,473
Capitalized leasing costs		700,271		606,479
Deferred financing costs		51,501		60,081
Other		710,023		127,556
	$	7,012,118	$	3,461,739

Note 12 – Grants Payable

Grants authorized but unpaid at year end are reported as liabilities. Grants to be paid in more than one year are discounted to net present value. The following is a summary of grants authorized and payable as of December 31, 2022 and 2021. These transactions are scheduled as follows:

		2022		2021
Payable in less than one year	$	2,639,835	$	1,397,671
Payable in one to five years		672,900		806,550
Payable in six to ten years		13,000		29,000
		3,325,735		2,233,221
Less discounts to net present value		(54,333)		(23,107)
	$	3,271,402	$	2,210,114

Note 13 – Amounts Held on Behalf of Others

Amounts held on behalf of others represent pass-through transactions that are transfers of assets from resource providers (contributors) to intermediary not-for-profit organizations that act as agents for resource providers by transferring those assets to specified third-party recipients. When contributors, acting in other than an advisory capacity, designate specific beneficiaries, BRAF and its supporting organizations have no discretion in distributing those assets. Consequently, the transactions only pass through BRAF and its supporting organizations in route to the specified beneficiary.

Additionally, endowment funds of BRAF and its supporting organizations set up by non-profit organizations for their own benefit are also amounts held on behalf of others. That is, BRAF and its supporting organizations are acting as a trustee on behalf of the non-profit organization.

Note 13 – Amounts Held on Behalf of Others (Continued)

The activity in amounts held on behalf of others during 2022 and 2021 is as follows:

	2022	2021
Balance - beginning of year	$ 128,809,220	$ 104,159,895
Amounts received on behalf of others	5,841,538	12,208,721
	134,650,758	116,368,616
Earnings (losses) allocated to agency accounts	(11,919,371)	20,659,320
Less: administrative assessment	(1,098,318)	(1,041,284)
Net earnings (losses) allocated to agency accounts	(13,017,689)	19,618,036
Amounts remitted to others	(9,595,574)	(7,177,432)
Balance - end of year	$ 112,037,495	$ 128,809,220

Note 14 – Mortgages and Notes Payable

Mortgage notes payable as of December 31, 2022 and 2021 are as follows:

	2022	2021
Mortgage payable to Bank with an interest rate of 4.00 % and 4.10% at December 31, 2022 and 2021. Secured by real estate investments. Due in monthly installments of $9,420. Final balloon payment due February 2025.	$ 1,037,248	$ 1,105,965
Mortgage payable to Bank with an interest rate of 4.00% and 4.10% at December 31, 2022 and 2021. Secured by real estate investments. Due in monthly installments of $8,310. Final balloon payment due February 2025.	915,050	975,672
Mortgage payable to Bank with an interest rate of 3.50%. Secured by real estate investments. Due in monthly installments of $63,010. Final balloon payment due July 2026.	11,424,537	11,768,409
Mortgage payable to Bank with a variable interest rate of one-month ICE LIBOR plus 2.26% (6.32% at December 31, 2022 and 2.15% at December 31, 2021). Secured by real estate investments. The note calls for monthly, variable principal payments due over the term of the note, plus accrued interest. The monthly principal payments range from $12,950 in year one to $16,200 in year seven. The note matures August 2026.	7,363,630	7,531,530

Note 14 – Mortgages and Notes Payable (Continued)

	2022	2021
Mortgage payable to Bank with a variable interest rate of one-month ICE LIBOR plus 3.15% (2.26% at December 31, 2022 and 2.15% at December 31, 2021). Secured by real estate investments. The note calls for monthly, variable principal payments due over the term of the note, plus accrued interest. The monthly principal payments range from $10,050 in year one to $12,550 in year seven. Additionally, the note requires monthly principal curtailment payment of $13,000. The note matures August 2026.	$ 5,232,370	$ 5,518,870
Mortgage payable to Bank with varying interest rates over the term of loan, 3.85%. Secured by real estate investments. Due in 60 installments of principal and interest totaling $32,239 beginning in May 2017. Subsequent principal and interest payments vary as do interest rates until maturity in April 2027.	5,118,308	5,299,213
Mortgage payable to Bank with an interest rate of 3.85%. Secured by deposit accounts and real estate investments. Due on demand. If no demand is made, monthly payments of $48,627 due beginning June 2018. Final balloon payment of unpaid principal due in May 2023. Loan was paid off in May 2023.	6,214,435	6,548,264
Mortgage payable to Bank with an interest rate of WSJ Prime + 0.50% (3.75% at December 31, 2021). Secured by deposit accounts and real estate investments. Due on demand. If no demand is made, 35 monthly payments of $40,000 beginning November 2020. Final payment of remaining principal due May 2027. Loan was paid off in 2022.	-	13,440,000
Mortgage payable to Bank with varying interest rates over the. term (3.75% at December 31, 2022 and 3.25% at December 31, 2021). Secured by deposit accounts and real estate investments. Due in 59 monthly payments of $17,485 and one final balloon payment of unpaid principal due July 2027.	2,345,666	2,283,064
Mortgage payable to Bank with a fixed interest rate of 3.25%. Secured by deposit accounts and real estate investments. Due in four monthly payments of interest only beginning November 2017, 60 monthly payment of principal and interest totaling $24,343 and final balloon payment due in December 2025.	3,541,842	3,714,173

Note 14 – Mortgages and Notes Payable (Continued)

	2022	2021
Mortgage payable to Bank at an interest rate of 3.95%. Secured by deposit accounts and real estate investments. Payments of accrued interest due monthly. Monthly principal payments range from $8,100 in year one to $10,250 in year seven. The unpaid principal balance is due December 2026.	$ 2,223,820	$ 2,328,820
Mortgage payable to Bank. Interest rate of 30-day LIBOR plus 2.00%. Secured by real estate investments. Due in monthly installments of $17,000. Final balloon payment due November 2027. Loan was paid off in 2022.	-	4,925,086
Mortgage payable to Bank with a variable interest rate of one month ICE LIBOR plus 2.25% (6.42% at December 31, 2022 and 2.36% at December 31, 2021). Secured by real estate. Monthly payments of accrued interest plus variable monthly principal payments ranging from $25,100 in year one to $31,400 in year seven. Additionally, monthly curtailment principal payments of $25,000 are due over the life of the loan. All accrued interest and remaining principal are due October 2026. [1]	14,556,000	15,182,200
Mortgage note payable to Bank, due on demand, with an interest rate of 3.99%. Secured by real estate. If no demand is made, the note calls for monthly principal and interest payments of $32,923 are due with a final balloon payment due February 2026.[1]	4,411,676	4,983,204
Mortgage payable to Bank bearing interest at 2.79%. Secured by real estate. Twelve principal and interest payments of $22,965 are due beginning January 2020. Beginning January 2021, 47 principal and interest payments are due with a calculated interest rate based on the Five Year Treasury Bond + 2.4% and one final payment of unpaid principal and interest due in December 2024.	3,681,366	3,800,369
Mortgage payable to Bank, due on demand bearing interest at 4.50%. Secured by real estate. If no demand is made, the note calls for 40 monthly principal and interest payments of $1,162. One final payment of all principal and interest due May 2022.	-	160,846
Mortgage payable to Bank, due on demand bearing interest at 3.50%. Secured by real estate. If no demand is made, the note calls for 59 monthly principal and interest payments of $17,416 with one final payment of all remaining principal and interest due at July 2024. Loan was paid off in 2022	-	848,911

Note 14 – Mortgages and Notes Payable (Continued)

	2022	2021
Construction loan payable to Bank, due on demand, bearing interest at 7.50%. Secured by real estate. Note calls for monthly payments of accrued interest starting January 2023 with one payment of all outstanding principal plus accrued unpaid interest in December 2024. [1]	$ 4,874,691	$ -
Mortgage payable to Bank, due on demand, bearing interest at 3.90%. Secured by real estate. If no demand is made, the note requires 35 monthly principal and interest payments of $20,139. One final payment of remaining principal and interest is due April 2024.	3,675,136	3,769,453
Mortgage payable to Bank with an interest rate of 3.75%. Secured by deposit accounts and real estate investments. Due in monthly installments of $11,478. Final payment due May 2036.	1,445,661	1,526,767
Construction loan payable to Bank with a variable interest rate WSJ Prime + 0.50% (3.75% at December 31, 2022 and 2021). Secured by deposit accounts and real estate investments. The note calls for monthly interest payments and one final principal payment due at maturity, November 2023.[1]	5,299,530	6,000,000
Mortgage payable to Bank with a variable interest rate of WSJ Prime Rate (7.50% at December 31, 2022 and 3.25% at December 31, 2021). Secured by deposit accounts and real estate investments. The note calls for monthly interest payments and one final principal payment due at maturity, November 2023.	1,649,226	1,649,250
Mortgage payable to Bank with an interest rate of 3.75%. Secured by deposit accounts and real estate investments. Due on demand. If no demand is made, the note calls for monthly interest payments and one final principal payment due at maturity, October 2024. The loan was paid off in 2022.	-	5,890,755
Mortgage payable to Bank with an interest rate of 3.99%. Secured by deposit accounts and real estate investments. Due in monthly installments of $59,628. Final balloon payment due January 2026.	9,164,473	9,501,847
Construction loan payable to Bank with a variable interest rate of WSJ Prime Rate (3.25% at December 31, 2021). Secured by deposit accounts and real estate investments. The note calls for monthly interest payments and one final principal payment due at maturity, February 2022. Loan was refinanced in 2022.	-	2,200,000

Note 14 – Mortgages and Notes Payable (Continued)

		2022		2021
Mortgage payable to Bank with an interest rate of 6.75%. Secured by deposit accounts and real estate investments. Due in monthly installments ranging from $14,816 in year one to $19,460 in year five and one final principal payment due November 2027.	$	4,452,004	$	-
Construction loan payable to Bank with a 3.25% interest rate. Secured by deposit accounts and real estate investments. The note calls for five monthly interest payments, 78 principal and interest payments of $14,309 beginning October 2022 and one final payment of unpaid principal and interest due April 2029.		2,174,994		-
Mortgage payable to Bank with a 3.70% interest rate. Secured by deposit accounts and real estate investments. The note calls for six interest only payments, monthly principal and interest payments of $76,456 beginning December 2022 and one final principal and interest payment due May 2027.		14,919,205		-
Multiple advance loan payable to Bank with an interest rate of 5.25%. Secured by deposit accounts and real estate investments. Interest only payments beginning December 2022, then 51 monthly principal and interest payments of $16,491, and one final payment of unpaid principal and interest due November 2027.		1,787,500		-
Multiple advance loan payable to Bank with an interest rate of 4.50%. Secured by deposit accounts and real estate investments. Note calls for eight interest only payments beginning October 2022, then 51 monthly principal and interest payments of $9,057 and one final payment of unpaid principal and interest due September 2027.		118,500		-
Multiple advance loan payable to Bank with an interest rate of 4.50%. Secured by deposit accounts and real estate investments. Note calls for six interest only payments beginning October 2022, then 53 monthly principal and interest payments of $11,728 and one final payment of unpaid principal and interest due September 2027.		1,620,000		-
Multiple advance loan payable to Bank with an interest rate of 6.25%. Secured by deposit accounts and real estate investments. Note calls for eight interest only payments beginning December 2022, then 51 monthly principal and interest payments of $19,024 and one final payment of unpaid principal and interest due November 2027.		1,560,000		-

Note 14 – Mortgages and Notes Payable (Continued)

		2022		2021
Mortgage payable to Bank with an interest rate of 5.65%. Secured by deposit accounts and real estate investments. Due in 59 installments of principal and interest of $8,062 and one final payment of unpaid principal and interest due December 2027.	$	1,283,750	$	-
Multiple advance loan payable to Bank with variable interest rate of Term SOFR Rate (4.12% at December 31, 2022). Secured by deposit accounts and real estate investments. Note calls for interest only payments with one final payment of unpaid principal and interest due September 2023.[1]		2,000,000		-
Multiple advance loan payable to Bank with a variable interest rate of WSJ Prime Rate (7.5% at December 31, 2022). Secured by deposit accounts and real estate investments. Note calls for interest only payments with one final payment of unpaid principal and interest due April 2024.		2,135,000		-
Note payable to Company. Interest rate of 4.50%. Secured by membership interest in subsidiary. Due in monthly installments of $29,418. Final payment due January 2034. [2]		3,251,498		3,251,498
Note payable in settlement of litigation. Non-interest bearing note requiring 24 monthly payments of $50,000. Final payment due September 2023.		400,000		1,000,000
Paycheck Protection Program Loans		-		478,158
Various other notes payable		110,549		90,135
Total mortgages and notes payable		129,987,665		125,772,459
Less deferred financing costs, net of amortization		696,939		579,823
Mortgages and notes payable, net of deferred financing costs	$	129,290,726	$	125,192,636

[1] See Note 34 - Subsequent Events. This mortgage was refinanced or paid off subsequent to December 31, 2022.

[2] No payments were made in 2022 as the balance is currently in dispute.

The mortgages payable are collateralized with certain real estate investments with a carrying value of $214,268,287 and $207,159,791 as of December 31, 2022 and 2021, respectively.

Note 14 – Mortgages and Notes Payable (Continued)

Future principal payments for the next five years and thereafter on mortgages payable, as amended and after December 31, 2022, are as follows:

2023	$ 17,864,789
2024	18,010,980
2025	10,141,975
2026	49,190,413
2027	16,616,918
Thereafter	18,162,590
Total	$ 129,987,665

Note 15 - Notes Payable – Payroll Protection Program

In April 2020, BRAF and its subsidiaries qualified for and received loan proceeds in the principal amount of $1,000,893 pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus and, Relief, and Economic Security Act (CARES Act). The PPP loans were unsecured and guaranteed by the SBA. The principal amount of the PPP loan was subject to forgiveness under the PPP upon BRAF and its subsidiaries request to the extent that the PPP loan proceeds were used to pay expenses permitted by the PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by BRAF and its subsidiaries. BRAF and its subsidiaries applied for and received forgiveness of the PPP loans with respect to these covered expenses during the year ended December 31, 2021.

On December 27, 2020, as part of the Consolidated Appropriations Act, 2021, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) was signed into law to provide additional COVID-19 relief to small business, providing that if certain eligibility tests are met, BRAF and its subsidiaries could apply for an additional loan under the Paycheck Protection Program (PPP). Management determined that certain subsidiaries of BRAF met the eligibility requirements, filed the applications, and received additional loan proceeds of $546,890 in February 2021.Similar to the first PPP loan, if the funds were utilized to pay covered expenses as permitted by the PPP, the principal amount of the loan would be eligible for forgiveness. These subsidiaries applied for forgiveness. As of December 31, 2021, $68,730 of these loan proceeds for these additional PPP loans have been forgiven with respect to the covered expenses.

In accordance with generally accepted accounting principles, BRAF and its subsidiaries recognized income of $1,069,623 on the forgiveness of the PPP loans during the year ended December 31, 2021.

Note 15 - Notes Payable – Payroll Protection Program (Continued)

BRAF and its supporting organizations have recorded notes payable for the PPP loan not forgiven at December 21, 2021 in the amount of $478,158. Forgiveness income of $478,160 was recognized for the year ended December 31, 2022. BRAF and its supporting organizations were legally released from the loan obligation in 2022and the loan was formally forgiven.

PPP loans are subject to audit for six years from the date of forgiveness. Department of Treasury guidance states that loans over $2 million will be fully audited and loans under $2 million are subject to random audits. If audited, the SBA could redetermine the amount of forgiveness.

Note 16 – Net Assets

Net assets are restricted for the following purposes or periods as of December 31, 2022 and 2021:

	2022	2021
Subject to expenditure for specified purposes		
Donor designated	$ 22,466,233	$ 26,091,970
Field of interest	12,357,865	16,919,278
Employee assistance	5,012,518	3,927,821
Scholarship	2,566,975	3,742,367
Charitable remainder trusts	6,203,123	7,712,304
Other	1,038,758	7,552,763
	$ 49,645,472	$ 65,946,503
Perpetual in nature (endowments)		
Donor advised	$ 50,240,192	$ 48,053,335
Donor designated	23,800,863	23,271,927
Field of interest	2,931,107	1,868,757
Local education funds	5,506,923	5,506,923
Scholarship	1,672,012	1,656,754
Other	4,370,014	9,698,111
	88,521,111	90,055,807
	$ 138,166,583	$ 156,002,310

During 2022 and 2021, $27,489,801 and $25,640,763, respectively, of net assets were released from donor restrictions for incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors.

Included in net assets without donor restrictions is $101,880,362 and $115,165,592 of donor advised funds as of December 31, 2021 and 2020, respectively. Although grant recommendations are accepted from the donors or other advisors of these funds, the ultimate

Note 16 – Net Assets (Continued)

discretion as to the use of the funds lies with the Board of Directors of BRAF and its supporting organizations.

Note 17 – Endowments

BRAF and its supporting organization's net assets include 273 individual funds that function as endowments established by donors to provide funding for a variety of purposes. Additionally, certain net assets have been designated for endowment by the Board of Directors. BRAF and its supporting organizations follow the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the State of Louisiana. This law provides standards to establish investment policies in a prudent manner by providing for a duty to minimize cost, diversify investments, investigate facts relevant to the investment of the fund, consider tax consequences of investment decisions and to ensure that investment decisions be made in light of the fund's entire portfolio as a part of an investment strategy having risk and return objectives reasonably suited to the fund and to the organization. This law requires the preservation of the fair value of the original gift (as opposed to the historical dollar amount) as donor-restricted funds unless there are explicit donor stipulations to the contrary. As of December 31, 2022 and 2021, there were no such donor stipulations. Consequently, BRAF and its supporting organizations are permitted to accumulate for expenditure as much of an endowment fund as deemed to be prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, thus allowing spending of a fund below its historical dollar value. Seven criteria are to be used in deciding to appropriate or accumulate donor-restricted endowment funds:

(1) duration and preservation of the endowment funds
(2) the purposes of the Foundation and the endowment funds
(3) general economic conditions
(4) effect of inflation or deflation
(5) the expected total return from income and the appreciation of investments
(6) other resources of the Foundation
(7) the investment policy of the Foundation

The endowment net asset composition by type of fund as of December 31, 2022 and 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
December 31, 2021			
Donor restricted endowment funds	$ -	$ 91,837,670	$ 91,837,670
Board designated endowment funds	54,856,770	-	54,856,770
	$ 54,856,770	$ 91,837,670	$ 146,694,440

Note 17 – Endowments (Continued)

	Without Donor Restrictions	With Donor Restrictions	Total
December 31, 2022			
Donor restricted endowment funds	$ -	$ 91,957,026	$ 91,957,026
Board designated endowment funds	53,240,550	-	53,240,550
	$ 53,240,550	$ 91,957,026	$ 145,197,576

As discussed in Note 3, the maximum amount to spend from these donor-restricted endowment funds, including those endowments deemed to be underwater, is determined by the spending policy. The spending rate is determined and adjusted from time to time by the Board of Directors with the objective of maintaining the purchasing power of the endowments over time.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). UPMIFA permits spending from underwater endowments in accordance with prudent measures included in the act. As of December 31, 2022 and 2021, funds with deficiencies are described as follows:

	Original Value	Fair Value	Deficiency
December 31, 2021			
Unfavorable market fluctuations that occurred throughout 2018 after the spending policy rate had already been determined in 2017 and the recoveries experienced in subsequent years were not sufficient to offset prior losses	$ 83,900	$ 55,477	$ 28,423
Donors were given a variance to the endowment policy and allowed to use more than the available earnings to fulfill grant requests	35,299,730	19,729,109	15,570,621
Donors were given a variance to the endowment policy and allowed to add additional gifts to the grantmaking portion of the endowment to fulfill grant requests	1,293,706	1,000,399	293,307
	$ 36,677,336	$ 20,784,985	$ 15,892,351

Note 17 – Endowments (Continued)

	Original Value	Fair Value	Deficiency
December 31, 2022			
Unfavorable market fluctuations that occurred throughout 2018 after the spending policy rate had already been determined in 2017 and the recoveries experienced in subsequent years were not sufficient to offset prior losses increased by unfavorable market conditions in 2022	$ 3,375,747	$ 3,262,017	$ 113,730
Donors were given a variance to the endowment policy and allowed to use more than the available earnings to fulfill grant requests	36,732,126	17,569,749	19,162,377
Donors were given a variance to the endowment policy and allowed to add additional gifts to the grantmaking portion of the endowment to fulfill grant requests	1,433,148	883,972	549,176
	$ 41,541,021	$ 21,715,738	$ 19,825,283

The continued appropriation from these underwater endowments for certain programs was deemed prudent by the Board of Directors.

Changes in endowment net assets for the years ended December 31, 2022 and 2021 were:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets:			
Balance - December 31, 2020	$ 54,128,822	$ 89,531,306	$ 143,660,128
Contributions	1,472,681	1,354,306	2,826,987
Investment income	1,364,168	223,396	1,587,564
Net appreciation (depreciation)	6,380,016	2,873,494	9,253,510
Amounts appropriated for expenditure	(8,488,917)	(2,144,832)	(10,633,749)
Balance - December 31, 2021 (carried forward)	54,856,770	91,837,670	146,694,440

Note 17 – Endowments (Continued)

	Without Donor Restrictions	With Donor Restrictions	Total
Balance - December 31, 2021 (brought forward)	$ 54,856,770	$ 91,837,670	$ 146,694,440
Contributions	1,517,091	7,580,898	9,097,989
Investment income	(920,963)	(1,935,356)	(2,856,319)
Net appreciation (depreciation)	(1,917,312)	(1,562,159)	(3,479,471)
Amounts appropriated for expenditure	(295,036)	(3,964,027)	(4,259,063)
Balance - December 31, 2022	$ 53,240,550	$ 91,957,026	$ 145,197,576

Note 18 – Projects

Project expenses for the years ended December 31, 2022 and 2021 were:

	2022	2021
Disaster / Hurricane Relief	$ 1,196,212	$ 1,004,590
Equity Cities	1,339,500	654,500
Education	119,500	395,486
Medical Corridor Infrastructure	50,064	175,285
Bloomberg Department of Education	88,000	167,038
National Science Foundation - LIGO	204,236	154,999
All other	451,715	605,594
	$ 3,449,227	$ 3,157,492

Note 19 – Leases - Lessee

Baton Rouge Area Foundation

BRAF’s wholly-owned subsidiary, LaSalle – Galvez, L.L.C., has leased retail space in two of the State’s parking garages located in downtown Baton Rouge. The lease began on April 1, 2001 for a period of 10 years with four 5-year renewal periods. The lease requires the tenant to maintain and repair the premises and to keep the space occupied with appropriate subtenants during the lease term. The expenses associated with this lease are deducted from rent income on the consolidated statement of activities. Management has determined the effects of not recording a right-of-use asset and the corresponding liability for this lease are not material to the consolidated financial statements.

BRAF’s wholly owned subsidiary, Douglas Manship Sr. Theater Complex, L.L.C. (Complex), leases approximately 43,161 rentable square feet at a floating rate of approximately $7.00 per square foot from Shaw Center for the Arts, L.L.C. to be used as a performing arts theater and

Note 19 – Leases - Lessee (Continued)

visual arts gallery with ancillary offices, all pursuant to that certain Theater Turnkey Lease effective November 15, 2002. In turn, Complex, through approved sublease agreements, leases approximately 41,024 rentable square feet at a floating rate of approximately $7 per square foot to Douglas Manship Sr. Theater Complex Holding, Inc. (d/b/a Manship Theatre) under a verbal agreement effective March 5, 2004. BRAF has historically made a charitable grant to Manship Theatre in an amount sufficient to offset the annual rents or, more recently, paid any rents directly to Shaw Center for the Arts, L.L.C.

The Wilbur Marvin Foundation

TWMF leases land under non-cancelable operating ground leases related to five properties. The leases extend to various dates through 2041. Upon expiration of these leases, the properties revert to the owner. The operating lease cost and cash paid for the amount included in the measurement of lease liabilities for 2022 was $31,200. The weighted average remaining lease term is 17.75 years, and the weighted discount rate is 3.75%.

The right-of-use asset and lease liability recognized by TWMF at January 1, 2022 for operating leases was $353,433. There was no cumulative-effect adjustment related to the adoption of Topic 842.

The right-of-use assets and lease liabilities associated with these operating leases were recognized based on the present value of lease payments over the lease term at commencement date. Operating leases in effect prior to January 1, 2022, were recognized at the present value of the remaining lease payments on the remaining lease term as of January 1 2022. TWMF used the incremental borrowing rate based on the lease term information available at commencement date in determining the present value of lease payments. TWMF has real estate lease agreements (residential and commercial) with lease and non-lease components, which are accounted for as a single lease component. Lease terms may include options to extend or terminate the lease. TWMF generally does not include renewal or termination options in the assessment of the leases unless extension or termination is deemed to be reasonably certain.

As lessee, operating lease liabilities under non-cancellable leases as of December 31, 2022 are:

2023	$ 31,200
2024	31,200
2025	28,400
2026	22,800
2027	22,800
Thereafter	325,500
Total minimum lease payments	461,900
Less: Imputed interest	(126,725)
Operating lease liabilities	$ 335,175

Note 19 – Leases - Lessee (Continued)

Community Foundation of Southwest Louisiana
CFSWLA leases office space under an operating lease expiring in 2024. The lease has a remaining life of 1.58 years as of December 31, 2022. Management used a 7.00% discount rate to determine the lease liability.

The following is maturity analysis of annual discounted cash flows for lease liabilities as of December 31, 2022:

2023	$	22,102
2024		12,819
		34,921
Less amount representing interest		(2,845)
Net lease obligation	$	32,076

Northshore Community Foundation
In May 2015, NCF entered into a cooperative endeavor agreement (Lease of Justice Center Property) with the St. Tammany Parish Government (STPG) to lease, develop and use the Justice Center property in accordance with the "West 30's Neighborhood Revitalization Plan" by constructing an office building and conference center (the "Coatney Conference Center") to provide administrative, conference and training facilities for non-profit organizations.

The initial term of the lease is 20 years, and there are renewal options that can extend the lease for a total of ninety-nine years. In connection with this agreement, NCF recorded a contribution receivable of $487,818, the estimated value of the land. The receivable will be amortized over the initial 20-year term of the lease as rent expense.

During the term, NCF shall have the sole and exclusive ownership of and right to depreciate the costs and expenses of construction of any buildings and improvements upon the property. On the last day of the entire term including all option periods, NCF will surrender the property to STPG. NCF began construction of the office building and conference center in December 2015, and it was completed and ready for occupancy in December 2016.

For the years ended December 31, 2022 and 2021, rent expense relating to the above-mentioned agreement was $24,391 annually. This amount is recognized as an expense annually during the initial twenty-year term of the lease.

Note 20 – Lease Commitment - Lessor

BRAF leases various retail, office, and warehouse spaces to tenants under various operating leases with various lease terms. The following is a schedule by year of future minimum leases as of December 31, 2022:

2023	$ 142,382
2024	91,131
2025	41,331
2026	41,331
2027	20,666
Total minimum lease payments	$ 336,841

TWMF leases commercial space to tenants under non-cancelable operating leases with initial terms of three to ten years.

Under certain lease agreements, TWMF is entitled to receive contingent rental income generally based on a pre-determined formula primarily derived from the lessee's income. TWMF has presented these amounts on a gross basis within rental income and property expense in the consolidated statements of activities as a result of the adoption of Topic 842, without impact on net income. The rental income and tenant recoveries recognized for the years ended December 31, 2022 and 2021 are $16,598,867 and $14,036,695, respectively, and are included within the consolidated statements of activities.

Future undiscounted cash flows to be received for each of the next five years and thereafter as of December 31, 2022 are as follows:

2023	$ 10,955,761
2024	11,318,266
2025	10,577,930
2026	8,594,464
2027	6,634,221
Thereafter	23,060,749
Total minimum lease receipts	$ 71,141,391

Pursuant to the lease agreements, tenants of the property are required to reimburse the lessor for some or all of the particular tenant's pro rata share of the real estate taxes and operating expenses of the property. Such amounts are not included in the future minimum lease payments above but are reported as tenant recoveries on the accompanying consolidated statements of activities.

Note 20 – Lease Commitment - Lessor

During 2022 and 2021, leasing costs of $145,091 and $402,994, respectively, were capitalized. Amortization of capitalized leasing costs was $133,867 and $138,677 in 2022 and 2021, respectively. Capitalized leasing costs as of December 31, 2022 and 2021 were $700,271 and $606,479, respectively.

Note 21 – Capital Transactions

In 2004, Commercial Properties Realty Trust (CPRT) issued 104 shares of nonvoting Series A preferred shares. CPRT ultimately authorized the issuance of up to 120 Series A preferred shares. Through the years, shares have been redeemed and issued. Currently there are 103 outstanding Series A preferred shares. The preferred shares pay a cumulative dividend at the rate of 6.00% with a liquidation preference of $1,000 per share. In 2018, CPRT authorized up to 150,000 non-voting Series B preferred shares and issued 1,270 shares of Series B preferred shares to a related party. The Series B preferred shares pay a cumulative dividend at the rate of 7.00% with a liquidation preference of $10,000 per share. Both the Series A and B preferred shares rank senior to common shares of CPRT. The preferred shares are accounted for as a component of non-controlling interest. The transactions with the related party have been eliminated in the consolidation.

Note 22 – Commitments / Conditional Promises to Give

As of December 31, 2022 and 2021, BRAF and its supporting organizations were committed to the payment of certain grants totaling $430,000 and $429,250, respectively, contingent upon the fulfillment of certain criteria by the potential grant recipient.

Note 23 – Contribution of Property

During 2021, TWMF purchased a property from the State of Louisiana for substantially less than the value of the property. TWMF recorded a non-cash contribution of $6,739,538 on the statement of activities for the difference between the estimated fair value of the property at the date of the purchase and the consideration per the agreement.

Note 24 – Retirement Plans

BRAF has established a defined contribution 401(k) Profit Sharing Plan to provide retirement benefits to all eligible employees. Baton Rouge Area Foundation is the plan sponsor and administrator. The plan provides for qualified non-elective contributions of up to 3% and discretionary employer contributions of up to 12% of eligible employees' annual salaries. The plan also allows employees to contribute the lesser of 100% of their annual salary or $20,500

Note 24 – Retirement Plans (Continued)

(under 50 years of age) or $27,000 (50 or more years of age) to the plan. Employer contributions to the BRAF 401(k) Profit Sharing Plan for the years ended December 31, 2022 and 2021 were $292,455 and $321,373, respectively.

As described in Note 1, BRAF has established deferred compensation plans for the president and CEO, executive vice-president, director of finance, and general counsel. As of December 31, 2021 and 2020, the liability under these deferred compensation plans was $1,395,962 and $1,102,345, respectively, and is included in other liabilities in the accompanying consolidated statements of financial position. The fair value of assets of the deferred compensation plans held in Trust was $1,263,684 and $1,395,962 as of December 31, 2022 and 2021, respectively, and is included in other assets in the accompanying consolidated statements of financial position.

Additionally, TWMF maintains a 401(k) Profit Sharing Plan & Trust to provide retirement benefits for eligible employees. Commercial Properties Management Corporation, a U.S. affiliate, acts as plan sponsor. The plan provides for employer contributions at a rate of 5% of eligible employees' annual salaries. This plan also allows for participants to contribute up to 90% of the eligible annual salary to the plan capped at the IRC limit. Employer contributions to this plan for the years ended December 31, 2022 and 2021 were $140,767 and $119,794, respectively.

As described in Note 1, TWMF had established a deferred compensation plan for certain employees. As of December 31, 2021, the liability under the deferred compensation plan was $817,193 and was included in other liabilities in the accompanying consolidated statements of financial position. The fair value of assets of the deferred compensation plan held in trust was $1,465 as of December 31, 2021 and was included in other assets in the accompanying consolidated statements of financial position. The deferred compensation agreement was terminated in October 2020. The remaining liability was paid in 2022.

NCF has established a simplified employee plan (SEP) which is a defined contribution retirement plan covering all eligible employees with at least one year of service. Contributions are based upon employee compensation at rates determined annually by management not to exceed 15% of eligible compensation. During 2022 and 2021, the contribution rate was 12.5%. Contributions of $43,340 and $40,370 were made to the plan for the years ended December 31, 2021 and 2020, respectively.

CFSWL has established a simplified employee plan (SEP) which is a defined contribution retirement plan covering all eligible employees with at least one year of service. Contributions are based upon employee compensation at rates determined annually by management not to exceed 15% of eligible compensation. The contribution rate for 2022 and 2021 was 12.5%, and the employer's portion of contributions to the plan was $19,686 and $20,146 for the years ended December 31, 2021 and 2020, respectively.

Note 25 – Concentrations of Credit Risk

BRAF and its supporting organizations deposit cash in local financial institutions and at times the account balance may exceed the federally insured limit. Additionally, deposits may include uninsured investments in money market mutual funds. To date, BRAF and its supporting organizations have not experienced losses in any of these accounts. Credit risk associated with accounts receivable is limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by the investment sub-committee of the Board of Directors. Although fair values of investments are subject to fluctuation on a year-to-year basis, BRAF and its supporting organizations believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Note 26 – Taxes

For the years ended December 31, 2022 and 2021, BRAF and its supporting organizations recognized an income tax expense of $765,449 and $494,998, respectively. The actual tax expense differed from the expected tax benefit as follows:

	2022	2021
Expected tax expense (benefit)	$ 224,433	$ (303,210)
Valued entities	603,735	1,399,924
Return to provision	(62,719)	(601,716)
Total tax expense (benefit)	$ 765,449	$ 494,998

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31, 2022 and 2021 are presented below.

	2022	2021
Deferred tax assets:		
Net operating loss carryforwards	$ 12,471,034	$ 11,896,549
Capital loss carryforward	172,860	-
Tax credit carryforwards	4,833,362	4,970,949
Plant and equipment, principally due to differences in depreciation, capitalized interest, and impairment	(52,337)	(81,276)
Deferred compensation	-	451,799
Other deductible temporary differences	294,870	438,498
Total gross deferred tax assets	17,719,789	17,676,519
Less valuation allowance	(17,719,789)	(17,676,519)
Net deferred tax assets	$ -	$ -

Note 26 – Taxes (Continued)

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. TWMF has net operating loss carryforwards at December 31, 2022 and 2021 of approximately $48,000,000 and $46,000,000, respectively, which are available to offset future taxable income and expire between the years 2028 to 2040. Management believes that they will not realize the benefits of the net operating losses and other deductible differences and has recorded a valuation allowance of $17,719,789 and $17,676,519 as of December 31, 2022 and 2021, respectively. The fluctuation in the deferred asset's valuation allowance was an increase of $43,270 and $450,148 in 2022 and 2021, respectively.

Note 27 – Related Parties

BRAF and its supporting organizations engage in various related party transactions including BRAF providing personnel and facilities for administrative assistance. BRAF charges an administrative assessment to the applicable supporting organizations for these services and there are related payables and receivables associated with these assessments. These administrative assessments and the related payables and receivables have been eliminated in these consolidated financial statements. In addition, BRAF and its supporting organizations also periodically grant funds to each other. The corresponding contribution revenue and grant expense has been eliminated in these consolidated financial statements.

Furthermore, BRAF and its supporting organizations periodically advance funds to and receive funds from each other in the form of promissory notes that have various repayment terms. These notes payable and the corresponding notes receivable have been eliminated in these consolidated financial statements.

Preferred non-controlling interest members of CPDC Properties, LP are entitled to receive cumulative cash payments at an annual rate of 10.0% of their capital balance of $1,550,000 at December 31, 2022 and 2021. Cash payments for the years ended December 31, 2022 and 2021 were $155,000 and $155,000, respectively, and are included in other miscellaneous income, net in the consolidated statements of activities. As of December 31, 2022 and 2021, there were no unpaid cumulative cash payments.

TOFF and Ourso Management Company, Inc., a subsidiary of Ourso Family Investment Company, LLC, are related entities. Ourso Management Company, Inc. provides administrative services for conducting TOFF business at no cost. The estimated value of these services are recorded as in-kind administrative services on the Consolidated Statements of Activities. This has no effect on changes in net assets.

Note 28 – Fair Value of Financial Instruments

The fair values of the financial instruments as of December 31, 2022 and 2021 represent the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in orderly transactions between market participants at that date. These fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the measurement reflects management's own judgments about the assumptions that market participants would use in pricing the assets or liability. Those judgments are developed by management based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, available observable and unobservable inputs.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

<u>Cash and cash equivalents, restricted and escrowed cash, accounts receivable - tenants, other receivables, straight-line receivables, other assets, accounts payable and accrued expenses, refundable security deposits, unearned revenue, dividends payable, interest payable, deposits, other liabilities, and income taxes payable</u>
The carrying amounts, at face value or cost plus accrued interest, approximate fair value because of the short maturity of those instruments.

<u>Interest rate contracts</u>
The fair value is determined by the third-party based on inputs including current interest rates and the present value of the future cash payments required under the terms of the loan agreement for which it is associated. Interest rate contracts are considered Level 2 investments within the fair value hierarchy.

<u>Mortgages payable</u>
The fair value is determined as the present value of future contractual cash flows discounted at an interest rate that reflects the risks inherent in those cash flows. The discount rates used were the Wall Street Journal Prime Rate (7.50% as of December 31, 2022), and represents approximate rates currently observed in publicly traded debt markets for debt of similar terms to companies with comparable credit risk. The fair values of mortgages payable approximate carrying value and was $126,225,618 as of December 31, 2022.

In addition to those listed above, BRAF has a number of financial instruments, including receivables, investments, beneficial interests, and payables. Due to the short-term nature of or the discount applied to the receivables and payables and the application of fair value accounting for investments, the estimated fair value of all financial instruments as of December 31, 2022 is not materially different from the carrying values recorded in the accompanying consolidated statements of financial position. See also Notes 7, 9, and 12.

Note 29 – Real Estate Rental Expenses

Rental expenses for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Common area maintenance	$ 3,259,394	$ 3,350,692
Ground rents	1,078,029	1,086,430
Insurance	1,503,349	955,820
Property taxes	775,165	776,472
Repairs and maintenance	603,866	450,593
Bad debt	359,794	(229)
Miscellaneous	40,965	68,867
Sales and use tax	98,977	64,599
Leasing	49,588	69,969
Utilities	453	1,679
	$ 7,769,580	$ 6,824,892

Real estate administrative expenses for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Salary and payroll related	$ 4,237,350	$ 4,989,209
Professional fees	795,801	514,567
Legal	353,119	554,732
Office	475,313	175,559
Travel and entertainment	139,123	78,269
Other	81,722	53,263
Bank charges	22,643	23,004
	$ 6,105,071	$ 6,388,603

Note 30 – Contingencies

BRAF has guaranteed that the president and CEO will receive 60% of his annual salary in the event of his total disability. This guarantee was issued in conjunction with the group long-term disability policy which is limited to an annual maximum benefit of $120,000 per employee. BRAF has not determined the fair value of this guarantee and no amount has been recorded in these consolidated financial statements relating to this agreement.

As of December 31, 2022 and 2021, TWMF has issued guarantees to perform, related to borrowings from various commercial banks by eight subsidiaries. These borrowings mature at various dates through April 2029. For each guarantee issued, if the respective entity defaults on a payment, TWMF would have to perform its obligation under the guarantee, which may

Note 30 – Contingencies (Continued)

include TWMF being assigned the outstanding balance and the responsibility to remediate the defaulted payment. The outstanding balance of amounts guaranteed totaled $126,225,618 and $120,952,669 as of December 31, 2022 and 2021, respectively.

PPP Loan Forgiveness
See Note 15 to these financial statements for the six-year audit provisions related to the PPP loan forgiveness.

Note 31 – Litigation

BRAF and its supporting organizations may at times be involved in litigation relating to matters arising in the ordinary course of its business activities. Except as discussed below, management does not believe that the outcome of these matters, if any, will have a material adverse effect on the consolidated financial condition or results of operation.

Since prior to December 31, 2020, BRAF and the other owners of the Albritton Mineral Servitude (Servitude Owners) have been involved in a title dispute involving the State of Louisiana with regard to the ownership of the mineral rights underlying a large tract of immovable property located in Red River and DeSoto Parishes. During 2023, the Servitude Owners entered into a settlement with the State of Louisiana. The ownership of the mineral servitude was granted to the Servitude Owners in exchange for 45% of the royalty revenue attributable to said lands. Under this settlement, BRAF shall receive its proportionate share of the revenue obtained through the production and sale of oil and gas attributable to the lands at issue. Approximately $30,000,000 has been deposited in the registry of the court for these matters. However, it is not clear how much of the revenue BRAF will be entitled to based on the ownership percentages of the settlement. During 2023 and 2024, BRAF has received funds from this settlement totaling $1,983,875 which have been recorded as a receivable in these consolidated financial statements.

During 2016, an asset company filed litigation against TWMF for collection and foreclosure of a mortgage. The claim includes the principal amount of the loan, plus interest, legal and attorney fees, as well as other penalties and fees. This matter was settled during 2021. The property was sold for $1,145,000 and the proceeds were used to pay down the debt to the mortgagor. The mortgagor agreed to accept proceeds as well as a $255,000 payment at closing, plus an additional $50,000 per month for 24 months as a settlement of the mortgage payable, which is less than the accrued liability at the end of 2020. The agreement has strict repayment terms as to the amount settled. Failure to meet those terms could result in a default and a demand for the original amount due. The outstanding balance related to this claim is recorded in the consolidated financial statements at December 31, 2022 and 2021.

The Wilbur Marvin Foundation (TWMF) and a subsidiary of TWMF are defendants in a lawsuit arising in 2018 alleging the non-payment of certain obligations due to the plaintiff in connection with the operation and dissolution of the Capital House Hotel Operating , LLC.

Note 31 – Litigation (Continued)

Subsequent to December 31, 2021, the Court rendered its final ruling regarding this litigation in favor of the plaintiff. As of December 31, 2022 and 2021, the accrued liability related to this litigation was $4,200,000. TWMF has appealed the court's ruling, and the matter is now before the U.S. Fifth Circuit Court of Appeals.

Note 32 – Interest Rate Contracts

TMWF entered into two interest rate swap agreements with a bank as of August 30, 2019, that effectively fixes the LIBOR interest rates from the variable rates called for in the loans.

The terms as of December 31, 2022 and 2021 are as follows:

	2022	2021
Contract Date	August 30, 2019	August 30, 2019
Fixed Interest Rate	3.70%	3.70%
Variable Rate	One-month LIBOR + 2.15%	One-month LIBOR + 2.15%
Notional Amount as of year end	$12,596,000	$13,050,400
Maturity	August 1, 2026	August 1, 2026
Market Value as of year end	$996,247	($218,534)
Contract Date	August 30, 2019	August 30, 2019
Fixed Interest Rate	3.80%	3.80%
Variable Rate	One-month LIBOR + 2.25%	One-month LIBOR + 2.25%
Notional Amount as of year end	$14,556,000	$15,182,200
Maturity	October 1, 2026	October 1, 2026
Market Value as of year end	$1,169,803	($253,118)

TWMF's purpose in entering into the swap contracts was to hedge against the risk of interest rate increases on the related variable rate debt. Accordingly, the swap arrangement was classified as a cash flow hedging activity and represented a derivative financial instrument. This derivative financial instrument is not held for trading purposes. TWMF accounted for this derivative financial instrument in accordance with the *Derivatives and Hedging* Topic of the FASB Codification (ASC 815). Accordingly, the derivative financial instrument is reflected on the consolidated statement of financial position at its fair value. In accordance with the guidance for non-profits, the change in the fair value of the interest rate swap is recorded as interest expense. The cash flow effects of the swap arrangements were reported as an adjustment to interest expense. The net cash flow effect for the years ended December 31, 2022 and 2021 was an increase in interest expense of $47,448 and $422,130, respectively.

The overall impact of fluctuations in the fair value of the swap arrangements for the years ended December 31, 2022 and 2021, were gains of $2,637,702 and $1,371,680, respectively.

Note 33 – Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Foundation will continue as a going concern. However, one of the Foundation's supporting organizations, The Wilbur Marvin Foundation, has shown certain operating concerns. While TWMF recognized increases in net assets for each of the years ended December 31, 2022 and 2021, each year had significant noncash increase on the consolidated statement of activities (market value adjustment of interest rate contracts as well as contributions of property). TWMF's total assets exceed total liabilities as of December 31, 2022, however, liquid assets were $1,900,000. For the two years ended December 31, 2022 and 2021, TWMF has experienced losses from real estate operations before the disposal of properties and recognized approximately $5,000,000 of interest expense in both years. These circumstances, along with $17,200,000 of principal debt maturities due in 2023 have prompted management to evaluate TWMF's plan to mitigate these concerns.

Management has evaluated its position noting properties sold subsequent to year end provided debt service relief and additional cash flows. Of the properties held for sale at year end, all have been sold as of March 8, 2024. The proceeds of $4,400,000 for one property were used to pay off approximately $4,000,000 in mortgages associated with the property. Furthermore, subsequent to year end, TWMF identified two additional properties for sale. TWMF has entered into a purchase/sale agreement for approximately $6,000,000 on one property and fully negotiated the sale of other property for approximately $7,100,000. Buyers are completing inspection and due diligence items, and TWMF expects to close on or before May 30, 2024.

TWMF, through a subsidiary, is seeking non-controlling investors to further develop the property and operations of a particular project. As of the fourth quarter 2023, non-controlling investors made capital contributions of $6,800,000. An additional $4,150,000 in capital has been raised in 2024 related to the Steel Grove Fund of TWMF. TWMF expects to continue raising capital in 2024 of $15,000,000.

In December 2023, TWMF sold approximately 5.33% of its interest in a partnership for $1,000,000 to the non-controlling investors. Control of the entity remained unchanged as part of the sale.

TWMF is also working with lenders to extend or renew loan terms as they become due and/or as necessary to meet its operating needs. Management has obtained waivers from lenders for those covenants which were not met as of December 31, 2022. In addition to the waivers, the lenders modified the terms of the loan agreements going forward. See Note 34.

Note 34 – Subsequent Events

The management of BRAF and its supporting organizations evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through July 2, 2024, the date which the financial statements were available to be issued.

Note 34 – Subsequent Events (Continued)

Management has determined that the following events have occurred subsequent to December 31, 2022 and require disclosure:

The following transactions occurred relating to mortgages and notes payable of TWMF and/or subsidiaries:

- On February 9, 2023, TWMF refinanced an existing loan of $5,010,207 to include additional borrowings up to $6,200,000. The interest rate of 7.75% and the maturity of December 2024 remain unchanged.
- On April 12, 2023, TWMF entered into a loan agreement for $4,118,725. The loan bears interest at a variable rate (8.00% on the date of execution). The loan calls for 23 regular payments of principal and interest of $50,790 and one final payment of unpaid principal due at April 2025.
- On April 12, 2023, TWMF entered into a loan agreement for $6,600,000. The loan bears interest at 10% and calls for all unpaid principal and interest to be repaid on April 12, 2024. As of May 21, 2024, TWMF has requested an extension from the lender which is in process.
- On April 28, 2023, TWMF entered into a loan agreement for $1,660,000. The note bears interest at prime rate plus 0.25% (8.25% at the date of execution) and calls for 6 monthly interest only payments, 17 monthly principal and interest payments of $13,223 and one final payment of unpaid principal and interest on April 28, 2025.
- On May 12, 2023, TWMF amended an existing loan agreement with a bank. The amendment requires TWMF to continue to make monthly principal curtailment payments of $25,000 as well as an annual additional principal payment of $300,000.
- On May 30, 2023, TWMF entered into a multiple advance loan agreement for $3,360,000. The loan bears interest at 6.25% and calls for 12 interest only, then 47 monthly principal and interest payments of $22,356 beginning June 30, 2024 and one final payment of unpaid principal and interest due May 30, 2028.
- On November 13, 2023, TWMF amended a loan agreement with a balance of $5,299,530 to modify the interest rate to Wall Street Journal Prime + 1% and to extend the maturity from November 2023 to September 30, 2024.
- On December 19, 2023, TWMF entered into a loan agreement with a maximum principal of $5,000,000 bearing interest at 10%. TWMF has drawn $2,000,000 on the loan as of the date of this report. The loan requires one principal and interest payment of December 31, 2024.
- On January 18, 2024, TWMF renewed a loan with a balance of $1,649,226. The loan calls for monthly payments of interest only and one final payment of principal and interest due April 17, 2024. The interest rate on the loan is Wall Street Prime which was 8.50% on this date. As of May 21, 2024, TWMF has requested an extension from the lender which is in process.
- On January 19, 2024, TWMF extended a loan with a balance of $2,000,000 to June 29, 2024. All other terms of the agreement remain unchanged.

Note 34 – Subsequent Events (Continued)

- On February 29, 2024, a lender waived the debt service coverage covenant violation associated with a 50% owned partnership property for the years ended December 31, 2022 and 2023. That waiver was conditional such that the debt was immediately cross collateralized with two other TWMF properties. In addition, the lender agreed to a principal curtailment of $420,000 at the time of closing of on the currently pending property sales from the newly cross collateralized properties, to recast the loan payments for the effects of principal curtailments that have been made at various points over the life of the loan and to immediately increase the interest rate from 3.99% to 5.25% over the remainder of the loan term.
- On March 15, 2024, TWMF entered into a multiple advance loan for $3,945,533. The loan bears interest at 8.125% and calls for 6 interest only payments, then 17 monthly principal and interest payments of $31,086 beginning October 15, 2024 and one final payment of unpaid principal and interest of $3,898,924 due March 15, 2026.
- On March 15, 2024, TWMF entered into a multiple advance loan for $3,405,736. The loan bears interest at 8.125% and calls for 6 interest only payments, then 17 monthly principal and interest payments of $26,833 beginning October 15, 2024 and one final payment of unpaid principal and interest of $3,365,490 due March 15, 2026.
- On March 28, 2024, TWMF entered into a multiple advance loan for $2,329,334. The loan bears interest of 8.125% and calls for 6 interest only payments, then 17 monthly principal and interest payments of $18,352 beginning October 28, 2024 and one final payment of unpaid principal and interest of $2,301,802 due March 28, 2026.
- On April 3, 2024, TWMF entered into a multiple advance loan for $2,401,846. The loan bears interest at 8.125% and calls for 6 interest only payments, then 17 monthly principal and interest payments of $18,925 beginning November 30, 2024 and one final payment of unpaid principal and interest of $2,373,983 due April 30, 2026.
- On April 30, 2024, TWMF amended a loan agreement with a balance of $3,675,136. The maturity date was extended to July 30, 2024 and the interest rate was increased to 9.275%. The amendment calls for 2 payments of $31,874 and one final payment of $3,543,824.
- TWMF extended a loan with a balance of $2,135,000 to July 11, 2024. All other terms remain unchanged.

The following transactions occurred relating to the acquisition or disposition of property:

- On April 12, 2023, TWMF purchased property in Baton Rouge, Louisiana for $9,500,000.
- On April 27, 2023, TWMF purchased property in Port Allen, Louisiana for $2,075,000.
- On May12, 2023, TWMF collectively sold properties identified as BCBC Shoppes, Sherwood Mall, and Sena Mall for $8,541,666. As a result of this transaction, approximately $6,100,000 of mortgages were paid off.
- On July 31, 2023, TWMF entered into a purchase agreement to purchase property in Elgin, Texas for $4,350,000. However, the purchase sale agreement was terminated.
- On September 19, 2023, TWMF entered into an agreement to sell approximately 80 acres in North Carolin for $6.066,480. The agreement is subject to an inspection period but calls for a closing date prior to July 14, 2024.

Note 34 – Subsequent Events (Continued)

- On March 8, 2024, TWMF sold its property in Puerto Rico for $4,000,000. The proceeds paid off approximately $4,000,000 of mortgages associated with the property.
- On March 1, 2024, TWMF entered into a purchase sale agreement to sell property in North Carolina for $7,100,000. Buyers are currently completing inspection and due diligence items, and the expected closing date is on or before May 30, 2024.
- On March 15, 2024, TWMF purchased property in Fairmont City, Illinois for $3,750,000.
- On March 15, 2024, TWMF purchased property in Columbus, Ohio for $2,800,000.
- On March 28, 2024, TWMF purchased property in Ammon, Idaho for $2,000,000.
- On April 30, 2024, TWMF purchased property in Foley, Alabama for $550,000.
- On April 30, 2024, TWMF purchased property in Springfield, Illinois for $2,100,000.

The following transaction occurred relating to capital transactions:

- In the fourth quarter of 2023, TWMF, through one of its subsidiaries, raised $6,800,000 of capital for future investment opportunities. As described in Note 33, an additional $4,150,000 of capital has been raised in 2024.
- In December 2023, TWMF sold approximately 5.33% of its interest in a partnership for $1,000,000 to a non-controlling investor. Control of the entity remained unchanged as part of the sale.