

**NAVY SUPPLY CORPS FOUNDATION, INC.**  
**Athens, Georgia**

**Audited Financial Statements**  
**December 31, 2022**

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# TURNER & PATAT

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Navy Supply Corps Foundation, Inc.

### Opinion

We have audited the accompanying financial statements of the Navy Supply Corps Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the year ended December 31, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Navy Supply Corps Foundation, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the year ended December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Navy Supply Corps Foundation, Inc. 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.

### Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Navy Supply Corps Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Navy Supply Corps Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Navy Supply Corps Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Turner and Patat PC*

CERTIFIED PUBLIC ACCOUNTANTS

Athens, Georgia

November 3, 2023

**NAVY SUPPLY CORPS FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>- ASSETS -</b>		
<b>Current Assets</b>		
Cash in checking - operating	\$ 94,596.17	\$ 212,384.05
Cash in Schwab Money Market funds	350,909.73	207,929.21
Chapter assets	89,003.84	-
Prepaid expenses	1,360.00	1,360.00
Accrued dividend receivable	3,864.43	3,758.13
Pledge receivable, net of discount	30,923.25	15,748.00
Book inventory	-	47,700.00
Regalia inventory	5,273.86	9,994.46
Total Current Assets	575,931.28	498,873.85
<b>Fixed Assets</b>		
Computer and office equipment	4,093.45	3,969.32
Website development	252,770.26	252,770.26
	256,863.71	256,739.58
Less accumulated depreciation	(251,010.41)	(248,097.36)
Remaining Cost in Fixed Assets	5,853.30	8,642.22
<b>Long Term Assets</b>		
Pledge receivable, net of discount	44,742.93	-
Total Long Term Assets	44,742.93	-
<b>Investments</b>		
Corporate Stock	-	-
Exchange Traded Funds	4,182,112.25	5,592,050.69
Bond Funds	1,644,772.43	1,834,788.85
Equity Funds	132,167.17	152,292.78
Options	-	(46,587.50)
Total Investments	5,959,051.85	7,532,544.82
<b>TOTAL ASSETS</b>	<b>\$ 6,585,579.36</b>	<b>\$ 8,040,060.89</b>
<b>- LIABILITIES AND NET ASSETS -</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 9,506.63	\$ 3,247.29
Chapter liabilities	2,530.89	-
Grants payable	-	12,500.00
Accrued SEP contribution	31,561.19	39,137.49
Scholarships payable	63,737.83	24,514.60
Total Current Liabilities	107,336.54	79,399.38
<b>Long-Term Liabilities</b>		
Scholarships payable	199,063.24	88,667.91
Total Long-Term Liabilities	199,063.24	88,667.91
<b>Net Assets</b>		
Without donor restrictions	(612,706.36)	(548,374.97)
With donor restrictions	6,891,885.94	8,420,368.57
Total Net Assets	6,279,179.58	7,871,993.60
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,585,579.36</b>	<b>\$ 8,040,060.89</b>

See accountants' report and accompanying notes to financial statements.

**NAVY SUPPLY CORPS FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Without</u> <u>Donor Restrictions</u>	<u>With</u> <u>Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Donations	\$ 219,053.46	\$ 256,956.03	\$ 476,009.49
Chapter revenue	324,014.51	-	324,014.51
Investment income	2,699.63	162,677.37	165,377.00
Net realized and unrealized appreciation of investments	(22,292.01)	(1,477,211.51)	(1,499,503.52)
Net profit from regalia sales	2,468.70	-	2,468.70
Net assets released from restrictions	470,904.52	(470,904.52)	-
Total Support and Revenue	<u>996,848.81</u>	<u>(1,528,482.63)</u>	<u>(531,633.82)</u>
<b>Expenses</b>			
<b>Program Expenses</b>			
Scholarships awarded	392,868.56		392,868.56
Scholarship program expenses	43,456.56		43,456.56
Regalia sales	9,096.38		9,096.38
Heritage and Legacy	72,909.13		72,909.13
Chapter support	23,245.66		23,245.66
Chapter expenses	351,092.05		351,092.05
Distinguished Alumni awards	14,549.10		14,549.10
Transition program	9,971.42		9,971.42
Public relations and communications	68,261.94		68,261.94
Other awards	407.24		407.24
Total Program Expenses	<u>985,858.04</u>	<u>-</u>	<u>985,858.04</u>
<b>Fund Raising Expenses</b>			
Salaries and payroll taxes	22,068.28		22,068.28
Printing and mailing	5,543.91		5,543.91
CFC registration	1,020.00		1,020.00
Consulting fees and expenses	5,500.00		5,500.00
	5,316.11		5,316.11
Total Fund Raising Expenses	<u>39,448.30</u>	<u>-</u>	<u>39,448.30</u>
<b>Management and General Expenses</b>			
Salaries	89,985.41		89,985.41
Payroll taxes	6,966.62		6,966.62
Retirement	16,406.18		16,406.18
Telephone	935.00		935.00
Office supplies and expense	9,701.47		9,701.47
Annual meeting expenses	3,743.89		3,743.89
Travel	2,800.76		2,800.76
Insurance	8,291.00		8,291.00
Legal and professional	6,475.00		6,475.00
Depreciation expense	255.55		255.55
Other expenses	3,863.47		3,863.47
Total Management and General Expenses	<u>149,424.35</u>	<u>-</u>	<u>149,424.35</u>
Total Expenses	<u>1,174,730.69</u>	<u>-</u>	<u>1,174,730.69</u>
<b>Increase (Decrease) in Net Assets</b>	<b>(177,881.88)</b>	<b>(1,528,482.63)</b>	<b>(1,706,364.51)</b>
<b>Beginning Net Assets</b>	<b>\$ (548,374.97)</b>	<b>\$ 8,420,368.57</b>	<b>\$ 7,871,993.60</b>
<b>Prior Period Adjustment</b>	<b>113,550.49</b>	<b>-</b>	<b>113,550.49</b>
<b>Beginning Net Assets as Adjusted</b>	<b>(434,824.48)</b>	<b>8,420,368.57</b>	<b>7,985,544.09</b>
<b>Ending Net Assets</b>	<b>\$ (612,706.36)</b>	<b>\$ 6,891,885.94</b>	<b>\$ 6,279,179.58</b>

See accountants' report and accompanying notes to financial statements.

**NAVY SUPPLY CORPS FOUNDATION, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**Cash Flows from Operating Activities**

Cash received from supporters	\$	676,843.45	
Cash received from program revenue and sales		95.00	
Cash paid to programs, suppliers and employees		(954,144.20)	
Investment income received		165,270.70	
Net Cash Provided (Used) by Operating Activities	\$		(111,935.05)

**Cash Flows from Investing Activities**

Purchase of investments		(2,588,891.32)	
Purchase of fixed assets		(124.13)	
Proceeds from sale of investments		2,673,143.14	
Net Cash Provided (Used) in Investing Activities			84,127.69

**Cash Flows from Financing Activities**

Endowment contributions received		53,000.00	
Net Cash Provided (Used) in Financing Activities			53,000.00

**Net Increase (Decrease) in Cash and Cash Equivalents**

25,192.64

**Cash and Cash Equivalents-Beginning of Year**

420,313.26

**Cash and Cash Equivalents-End of Year**

\$ 445,505.90

**RECONCILIATION OF NET INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

**Cash Flows from Operating Activities**

Increase (Decrease) in Net Assets			\$ (1,706,364.51)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used by Operating Activities:			
Contributions for endowment funds	\$	(53,000.00)	
Noncash donations		(10,262.37)	
Realized and unrealized appreciation on investment securities		1,499,503.52	
Depreciation		2,913.05	
(Increase) decrease in pledge receivable		(59,918.18)	
(Increase) decrease in accrued dividend receivable		(106.30)	
(Increase) decrease in chapter assets		24,546.65	
(Increase) decrease in book inventory		47,700.00	
(Increase) decrease in regalia inventory		4,720.60	
Increase (decrease) in accounts payable		6,259.34	
Increase (decrease) in chapter liabilities		2,530.89	
Increase (decrease) in grants payable		(12,500.00)	
Increase (decrease) in scholarships payable		149,618.56	
Increase (decrease) in other liabilities		(7,576.30)	
Total Adjustments			1,594,429.46

**Net Cash Provided (Used) by Operating Activities**

\$ (111,935.05)

See accountants' report and accompanying notes to financial statements.

**NAVY SUPPLY CORPS FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING PRINCIPLES**

**Nature of Activities**

The Navy Supply Corps Foundation, Inc. and the Navy Supply Corps Association, Inc. were established in 1971 to provide scholarships to dependent children of Navy Supply Corps officers and enlisted personnel and other programs that enhance the image of the Navy Supply Corps and its Officers and enlisted personnel. On January 1, 1996, the Association merged into the Foundation. The merger was in accordance with rules and regulation of the Internal Revenue Code and the Official Code of Georgia Annotated. The Foundation (and formerly the Association) is exempt from income taxes under Internal Revenue Code 501(c)(3).

The Foundation provides annual scholarships to dependent children of Navy Supply Corps officers and enlisted personnel. The Foundation also operates programs that enhance the image of the Navy Supply Corps and its officers and enlisted personnel, which include internet gift shop with a selection of Navy Supply Corps regalia, clothing and office accessories, support for the exhibits of the Navy Supply Corps museum, and public relations programs.

The Foundation is supported primarily by contributions from an annual fund drive to active and retired Supply Corps officers and enlisted personnel and investment revenue from scholarship endowments.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

**Financial Statement Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) ASC 958, Financial Statements for Not-for-Profit Organizations, as updated by Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. This ASU improves the prior net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity and financial performance. The ASU is effective for fiscal years beginning after December 15, 2017. The Foundation has adopted this standard for the year ended December 31, 2018 and retroactively applied this standard to the year ended December 31, 2017.

This standard requires classification of net assets and revenue, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of these two classes of net assets, with donor restrictions and without donor restrictions, be displayed in the statement of activities and changes in net assets. The accounting standards provide that if a governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as net assets without donor restrictions.

**Contributions**

The Foundation follows the recommendation of the FASB ASC 958, Financial Statements for Not-for-Profit Organizations, as updated by ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, whereby contributions received are recorded as without donor restriction, or with donor restriction depending on the existence and/or nature of donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of time or purpose restrictions.

**Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period the donor makes the promise to give and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior year's experience and management's analysis of specific promises made.

See accountants' report.



**NAVY SUPPLY CORPS FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING PRINCIPLES (continued)**

**Inventories**

Inventories consist of Navy regalia, clothing, books and promotional items which are stated at the lower of cost or market value as determined on a first-in, first-out basis. Shipping costs are included as a component of cost of sales.

**Fixed Assets**

Fixed assets are stated at original cost or fair value if donated, less accumulated depreciation, which is provided for using the straight-line method over the estimated useful lives of the assets from three to seven years. Maintenance, repairs and minor renewals are expensed as incurred.

**Investments**

The Foundation uses SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations". Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets and classified as either with donor restrictions or without donor restrictions.

Investments are pooled to allow for an equitable distribution of profits among the various scholarship funds. Investment decisions are made by the investment committee of the Foundation. Investment income and realized and unrealized gains are allocated among scholarship funds and without donor restriction funds in ratio to fund balances.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Functional Allocation**

The Foundation adheres to generally accepted accounting principles in reporting expenses by their functional classification. Accordingly, salaries, payroll taxes, and occupancy and other expenses have been allocated to functional classifications based on various factors.

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

**Recognition of Donor Restrictions**

Support that is restricted by the donor is reported as an increase in without donor restrictions net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**Evaluation of Subsequent Events**

The date to which events occurring after December 31, 2022, the date of the most recent statement of financial position, have been evaluated for possible adjustment to financial statements or disclosure is November 3, 2023 which is the date on which the financial statements were available to be issued.

**NOTE B - CONCENTRATION OF CREDIT RISK**

The Foundation has significant investments held primarily in a brokerage account. These investments are largely uninsured and subject to market risk. The Foundation also maintains cash in money market accounts not covered by FDIC insurance.

See accountants' report.

**NAVY SUPPLY CORPS FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE C – INVESTMENTS**

Investments consisted of the following:

	December 31, 2022			December 31, 2021		
	Fair Value	Cost	Unrealized Appreciation	Fair Value	Cost	Unrealized Appreciation
<b>Exchange Traded Funds</b>						
Amplify Trnsfrmtnl Data Shrng ETF	56,222.31	179,884.32	(123,662.01)	130,954.20	161,138.61	(30,184.41)
Invesco S&P Midcap	149,489.80	156,701.04	(7,211.24)	-	-	-
ishares Core MSCI Emerging ETF IV	432,841.00	505,758.02	(72,917.02)	579,375.85	631,751.38	(52,375.53)
ishares Morgstar Mid Capgro ETF IV	-	-	-	238,761.68	212,122.46	26,639.22
Ishares S&P 500 Growth	720,431.27	528,179.87	192,251.40	1,104,450.14	268,815.96	835,634.18
SPDR S&P 500 ETF	829,612.89	908,931.74	(79,318.85)	1,090,764.64	968,250.11	122,514.53
Vanguard Extended Market ETF IV	192,577.58	241,155.00	(48,577.42)	267,694.97	266,528.81	1,166.16
Vanguard FTSE All World	881,921.58	930,435.96	(48,514.38)	1,141,756.58	1,048,066.48	93,690.10
Vanguard Mid Cap ETF IV	199,730.13	218,794.88	(19,064.75)	172,062.87	154,859.43	17,203.44
Vanguard REIT ETF	218,307.98	229,862.15	(11,554.17)	222,161.03	136,974.68	85,186.35
Vanguard Small Cap Growth ETF IV	250,972.14	316,816.06	(65,843.92)	358,299.48	351,054.74	7,244.74
Vanguard Small Cap Value ETF IV	250,005.57	272,269.83	(22,264.26)	285,769.25	284,656.55	1,112.70
Total Exchange Traded Funds	4,182,112.25	4,488,788.87	(306,676.62)	5,592,050.69	4,484,219.21	1,107,831.48
<b>Bond Funds</b>						
Fidelity Capital & Income	457,404.81	553,972.96	(96,568.15)	504,275.00	499,724.88	4,550.12
Fidelity Strategic Income Fund	396,805.67	464,567.03	(67,761.36)	439,449.07	443,675.46	(4,226.39)
Vanguard Interm Term Investment Grade Fund	504,447.30	609,496.83	(105,049.53)	586,789.92	595,275.71	(8,485.79)
Vanguard Short Term Investment Grade Fund	286,114.65	307,977.13	(21,862.48)	304,274.86	302,913.20	1,361.66
Total Bond Funds	1,644,772.43	1,936,013.95	(291,241.52)	1,834,788.85	1,841,589.25	(6,800.40)
<b>Equity Funds</b>						
Vanguard Windsor II Fund	132,167.17	115,630.63	16,536.54	152,292.78	106,632.46	45,660.32
Total Equity Funds	132,167.17	115,630.63	16,536.54	152,292.78	106,632.46	45,660.32
<b>Options</b>						
Call ishr Core Emrg Mkts Exp 03/18/22	-	-	-	(5,125.00)	(4,566.98)	(558.02)
Call ishr Core S&P 500 Exp 04/14/22	-	-	-	(10,837.50)	(10,568.90)	(268.60)
Call SPDR S&P 500 Exp 03/18/22	-	-	-	(5,130.00)	(6,203.35)	1,073.35
Call Vanguard Extnl Mkt Exp 03/18/22	-	-	-	(2,800.00)	(3,093.38)	293.38
Call Vanguard Mid Cap Exp 04/14/22	-	-	-	(2,350.00)	(2,316.70)	(33.30)
Call Vanugard REIT	-	-	-	(2,045.00)	(1,533.39)	(511.61)
Call Vanguard Sml Cap Val Exp 03/18/22	-	-	-	(3,500.00)	(3,393.38)	(106.62)
Call Vanguard Small Cp Grwth Exp 03/18/22	-	-	-	(4,550.00)	(2,703.39)	(1,846.61)
Call Vanguard Wrld Ex US Exp 03/18/22	-	-	-	(10,250.00)	(934.04)	(9,315.96)
Total Options	-	-	-	(46,587.50)	(35,313.51)	(11,273.99)
Total	<b>5,959,051.85</b>	<b>6,540,433.45</b>	<b>(581,381.60)</b>	<b>7,532,544.82</b>	<b>6,397,127.41</b>	<b>1,135,417.41</b>

See accountants' report.

**NAVY SUPPLY CORPS FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE D – ENDOWMENT**

The Foundation’s endowment consists of 24 individual funds that are established to provide scholarships and other related purposes. Endowment assets include donor-restricted funds that the Foundation must hold in perpetuity. As required by generally accepted accounting principles, net assets as of December 31, 2022 associated with the endowment funds are classified and reported based on the existence of donor-imposed restrictions.

The Foundation has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment as perpetual in nature. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature is restricted until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation will appropriate funds from the endowment funds based on specific needs and budgeting requirements from year to year. In making a determination to appropriate or accumulate donor-restricted endowment funds, the Foundation considers the duration and preservation of the fund, the charitable purposes of the Foundation and the donor-restricted endowment fund, general economic conditions, the possible effect of inflation or deflation, the expected total return from income and the appreciation of investments, other resources of the Foundation, and the investment policies of the Foundation.

The composition of endowment funds and their change in net assets for the year ended December 31, 2022 are as follows:

	<u>Available for Expenditure</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Endowments net assets, beginning of year	\$ 3,438,087.50	\$ 2,983,784.55	\$ 6,421,872.05
Contributions	-	53,000.00	53,000.00
Investment Income	124,136.76	-	124,136.76
Net realized/unrealized gain (loss) on investments	(1,127,238.80)	-	(1,127,238.80)
Administrative Fee	(119,210.75)	-	(119,210.75)
Amounts appropriated for expenditure	<u>(106,500.00)</u>	<u>-</u>	<u>(106,500.00)</u>
Total change in endowment funds	<u>(1,228,812.79)</u>	<u>53,000.00</u>	<u>(1,175,812.79)</u>
Endowment net assets, end of year	<u>\$ 2,209,274.71</u>	<u>\$ 3,036,784.55</u>	<u>\$ 5,246,059.26</u>

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for scholarships and other related purposes while seeking to maintain the purchasing power of the endowment assets. Endowment assets are invested to maximize total return consistent with a moderate level of investment risk. Investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has a policy of appropriating for distribution a portion of its endowment fund’s fair value, which is determined by the Board of Directors on an annual basis. In implementing this policy, the Foundation considers the long-term expected return on this endowment. The Foundation expects its current spending practices will allow its endowment assets to grow and maintain their purchasing power as well as to provide additional real growth through new gifts and investment returns.

See accountants’ report.

**NAVY SUPPLY CORPS FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE E – UNCONDITIONAL PROMISES TO GIVE**

During the year ended December 31, 2022, individuals pledged to contribute an additional \$80,000 over a five-year period. As of December 31, 2022, the Foundation estimated promises to give were as follows:

Less than one year	\$31,248.00
One to five years	<u>52,500.00</u>
	\$83,748.00
Less discount to net present Value at rates ranging from 2.14% - 3.94%	<u>( 8,081.82)</u>
Total promises to give	<u>\$75,666.18</u>

**NOTE F – PRIOR PERIOD ADJUSTMENT**

A prior period adjustment in the amount of \$113,550.49 was recorded to reflect reporting the assets and liabilities of the Chapters into the financial statements of the Foundation. The adjustment resulted in an increase to net assets without donor restrictions.

See accountants' report.