CLOVER FOUNDATION and SUBSIDIARY

Consolidated Financial Statements

December 31, 2022

(With Independent Auditors' Report)

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ROGOFF & COMPANY PC
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Board of Trustees
Clover Foundation

Opinion

We have audited the consolidated financial statements of Clover Foundation, Inc. (the "Foundation", a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated 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 the 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 Foundation's 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 U.S. 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 U.S. 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Foundation's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 31, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Rogoff & Company PC

Rogoff & Company, PC
New York, New York
January 5, 2024

CLOVER FOUNDATION and SUBSIDIARY
Consolidated Statement of Financial Position

December 31, 2022
(with comparative amounts as of December 31, 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	$ 707,618	$ 1,186,540
Program loans receivable	12,177,118	12,857,202
Accrued investment income	85,395	90,306
Other receivables	107,121	-
Prepaid federal excise tax	29,840	-
Investments, at fair value	75,323,851	89,035,171
Foreign real estate investment	5,000,000	5,000,000
Domestic land and building, net	20,374,771	20,803,255
Total assets	$ 113,805,714	$ 128,972,474
LIABILITIES and NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	$ 17,076	$ 34,554
Commitments and contingencies (Notes 3, 4 and 5)		
Net assets		
Without donor restrictions	113,674,850	128,937,920
With donor restrictions	113,788	-
	113,788,638	128,937,920
Total liabilities and net assets	$ 113,805,714	$ 128,972,474

The accompanying notes are an integral part of these consolidated financial statements

CLOVER FOUNDATION and SUBSIDIARY

Consolidated Statement of Activities

Year ended December 31, 2022
(with comparative amounts for the year ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Support and revenue:				
Investment return, net	$ (11,749,670)	$ -	$ (11,749,670)	$ 10,910,562
Contributions	715,000	113,788	828,788	195,000
Program rental revenue	428,484	-	428,484	428,484
Program loan interest	133,578	-	133,578	92,747
	(10,472,608)	113,788	(10,358,820)	11,626,793
Net assets released from restrictions	-	-	-	-
Total support and revenue	(10,472,608)	113,788	(10,358,820)	11,626,793
Program expenses:				
Grants	4,275,099	-	4,275,099	4,120,355
Program support	445,633	-	445,633	442,050
	4,720,732	-	4,720,732	4,562,405
Management and general	69,730	-	69,730	77,008
Total expenses	4,790,462	-	4,790,462	4,639,413
Change in net assets	(15,263,070)	113,788	(15,149,282)	6,987,380
Net assets, beginning of year	128,937,920	-	128,937,920	121,950,540
Net assets, end of year	$ 113,674,850	$ 113,788	$ 113,788,638	$ 128,937,920

The accompanying notes are an integral part of these consolidated financial statements

CLOVER FOUNDATION and SUBSIDIARY

Consolidated Statement of Functional Expenses

Year ended December 31, 2022
(with summarized totals for the year ended December 31, 2021)

	Grants	Program Support	Management and General	2022 Total	2021 Total
Grants	$ 4,275,099	$ -	$ -	$ 4,275,099	$ 4,120,355
Personnel Costs	-	14,419	26,664	41,083	35,497
Professional fees	-	-	29,197	29,197	41,485
Occupancy	-	2,730	11,829	14,559	12,402
Depreciation	-	428,484	-	428,484	428,484
Other	-	-	2,040	2,040	1,190
	$ 4,275,099	$ 445,633	$ 69,730	$ 4,790,462	$ 4,639,413

The accompanying notes are an integral part of these consolidated financial statements

CLOVER FOUNDATION and SUBSIDIARY

Consolidated Statement of Cash Flows

Year ended December 31, 2022
(with comparative amounts for the year ended December 31, 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (15,149,282)	$ 6,987,380
Adjustments to reconcile change in net assets to net cash used by operating activities		
Realized and unrealized loss (gain) on investments	12,458,911	(7,990,692)
Hedge funds and feeder funds earnings	211,978	(1,718,271)
Foreign currency loss (gain)	(170,824)	24,997
Non-cash grants	1,071,000	564,000
Depreciation	428,484	428,484
Changes in:		
Accrued investment income	4,911	3,605
Other receivables	(107,121)	116,562
Prepaid federal excise tax	(29,840)	-
Accounts payable and accrued liabilities	(17,478)	10,425
Grants payable	-	(285,656)
Cash used by operating activities	(1,299,261)	(1,859,166)
Cash flows from investing activities:		
Program loans repaid	1,304,084	1,347,783
Program loans made	(1,695,000)	-
Sale of investments	47,578,908	32,518,886
Purchase of investments	(47,720,893)	(33,246,669)
Hedge funds and feeder funds distributions	1,736,849	2,388,993
Hedge funds and feeder funds contributions	(383,609)	(465,265)
Cash provided by investing activities	820,339	2,543,728
Increase (decrease) in cash and cash equivalents	(478,922)	684,562
Cash and cash equivalents - beginning of year	1,186,540	501,978
Cash and cash equivalents - end of year	$ 707,618	$ 1,186,540
Supplemental data:		
Federal excise tax paid	$ 105,387	$ 77,922

The accompanying notes are an integral part of these consolidated financial statements

Note 1 – Organization

Clover Foundation (the “Foundation”) is a not-for-profit non-operating private foundation that provides a program of support and assistance to vocational, charitable, research and educational institutions from the elementary level through graduate studies. The Foundation does this by making grants and loans to domestic and foreign non-profit charitable organizations fostering the same objectives as the Foundation.

The Foundation also owns real property that it leases to a tax-exempt, non-profit educational organization, IESE-USA, Inc.

The Foundation was formed in the State of Texas on May 27, 1986.

Note 2 – Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Clover Foundation and its wholly-owned subsidiary, 165 W 57 LLC. The LLC was formed in 2009 for the sole purpose of holding all right, title and interest in the Foundation's real property. Previously, such real property was owned directly by the Foundation. All material inter-entity transactions and balances have been eliminated in consolidation.

Net Assets

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

> Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Trustees.
>
> Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Note 2 – Summary of Significant Accounting Policies – continued

Cash and Cash Equivalents

The Foundation's cash consists of cash on deposit with banks. Cash equivalents represent money market accounts that are highly liquid, other than those held in the investment portfolio which are invested for long-term purposes.

Concentrations of credit risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Foundation maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Foundation's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Foundation has not experienced, nor does it anticipate, any losses with respect to such accounts.

Contributions

The Foundation recognizes contributions when cash, securities or other assets, or unconditional promise to give is received. 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.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation.

In-kind Contributions

Contributed services are recognized as contributions if the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation has recorded no contributed services because all services requiring specific professional expertise during the year were purchased.

Note 2 – Summary of Significant Accounting Policies – continued

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes

The Foundation is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code but is subject to federal excise tax on net investment income, including realized gains.

The Foundation recognizes the effects of income tax positions only if those positions are more likely than not of being sustained. The Foundation evaluated its tax positions and determined that it has no uncertain tax positions.

Investments

Except for a foreign real estate investment described in Note 3, investments are reported at fair value in the consolidated statement of financial position; and changes in fair value are reported as investment return in the consolidated statement of activities. Investment in foreign real estate is reported at cost in the consolidated statement of financial position.

Net investment return is reported in the consolidated statement of activities and consists of interest and dividends income and realized and unrealized capital gains and losses, net of direct expenses.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are recorded in the consolidated statement of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management based on time-and-effort, space usage and other pertinent data.

Note 2 – Summary of Significant Accounting Policies – continued

Comparative Information

The financial statements include certain prior-year comparative information that may not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2021, from which the comparative information was derived.

New Accounting Pronouncements

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a separate line-item for contributed nonfinancial assets on the statement of activities, apart from contributed cash and other financial assets. ASU 2020-07 should be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2021.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The provisions of this ASU require accounting for leases by the lessee in the statements of financial position. ASU 2016-02 leaves the accounting for leases by lessors largely unchanged from the previous GAAP. The provisions in this ASU are effective for annual reporting periods beginning after December 15, 2021.

The adoption of ASU 2020-07 and ASU 2016-02, effective January 1, 2022, did not have an impact on the Foundation's financial statements.

Subsequent Events

The Foundation has evaluated subsequent events through January 5, 2024, which is the date the consolidated financial statements were available to be issued.

Note 3 – Investments

Investment Policy

The Foundation maintains an investment portfolio for which the primary return objective is long-term growth with a moderate level of volatility over a ten-year time horizon. A well-established portfolio manager is employed. Specific policies call for a mixture of assets with target allocations of: cash and equivalents - 2%; equities - 54%; fixed income securities 17%; hedge funds - 12%; private investments - 15%. Significant variations may be made as approved by the investment committee.

The Foundation selectively participates in private investment opportunities through *feeder funds* that allow for smaller commitment amounts. These opportunities have investment objectives deemed by the investment committee to be compatible with the Foundation's overall investment goals and strategies.

Note 3 – Investments – continued

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Foundation groups assets at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Unadjusted quoted market prices for identical assets in active markets as of the measurement date.

Level 2 Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 Unobservable inputs that cannot be corroborated by observable market data.

Fair value information concerning hedge fund and feeder fund investments is not determined within the fair value hierarchy described above. The fair values of those assets are measured using net asset values ("NAV") reported by the funds as a practical expedient.

Equity and commodity securities are valued at the closing quoted price in an active market. Fixed income securities are valued based on yields of similar instruments with comparable characteristics. Cash and cash equivalents held within the investment portfolio are carried at cost.

Note 3 – Investments – continued

Fair Value Measurements – continued

The following schedules summarize the fair value of investments, as of December 31, 2022 and 2021:

	2022 Fair Value			Percentage
	Level 1	Level 2	Total	of Total
Cash and cash equivalents	$ 1,426,803	$ -	$ 1,426,803	1.9%
Fixed income	-	14,514,111	14,514,111	19.3%
Equities	40,799,296	-	40,799,296	54.2%
Commodities	1,763,882	-	1,763,882	2.3%
	$ 43,989,981	$ 14,514,111	58,504,092	77.7%
Hedge funds and feeder funds			16,819,759	22.3%
Total investments at fair value			$ 75,323,851	100%

	2021 Fair Value			Percentage
	Level 1	Level 2	Total	of Total
Cash and cash equivalents	$ 3,976,224	$ -	$ 3,976,224	4.5%
Fixed income	-	11,695,570	11,695,570	13.1%
Equities	54,978,399	-	54,978,399	61.8%
	$ 58,954,623	$ 11,695,570	70,650,193	79.4%
Hedge funds and feeder funds			18,384,978	20.6%
Total investments at fair value			$ 89,035,171	100%

Note 3 – Investments – continued

Fair Value Measurements – continued

Additional information concerning hedge fund and feeder fund investments for the year ended December 31, 2022, is presented below.

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Fund of funds (a)	$ 10,902,557	$ -	Quarterly	90 days
Equity long/short hedge fund (b)	568,834	-	Monthly	60 calendar plus 8 business days
Multi-strategy and relative value hedge fund (c)	750,264	-	Quarterly	90 calendar plus 8 business days
Feeder funds (d)	4,598,104	2,464,992	None	N/A
	$ 16,819,759	$ 2,464,992		

Fund of funds (a)
The hedge fund primarily invests with portfolio managers employing different investment strategies. For example, some of the fund's portfolio managers may rely on equity strategies (e.g., long/short, long only), while others may rely on fixed income or macro-economic strategies. Within each strategy, the fund expects that it will not rely on any single portfolio manager. The fair value of this investment was estimated using the net asset value per share reported by the fund manager. Shares of the fund may be redeemed as of the last business day of each calendar quarter at the net asset value per share then in effect. Requests for redemption must be made at least 90 calendar days prior to the redemption date.

Equity long/short hedge fund (b)
This category includes HedgeForum Renaissance Equities Ltd RIEF, Class B ("RIEF"). RIEF is a long/short equity fund and trades U.S. equities through the use of proprietary mathematical modeling techniques. The fund seeks to achieve superior rates of return with low volatility and a beta of approximately 0.40 relative to the S&P 500 Index. The fair value of this investment was estimated using the net asset value per share reported by the fund manager. RIEF follows a monthly redemption schedule, and requests for redemption must be made at least 60 calendar plus 8 business days prior to the redemption date.

Note 3 – Investments – continued

Fair Value Measurements – continued

Multi-strategy and relative value hedge fund (c)
This category includes HedgeForum Millennium, Ltd. Class A (“Millennium”). Millennium invests across a diverse range of strategies including relative value fundamental equity, quantitative strategies, fixed income, and equity arbitrage. Typically significant leverage is applied in seeking to take advantage of arbitrage and relative value opportunities that are small and short-term in nature. The fair value of this investment was estimated using the net asset value per share reported by the fund manager. The fund follows a quarterly redemption schedule, and requests for redemption must be made at least 90 calendar plus 8 business days prior to the redemption date. There is a 5% quarterly feeder level gate in place, meaning that for quarters in which the overall aggregated redemption requests of the feeder exceed the 5% quarterly threshold, individual investor redemption requests will be pro-rated.

Feeder funds (d)
The eleven feeder funds invest in private and late-stage growth companies; European non-performing loans ("NPL"); distressed NPL portfolios; real estate; structured credit transactions; distressed securities; a diversified portfolio of primarily privately negotiated, secured loans to European midmarket companies. The fair value of these investments was estimated using the net asset value per share reported by the funds. These investments can never be redeemed with the funds. Distributions will be received as their underlying investments are liquidated, estimated to occur over the next 4 to 7 years.

Investment Return
The composition of investment return for the years 2022 and 2021 was as follows:

	2022	2021
Realized and unrealized gain	$ (12,458,911)	$ 7,990,692
Dividends and interest, net of foreign taxes	1,184,862	1,756,197
Investment fees paid directly	(377,807)	(412,090)
Hedge funds and feeder funds	(211,978)	1,718,271
Foreign currency gain (loss)	170,824	(24,997)
Excise tax on investment income	(56,980)	(121,717)
Class action settlements	320	4,206
	$ (11,749,670)	$ 10,910,562

Note 3 – Investments – continued

Investment Activity

The changes in fair value of investments for the years 2022 and 2021 are summarized as follows:

	2022	2021
Beginning of year	$ 89,035,171	$ 80,547,150
Purchases	47,720,893	33,246,669
Sales	(47,578,908)	(32,518,886)
Realized and unrealized gain (loss)	(12,458,911)	7,990,692
Hedge funds and feeder funds contributions	383,609	465,265
Hedge funds and feeder funds distributions	(1,736,849)	(2,388,993)
Hedge funds and feeder funds earnings	(211,978)	1,718,271
Foreign exchange gain (loss)	170,824	(24,997)
End of year	$ 75,323,851	$ 89,035,171

Note 4 – Foreign Real Estate and Charitable Remainder Trust

The Foundation became remainder beneficiary of an irrevocable charitable trust (the "Trust") in 2014. The Trust is a Mexican entity operating under the laws of Mexico, and is expected to distribute its assets to the Foundation at a time which is advantageous with respect to exiting from the Trust's real estate holdings in Mexico. The assets of the Trust are a mix of securities, operating businesses, real estate, and various other assets. Those assets will be managed by the trustees until the distribution occurs. The Foundation's management has been unable to determine whether this arrangement meets the criteria for recording its beneficial interest in the Trust as an asset. Accordingly, the Foundation's beneficial interest in the Trust is not reported in the accompanying consolidated financial statements.

In June 2012, the Foundation invested $5,000,000 for the title to a building located in Mexico City. One of the operating businesses owned by the Trust will have beneficial ownership of the building's annual net income for an initial period of 16 years. After the initial period, the beneficial ownership of the building's annual net income will revert to the Foundation. The Foundation's $5,000,000 investment is reflected in the statement of financial position at cost.

In December 2014, the Board of the Foundation assigned its interest in the building as security for a bank loan to the aforementioned operating business.

Note 4 – Foreign Real Estate and Charitable Remainder Trust – continued

In May 2019, the Board agreed to pledge $15 million of the Foundation's assets to guarantee a loan by Citibank to the Trust, which had more favorable terms than existing financing. The decision was reached after having received advice from legal counsel that the proposed guarantee was compliant with IRS regulations and consistent with the fiduciary duties of the members of the Clover Board.

Note 5 – Contingencies

In 2023, it was discovered that for tax periods 2020 and 2021, the amounts of current year grants reported on the Foundation's Forms 990-PF were incorrect and as a result the Foundation had undistributed income. Total excise tax on undistributed income for the 2021 and 2022 tax periods were $57,460 and $156,989, respectively. Grants in the amount of $745,000 were distributed in 2023 as corrective action.

The Foundation has requested abatement of the tax (and related penalties and interest) based on its history of prudent compliance practices and subsequent compensating distributions, demonstrating that the undistributed income resulted from reasonable cause and not willful neglect.

Note 6 – Domestic Land and Building and Program Rental Revenue

In 2007 the Foundation purchased a 6-story office building in New York City for an acquisition cost of approximately $25,766,000. Improvements to make the facility suitable for educational purposes costing approximately $18 million were made by the tenant, IESE-USA, Inc., a charitable, non-profit organization, with partial financing provided by the Foundation

The building was placed in service in May, 2010. The tenant is responsible for all operating costs of the property. The Foundation charges rent to the tenant in an amount equal to the Foundation's depreciation expense on the building. Depreciation of the property is recorded using the straight-line method over 30 years.

The composition of the Foundation's land and building in New York City is as follows:

Land	$ 12,912,000
Building and improvements	12,854,528
	25,766,528
Accumulated depreciation	(5,391,757)
	$ 20,374,771

Note 6 – Domestic Land and Building and Program Rental Revenue – continued

Depreciation of building and improvements is recorded using the straight-line method over 30 years. Depreciation expense for 2022 was $428,484.

The land and building are leased to IESE-USA until May 15, 2030 at an annual rental $428,484. Rental income expected to be received from non-cancelable operating lease are as follows:

Year	Amount
2023	$ 428,484
2024	428,484
2025	428,484
2026	428,484
2027	428,484
2028 - 2030	1,017,650
	$ 3,160,070

Note 7 – Related Party Transactions

The Foundation has entered into a service agreement with a tax-exempt public charity with similar goals as the Foundation. That agreement calls for the public charity to provide administrative services regarding corporate, grant, loan, donor, and investment administration. The agreement calls for an expense reimbursement payment from the Foundation to the public charity of $57,144 per year. The public charity has board members and officers who are also board members and officers of the Foundation. The Foundation's directors and/or officers may from time to time serve as directors and/or officers of not-for-profit organizations that receive grants or loans from, or make contributions to, the Foundation.

Note 8 – Program Loans

As part of its charitable program the Foundation provides loans to vocational, educational, research and charitable organizations worldwide, the proceeds of which are for the recipients' capital construction projects or charitable programs. The Foundation may at any time grant the reduction or forgiveness of principal or interest owed when it is deemed to be consistent with the charitable purposes of the Foundation and in the interest of its program loan recipients. In addition, the Foundation may from time-to-time enter into incentive agreements with borrowers, whereby certain portions of principal and interest will be reduced or forgiven, conditioned upon the borrower meeting repayment schedules and certain other performance factors. Any amounts reduced or forgiven are charged to grant expense in the period such actions are taken.

Note 8 – Program Loans – continued

Loans receivable of $12,177,118 at December 31, 2022 consist of twelve loans that are due in installments through 2033. Loans range in interest from 0% to 2%. Program loans receivable are reviewed at least annually for potential impairment of collectability and conversion to grants. Principal payments on program loans receivable are scheduled to be received as follows:

Year	Amount
2023	$ 1,237,303
2024	1,291,731
2025	1,183,839
2026	1,202,616
2027	1,426,733
2028 - 2033	5,834,896
	$ 12,177,118

Note 9 – Availability and Liquidity

The following represents the Foundation's financial assets at December 31, 2022:

Financial assets at end of year:	
Cash and cash equivalents	$ 707,618
Program loans receivable	12,177,118
Accrued investment income and other assets	192,516
Investments, at fair value	75,323,851
	88,401,103
Amounts not available within one year:	
Net assets with donor restrictions	(113,788)
Program loans due beyond one year	(10,939,815)
Pledged assets (see Note 4)	(15,000,000)
Investments subject to liquidity restrictions	(4,598,104)
Financial assets available within one year	$ 57,749,396

The Foundation structures its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Foundation's primary outlays of operating cash and cash equivalents are for grants and program loans, both of which are made on a discretionary basis by the Board, with due consideration of the effect on liquidity. As part of its liquidity plan, a significant portion of the Foundation's investments have immediate liquidity.

Note 10 – Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purpose at December 31, 2022:

The Premio Campodonico Program	$ 113,788

The Premio Campodonico Program was established in collaboration with the University of Piura in Peru to make awards in the name of Esteban Campodonico.

Note 11 – Subsequent Events

On May 9, 2023, the Board of Trustees approved a construction loan to the Hospital Universitario Austral in Argentina for its surgical center expansion in the amount of $4,000,000.

In May 2023, management learned that the Trust desires to purchase the Foundation's interest in a building owned by the Trust. The Foundation is awaiting the specifics of an actual offer. Management expects the purchase price to be in the $10,000,000 range.

In addition, for excise tax on undistributed income for the 2022 and 2021 tax periods refer to Note 5.