

LONGWOOD FOUNDATION, INC.

FINANCIAL STATEMENTS

**YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE FINANCIAL INFORMATION
FOR YEAR ENDED SEPTEMBER 30, 2021**

**WITH
INDEPENDENT AUDITOR'S REPORT**

Independent Auditor's Report

Board of Trustees
Longwood Foundation, Inc.
Wilmington, Delaware

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Longwood Foundation, Inc. (the "Foundation"), a nonprofit organization, which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as of September 30, 2022, and the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of supplemental schedule of contributions, appropriations and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

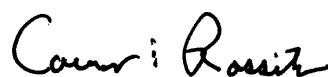
The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule of contributions, appropriations and expenditures and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Foundation's September 30, 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 24, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2023, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.



Certi ed Public Accountants

March 9, 2023
Wilmington, Delaware

LONGWOOD FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022
WITH COMPARATIVE FINANCIAL INFORMATION FOR 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 434,716	\$ 15,667,005
Prepaid expenses	41,990	40,927
Investments, at fair value (cost \$704,327,214)	772,425,738	977,714,759
Loan receivable	753,364	-
Investment income receivable	196,785	-
Contributions and other receivables (remainder trusts)	213,978	214,478
Pension Plan - actuarial asset	-	237,073
TOTAL ASSETS	<u><u>\$ 774,066,571</u></u>	<u><u>\$ 993,874,242</u></u>
 LIABILITIES AND NET ASSETS		
Accounts payable and accrued liabilities	\$ 258,629	\$ 717,134
Federal excise tax payable	364,327	79,791
Grants payable	75,617,641	70,579,019
Pension Plan - actuarial liability	247,132	-
TOTAL LIABILITIES	<u>76,487,729</u>	<u>71,375,944</u>
 Net assets without donor restrictions	697,364,864	922,283,820
Net assets with donor restrictions	213,978	214,478
TOTAL NET ASSETS	<u>697,578,842</u>	<u>922,498,298</u>
 TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 774,066,571</u></u>	<u><u>\$ 993,874,242</u></u>

See accompanying notes to the financial statements

LONGWOOD FOUNDATION, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Totals
REVENUES AND OTHER SUPPORT:				
Investment income, net	\$ 10,062,631	\$ -	\$ 10,062,631	\$ 11,424,342
Total revenues and other support	10,062,631	-	10,062,631	11,424,342
EXPENSES:				
Program services	38,279,993	-	38,279,993	31,711,956
Management and general	734,768	500	735,268	1,029,988
Total expenses	39,014,761	500	39,015,261	32,741,944
Change in net assets from operations	(28,952,130)	(500)	(28,952,630)	(21,317,602)
Other changes in net assets:				
Net realized and unrealized gain (loss) on investments	(193,924,021)	-	(193,924,021)	227,809,206
Federal excise tax	(1,558,600)	-	(1,558,600)	(1,411,179)
Pension plan - actuarial gain (loss)	(484,205)	-	(484,205)	253,846
Total other changes in net assets	(195,966,826)	-	(195,966,826)	226,651,873
CHANGE IN NET ASSETS	(224,918,956)	(500)	(224,919,456)	205,334,271
NET ASSETS AT BEGINNING OF YEAR	922,283,820	214,478	922,498,298	717,164,027
NET ASSETS AT END OF YEAR	\$ 697,364,864	\$ 213,978	\$ 697,578,842	\$ 922,498,298

See accompanying notes to the financial statements

LONGWOOD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2022			2021
	Program Services	Management and General	Total	Total
Grants approved, net rescinded	\$ 36,718,397	\$ -	\$ 36,718,397	\$ 30,637,013
Salaries	679,557	297,558	977,115	902,568
Employee benefits	241,232	241,232	482,464	305,754
Office rent	50,987	50,986	101,973	80,315
Payroll taxes	32,717	32,716	65,433	54,542
Insurance	6,672	6,671	13,343	9,305
Dues and subscriptions	67,692	-	67,692	38,702
Telephone	7,348	7,347	14,695	10,983
Travel	17,069	17,069	34,138	2,717
Miscellaneous	10,485	10,485	20,970	32,535
Interest	-	-	-	31,597
Accounting	17,248	17,248	34,496	27,439
Supplies and equipment	7,755	7,755	15,510	18,778
Legal	24,982	24,981	49,963	7,972
Computer consultant fees	5,490	5,489	10,979	11,426
Computer equipment	10,361	10,361	20,722	5,081
Computer services	4,047	4,046	8,093	9,015
Management consultants	376,629	-	376,629	161,519
Office renovations	1,325	1,324	2,649	191,053
Payments into pension plan	-	-	-	203,630
TOTAL EXPENSES	\$ 38,279,993	\$ 735,268	\$ 39,015,261	\$ 32,741,944

See accompanying notes to the financial statements

LONGWOOD FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
WITH COMPARATIVE FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Investment income received	\$ 9,098,646	\$ 16,559,985
Grants paid	(31,679,775)	(53,300,361)
Loan issued	(750,000)	-
Program services expenses	(1,575,974)	(1,051,240)
Management and general expenses	(749,145)	(969,371)
Interest paid	-	(31,597)
Investment management fees	(2,519,511)	(4,904,425)
Federal excise tax paid	(1,274,064)	(1,851,000)
Net cash used by operating activities	<u>(29,449,823)</u>	<u>(45,548,009)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from security sales	160,204,294	208,614,410
Cost of security purchases	<u>(145,986,760)</u>	<u>(163,116,162)</u>
Net cash provided by investing activities	<u>14,217,534</u>	<u>45,498,248</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	-	35,000,000
Repayment of line of credit	<u>-</u>	<u>(35,000,000)</u>
Net cash provided by financing activities	<u>-</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(15,232,289)	(49,761)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>15,667,005</u>	<u>15,716,766</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 434,716</u></u>	<u><u>\$ 15,667,005</u></u>
NON-CASH INVESTING ACTIVITIES:		
Securities received in-kind from underlying funds	<u><u>\$ 13,474,945</u></u>	<u><u>\$ 13,616,800</u></u>

See accompanying notes to the financial statements

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(1) ORGANIZATION

The Foundation

Longwood Foundation, Inc. (the “Foundation”) is a private foundation incorporated in 1937 as a nonprofit 501(c)(3) charitable organization. The Foundation’s mission is to provide grants which improve the quality of life in Delaware and the Kennett Square, Pennsylvania area by catalyzing and strengthening nonprofits to better serve their communities. The Foundation’s grantmaking activities support a variety of sectors, including (but not limited to) the arts, civic, education, environment, healthcare, housing, and social services.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAP).

Income Recognition

Dividend income is recognized on the ex-dividend date. Interest income, including accretion of discount and amortization of premium, is recognized on an accrual basis.

Realized gains or losses on security transactions are determined principally using the cost or adjusted tax basis on the first-in, first-out (FIFO) or specific identification method.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at quoted market values in the statement of financial position. Unrealized gains and losses for the year are included in the statement of activities and changes in net assets. Security transactions are recorded as of the date of trade. Net asset value (NAV) is used as a practical expedient for privately held investments and investments in limited partnerships for which a readily determinable fair value is not available. The Foundation’s investments are subject to various risks such as interest rate, credit, and market risks. The Foundation mitigates these risks by placing investment assets with several professional investment management firms subject to the Foundation’s investment policy.

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Hierarchy

FASB ASC 820-10 establishes a fair value hierarchy and specifies that a valuation technique used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Taxes

The Foundation is a tax-exempt private foundation as defined in Internal Revenue Code Section 501(c)(3); accordingly, excise taxes are incurred at the rate of 1.39% of net investment income. Under certain circumstances, the Foundation may be subject to other taxes, among which is a tax on annual distributable income not distributed within a specified period or not offset by excess distributions of the five preceding fiscal years. At September 30, 2022, the Foundation had \$10,614,613 required to be distributed prior to September 30, 2023 in order to avoid punitive taxes on undistributed amounts.

Use of Estimates

The preparation of financial statements, in conformity with GAAP, 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all funds in checking and interest-bearing cash accounts to be cash or cash equivalents. Highly liquid investment balances held as a part of an investment portfolio are considered to be investments for financial statement purposes. The carrying amount approximates fair value because of the short period to maturity of the instruments.

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The cost of providing the various programs and activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on personnel costs. The Foundation did not incur fundraising expenses for the year ended September 30, 2022.

Capitalization Policy

The Foundation does not capitalize furniture and equipment. Total value of the furniture and equipment is immaterial to the financial statements.

Financial Statement Presentation

Information regarding financial position and activities is reported in accordance to the following net asset classifications:

Net assets without donor restrictions – net assets available for use in general operations and not subject to donor-imposed restrictions.

Net assets with donor restrictions – net assets subject to donor-imposed restrictions. 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. 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. Net assets with donor restrictions are related to the charitable remainder trust assets held in the amount of \$213,978 at September 30, 2022.

Prior Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended September 30, 2021, from which the summarized information was derived.

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(3) CONTRIBUTIONS RECEIVABLE

Contributions received are recorded as an increase in net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon expiration of the donor restrictions.

The Foundation is the beneficiary of one trust. It is a charitable remainder trust under which the Foundation will receive the assets held in the trust upon the death of the income beneficiaries.

Two of the income beneficiaries of the trust are currently being paid from annuities purchased for that purpose. While the Foundation may be entitled to a remainder interest in the annuities under certain conditions, no amount has been recorded in the financial statements to reflect that remote possibility.

Aside from the annuities, the trust has a cash equivalent balance held in the amount of \$213,978 at September 30, 2022. A share of this balance will be due to the Foundation upon the passing of the remaining beneficiaries. This amount has been recorded as a contribution receivable increasing net assets with donor restrictions. The fair value of the trust is estimated to be equal to the market value of the trust assets at September 30, 2022.

Changes in the value of the trust assets are recognized as contribution income or operating expense in the net assets with donor restrictions each year until the trust assets are received.

(4) LIQUIDITY AND AVAILABILITY

As part of the Foundation's liquidity policy, management strives to maintain adequate cash, cash equivalents, and liquid investments to manage liquidity needs.

The Foundation's financial assets available to meet cash needs for general expenditures within one year of September 30, 2022 are as follows:

Cash and cash equivalents	\$ 434,716
Investments	772,425,738
	<hr/>
	772,860,454
	<hr/>
Less investments that cannot be liquidated in less than one year	(132,706,253)
	<hr/>
	\$ 640,154,201
	<hr/>

The Foundation's investment portfolio includes \$772,425,738 of investments that are not subject to donor restrictions and/or board designations for long-term use. The Foundation estimates approximately \$132,706,253 of investments are subject to redemption restrictions and could not be liquidated within one year.

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(5) INVESTMENTS

Investments are recorded at fair value. The fair values at September 30, 2022 were:

Investments	Quoted Prices (Level 1)	Investments Measured at NAV	Total
Money market mutual funds	\$ 119,371,692	\$ -	\$ 119,371,692
Mutual funds	213,666,644	-	213,666,644
Public equities	10,771,717	-	10,771,717
Commingled funds	-	266,021,524	266,021,524
Private equity funds	-	125,019,590	125,019,590
Separate accounts	37,574,571	-	37,574,571
	<u>\$ 381,384,624</u>	<u>\$ 391,041,114</u>	<u>\$ 772,425,738</u>

As required by FASB ASC 820-10, investments are classified within the level of the lowest significant input considered in determining fair value. In evaluating the level at which the Foundation's investments have been classified, management has assessed factors including, but not limited to price transparency, subscription activity, redemption activity and the existence or absence of certain restrictions. All of the Foundation's investments valued using Level 1 inputs are based on unadjusted quoted market prices within active markets.

(6) COMMITMENTS

Fair value measurements of investments that are measured at net asset value per share as a practical expedient on a recurring or nonrecurring basis have the following commitments and restrictions or conditions of redemption as of September 30, 2022:

	Fair Value	Unfunded Commitments	Redemption Terms
Commingled funds	\$ 266,021,524	\$ -	Generally, redemption availability ranges from 1-30 days prior notice Not eligible for redemption
Private equity funds	125,019,590	81,075,023	
	<u>\$ 391,041,114</u>	<u>\$ 81,075,023</u>	

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(7) ENDOWMENT MANAGEMENT

The Foundation's endowment includes only assets that were derived from the original gifts which established the Foundation and the net assets are not considered to be restricted beyond the overall charitable purpose of the Foundation under FASB ASC 958-205.

As a Delaware corporation, the Foundation is subject to the Delaware-enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). In accordance with the standards of prudence prescribed by UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate endowment funds:

1. The duration and preservation of the endowment
2. The Foundation's mission and purpose
3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and appreciation of investments
6. The Foundation's other resources
7. The Foundation's investment policies
8. IRS regulations governing required distributions

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for grants while seeking to preserve endowment funds for the long-term. Under these policies, professional investment managers are utilized and the assets are invested in a manner that is intended to maintain the current level of financial support while assuming an appropriate level of investment risk.

The Foundation expects that its endowment funds, over time, provide an average rate of return of at least 1) 5% plus the Consumer Price Index and 2) a blended market index as determined by the Board of Trustees. Actual rates in any given year may vary from this amount.

Endowment net assets as of September 30, 2022 were as follows:

<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>\$ 772,425,738</u>	<u>\$ -</u>	<u>\$ 772,425,738</u>

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(7) ENDOWMENT MANAGEMENT (CONTINUED)

Changes in endowment net assets for the year ended September 30, 2022 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, September 30, 2021	\$ 977,714,759	\$ -	\$ 977,714,759
Investment return, net:	(184,538,702)	-	(184,538,702)
Loan to Community Education Building	(750,000)	-	(750,000)
Transfer in	15,287,162	-	15,287,162
Grant payments	(31,679,775)	-	(31,679,775)
Operating expenses	(3,607,706)	-	(3,607,706)
Endowment net assets, September 30, 2022	<u>\$ 772,425,738</u>	<u>\$ -</u>	<u>\$ 772,425,738</u>

(8) PENSION PLAN

The Foundation sponsored a noncontributory defined benefit pension plan (the “Plan”). In September 2018, the Board of Trustees approved an amendment to reflect benefits will no longer accrue under the Plan and new hires on or after September 30, 2018 are no longer eligible to enter the Plan. Benefits are based on years of service and the employees' average compensation during the three consecutive calendar years prior to September 30, 2018 in which the average was highest. The Entry Age Normal Actuarial Cost Method is used to determine contributions to the Plan and the Projected Unit Credit Cost Method is used to determine pension expense.

The annual measurement date is September 30 for pension benefits. The following table sets forth the Plan’s funded status and non-current asset recognized in the statement of financial position at September 30, 2022:

Projected benefit obligation for services rendered to date	\$ 1,482,995
Plan assets at fair value	<u>1,235,863</u>
Funded status at September 30, 2022	<u><u>\$ (247,132)</u></u>

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(8) PENSION PLAN (CONTINUED)

Amounts recognized in the statement of activities and changes in net assets for the year ended September 30, 2022 include the following components:

Payments from the Foundation into the Plan: \$0.

Change in the Plan's funded status based on actuarial calculations:

Funded status at September 30, 2021	\$	237,073
Actuary change		(484,205)
Funded status at September 30, 2022	\$	<u>(247,132)</u>

Since the accrual of benefits has been frozen, the accumulated benefit obligation is equal to the projected benefit obligation for the pension plan at September 30, 2022.

The following table sets forth the Plan's net periodic pension cost for the year ended September 30, 2022:

Service cost	\$	-
Interest cost		64,923
Expected return on plan assets		(109,187)
Other components		<u>12,816</u>
Net periodic pension cost	\$	<u>(31,448)</u>

Assumptions used in determining the benefits, cost, and funded status of the Plan were as follows:

Weighted-average assumptions used to determine net periodic benefit cost at September 30, 2022:

Discount rate for net periodic benefit cost	4.50%
Rate of increase in compensation levels	N/A
Expected long-term rate of return on assets	6.50%

Weighted-average assumptions used to determine benefit obligations at September 30, 2022:

Discount rate on benefit obligation	5.17%
Rate of increase in compensation levels	N/A

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(8) PENSION PLAN (CONTINUED)

The Foundation's expected rate of return on Plan assets is determined by the Plan assets' historical long-term investment performance, current asset allocation, and estimates of future long-term returns by asset class. The asset class allocations of the Foundation's pension plan as of September 30, 2022 were as follows:

<u>Asset Class</u>	<u>Amount</u>	<u>Percentage</u>
Domestic equity mutual funds	\$ 599,920	48.54%
International equity funds	252,905	20.46%
Domestic closed end equity mutual funds	214,108	17.32%
International closed end equity funds	123,910	10.03%
Global equity hedge fund	14,141	1.15%
Cash	30,879	2.50%
Total	<u>\$ 1,235,863</u>	<u>100.00%</u>

The Foundation's investment strategy is designed to enable the Plan to meet its current annual pension payment obligations and provide sufficient growth to meet future pension payment obligations.

All Plan assets are invested in readily marketable debt and equity securities, mutual funds and cash equivalents which are considered to be Level 1 investments under FASB ASC 820-10.

The Foundation expects to contribute \$34,887 to the pension plan in fiscal year 2023. No plan assets are expected to be returned to the Foundation during fiscal year 2023.

Benefits paid during the year ended September 30, 2022 totaled \$150,556. The following benefit payments are expected to be paid for the years ending September 30:

<u>September 30,</u>	
2023	\$ 139,784
2024	131,896
2025	140,077
2026	135,547
2027	126,364
Next 5 years	527,168
Total	<u>\$ 1,200,836</u>

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(9) DEFINED CONTRIBUTION PLAN

The Foundation provides its employees the opportunity to participate in an employer matching 403(b) defined contribution plan (the “Defined Contribution Plan”). Full-time employees are eligible to receive employer matching contributions immediately upon their date of hire and part-time employees, who are at least 18 years of age during the plan year, are eligible to receive employer matching contributions once completing 1,000 hours of service. Eligible employees receive an employer matching contribution equal to 100% of the participants deferred compensation, limited to 4% of each eligible participant’s compensation for the plan year. Additionally, the Foundation contributes an amount equal to 4% of each eligible participant’s compensation for the plan year, regardless of whether or not the participant contributes to the Defined Contribution Plan. During the year ended September 30, 2022, employer contributions to the Defined Contribution Plan amounted to \$70,379.

(10) LEASE COMMITMENTS

The Foundation has an office facility lease with a related party, Community Service Building Corporation. The lease expires July 31, 2027. Future minimum lease payments are as follows for the years ending:

<u>September 30,</u>	
2023	\$ 140,968
2024	141,996
2025	141,996
2026	141,996
2027	<u>118,330</u>
Total	<u><u>\$ 685,286</u></u>

Net rent expense for the year ended September 30, 2022 totaled \$101,973. The Foundation sub-rents a portion of its office space. Sub-rental income, which is deducted from *Office rent expense* on the statement of functional expenses, for the year ended September 30, 2022 totaled \$12,200. The Foundation appoints two board members to the Community Service Building Corporation board.

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(11) UNPAID GRANTS

The Board of Trustees approved \$75,617,641 of grant awards that were unpaid as of September 30, 2022. Unpaid grants are expected to be paid as follows for the year ending September 30:

<u>September 30,</u>	
2023	\$ 17,117,641
2024	10,300,000
2025	10,300,000
2026	10,300,000
2027	2,300,000
Thereafter	<u>25,300,000</u>
	<u>\$ 75,617,641</u>

Conditional grants, that is, those with measurable performance or other barrier, and a right of return are not recognized until the conditions on which they depend are met. Grants may be conditioned upon certain performance requirements, occurrence of external events and the incurrence of allowable qualifying expense. As of September 30, 2022, the Foundation has unpaid conditional grants of approximately \$32,089,888 for which no amounts have been recognized in the accompanying financial statements.

(12) FEDERAL GRANT AWARD

On September 8, 2022, the Foundation entered into a federal subaward agreement with New Castle County, Delaware (the "County") for the Nurse Family Partnership Pay-for-Success program. The total award amount is \$3,000,000, of which the Foundation expended \$1,800,000 during the fiscal year ended September 30, 2022 to subrecipients of the program. The County will reimburse the Foundation based on performance outcomes achieved by the program subrecipient. No revenue has been recognized as of September 30, 2022 as no performance outcomes have been achieved.

(13) LOAN GUARANTEE AND RECEIVABLE

The Community Education Building (CEB) bond issue dated December 7, 2018 (the "2018 Bond") in the amount of \$32,000,000 payable over a 20-year period through 2039 was guaranteed by the Foundation. The Foundation has pledged payments to the CEB and those payments will be paid directly to the Bank holding the bonds in an amount designed to satisfy the bond payments.

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(13) LOAN GUARANTEE AND RECEIVABLE (CONTINUED)

During the fiscal year, the Trustees approved \$14,205,000 of grants to the CEB to be financed through a new CEB bond issuance scheduled for December 2022 (the “2022 Bond”). In addition, they approved the 2018 Bond be refinanced as part of the 2022 Bond issuance. Subsequent to year-end on December 1, 2022, the 2022 Bond issuance was completed in the amount of \$41,640,000 payable over a 30-year period through 2052. As part of the issuance, the Foundation unconditionally and irrevocably guaranteed the debt as well as pledged annual payments to the CEB in an amount designed to satisfy the 2022 Bond payments consisting of \$41,640,000 in principal and \$37,962,529 in interest payments.

During the year ended September 30, 2022, the Foundation issued a short-term revolving loan to the CEB in the amount of \$5,000,000. The short-term revolving loan bears an annual interest rate of 3.51% with unpaid interest and principal due January 21, 2023. \$750,000 was drawn on the short-term revolving loan during the year ended September 30, 2022. Unpaid principal and interest on the loan receivable was \$753,364 as of September 30, 2022.

(14) CONCENTRATION OF CREDIT RISK

The Foundation maintains cash balances at one financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. In the normal course of business, the Foundation’s balances may exceed this amount. The Foundation considers the possibility of incurring a loss remote.

(15) LINES OF CREDIT

On March 16, 2015 the Foundation entered into a line of credit demand note agreement with M&T Bank, in which the Foundation may draw up to \$35,000,000. The interest on the outstanding principal is charged at the rate of 30-day LIBOR rate plus 1.15%. Upon the end of LIBOR, the interest rate will adjust to 30-day SOFR plus 1.15%. The outstanding balance on the line of credit was \$0 at September 30, 2022.

On September 22, 2022 the Foundation entered into a line of credit demand note agreement with Northern Trust, in which the Foundation may draw up to \$35,000,000. The interest rate on the outstanding principal at the option of the Foundation is either 1) Prime Rate or 2) 30-day SOFR plus 0.90%. The outstanding balance on the line of credit was \$0 at September 30, 2022.

LONGWOOD FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

(16) PROGRAM RELATED LOANS

The Foundation may be called upon to support various charitable initiatives which involve charitable loans. The Foundation may count such loans as charitable distributions under certain circumstances which the Foundation believes it has met in every case.

At the time when the loans are made, they are treated in all respects as grants since the possibility and amount of any future economic benefit is uncertain. Although these loans are tracked internally and regular reporting is submitted, no program-related loans appear as assets on the Foundation's statement of financial position at September 30, 2022.

(17) RISKS AND UNCERTAINTY

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and current economic conditions, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

(18) SUBSEQUENT EVENTS

The Foundation's management has evaluated events and transactions from September 30, 2022 through March 9, 2023, the date the financial statements were available to be issued, and believe no additional disclosures are required in the financial statements.

LONGWOOD FOUNDATION, INC.
SUPPLEMENTAL SCHEDULE OF CONTRIBUTIONS,
APPROPRIATIONS AND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Grants Payable at 09/30/21	Amount Approved	Amount Disbursed	Amount Rescinded	Grants Payable at 09/30/22
4th-Dimension Leaders	\$ -	\$ 200,000	\$ (200,000)	\$ -	\$ -
50CAN, Inc.	-	400,000	(400,000)	-	-
Amanecer Counseling & Resource Center	-	442,338	(442,338)	-	-
American Red Cross Delmarva Chapter	90,000	-	(90,000)	-	-
Aspira of Delaware	-	1,001,442	(1,001,442)	-	-
Bellevue Community Center	-	175,000	(175,000)	-	-
Boys and Girls Clubs of Delaware	-	300,000	(300,000)	-	-
Brandywine Shad 2020	-	150,000	(150,000)	-	-
Caesar Rodney Institute	-	162,500	(162,500)	-	-
Center for Structural Equity	-	600,000	(600,000)	-	-
Children & Families First Delaware, Inc.	-	1,800,000	(1,800,000)	-	-
Cityfest, Inc.	-	425,000	(425,000)	-	-
Community Education Building	36,800,000	14,205,500	-	-	51,005,500
Community Legal Aid Society, Inc.	200,000	400,000	(600,000)	-	-
Conservation Innovation Fund	-	200,000	(200,000)	-	-
Delaware Art Museum	-	500,000	(500,000)	-	-
Delaware Arts Alliance Inc.	-	75,000	(75,000)	-	-
Delaware Center for Justice	-	310,000	(310,000)	-	-
Delaware Coalition Against Domestic Violence	-	400,000	(400,000)	-	-
Delaware Community Foundation - Blood Bank of Delmarva	339,019	-	-	(339,019)	-
Delaware Community Reinvestment Action Council, Inc.	-	100,000	(100,000)	-	-
Delaware Safety Council, Inc.	-	115,000	(115,000)	-	-
Delaware Technical & Community College Educational Foundation	-	1,200,000	(1,200,000)	-	-
Delaware Volunteer Organizations Active in Disaster	-	176,000	(176,000)	-	-
EastSide Community Learning Center Foundation	-	800,000	(800,000)	-	-
Elizabeth W. Murphey School, Inc.	-	225,000	(225,000)	-	-
Faithful Friends	-	150,000	(150,000)	-	-
First State Educate Inc.	-	650,000	(650,000)	-	-
First State Squash, Inc.	-	250,000	(250,000)	-	-
Friends Home in Kennett	50,000	-	(50,000)	-	-
Friends of Hockessin Colored School 107, Inc.	-	250,000	(250,000)	-	-
Friendship House, Inc.	-	200,000	(200,000)	-	-
Impact Life	-	400,000	(400,000)	-	-
Jobs for America's Graduates	75,000	-	(75,000)	-	-
Kennett After-School Association	-	7,800	(7,800)	-	-
Kennett Symphony Orchestra	-	50,000	(50,000)	-	-
Kingswood Community Center, Inc.	-	1,600,000	(1,600,000)	-	-
Leadership Delaware	-	200,000	(200,000)	-	-
Limen House, Inc.	-	150,000	(150,000)	-	-
Little Sisters of the Poor	-	300,000	(300,000)	-	-
Longwood Gardens	32,000,000	-	(8,000,000)	-	24,000,000
Lutheran Senior Services Inc.	-	150,000	(150,000)	-	-
Make-A-Wish Foundation	-	90,000	(90,000)	-	-
Metropolitan Wilmington Urban League	300,000	-	(300,000)	-	-
Milton Theatre	75,000	-	(75,000)	-	-
Nativity Preparatory School of Wilmington	-	130,000	(130,000)	-	-
Newark Union Corporation	-	19,880	(19,880)	-	-
FORWARDED:	\$ 69,929,019	\$ 28,960,460	\$ (23,544,960)	\$ (339,019)	\$ 75,005,500

LONGWOOD FOUNDATION, INC.
SUPPLEMENTAL SCHEDULE OF CONTRIBUTIONS,
APPROPRIATIONS AND EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Grants Payable at 09/30/21	Amount Approved	Amount Disbursed	Amount Rescinded	Grants Payable at 09/30/22
FORWARDED:	\$ 69,929,019	\$ 28,960,460	\$ (23,544,960)	\$ (339,019)	\$ 75,005,500
REACH Riverside Development Corporation	500,000	-	(500,000)	-	-
Reading Assist Institute	-	1,200,000	(1,200,000)	-	-
Rehoboth Beach Historical Society, Inc.	-	30,000	(30,000)	-	-
Relay Graduate School Of Education	-	400,000	(400,000)	-	-
Saint Mark's High School	-	250,000	(250,000)	-	-
Science, Technology and Research Institute of Delaware	-	500,000	(500,000)	-	-
Serviam Girls Academy	150,000	-	(150,000)	-	-
Social Finance, Inc.	-	200,000	(200,000)	-	-
St. Michael's School and Nursery, Inc.	-	312,141	-	-	312,141
Sunday Breakfast Mission	-	800,000	(800,000)	-	-
Supporting Kidds Inc.	-	206,815	(206,815)	-	-
Sussex Montessori School	-	800,000	(800,000)	-	-
The Delaware Contemporary	-	100,000	(100,000)	-	-
The Proximity Project (Fiscal Sponsor DE Community Foundation)	-	400,000	(100,000)	-	300,000
The Springboard Collaborative	-	800,000	(800,000)	-	-
The Summer Learning Collaborative, Inc.	-	250,000	(250,000)	-	-
United Way of Chester County	-	90,000	(90,000)	-	-
United Way of Delaware	-	500,000	(500,000)	-	-
United Way of Southern Chester County	-	76,000	(76,000)	-	-
Wilmington Alliance	-	800,000	(800,000)	-	-
Wilmington Concert Opera	-	22,000	(22,000)	-	-
Wilmington Institute Free Library	-	360,000	(360,000)	-	-
	\$ 70,579,019	\$ 37,057,416	\$ (31,679,775)	\$ (339,019)	\$ 75,617,641

SINGLE AUDIT REPORTING

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Longwood Foundation, Inc.
Wilmington, Delaware

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Longwood Foundation, Inc. (the "Foundation"), a nonprofit organization, which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 9, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

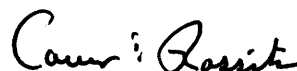
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants

March 9, 2023
Wilmington, Delaware

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM
GUIDANCE**

Board of Trustees
Longwood Foundation, Inc.
Wilmington, Delaware

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Longwood Foundation, Inc.'s (the "Foundation") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Foundation's major federal programs for the year ended September 30, 2022. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to each major federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

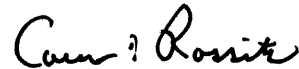
Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants

March 9, 2023
Wilmington, Delaware

LONGWOOD FOUNDATION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Agency	Pass Through Agency	Federal Program Title	CFDA Number	Agency Grant #	Total Grant Amount	Direct Expenditures	Pass Through Expenditures	Total
Department of the Treasury	New Castle County, Delaware	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA00003	\$ 3,000,000	\$ -	\$ 1,800,000	\$ 1,800,000
TOTAL FEDERAL AWARDS EXPENDED						\$ -	\$ 1,800,000	\$ 1,800,000

LONGWOOD FOUNDATION, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2022

NOTE 1—BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the Foundation's financial statements. The Foundation uses the accrual basis of accounting. Expenditures represent only the federally funded portions of the program.

NOTE 2—PROGRAM COSTS

The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the Foundation's portion, may be more than shown.

NOTE 3—FEDERAL INDIRECT RATE

The Foundation does not use an indirect cost rate.

LONGWOOD FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. <i>Code of Federal Regulations</i> Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> ?	No

Major programs:

21.027	Coronavirus State and Local Fiscal Recovery Funds	
Dollar threshold used to distinguish between Type A and Type B programs:		\$750,000
Auditee qualified as low-risk auditee?		No