

IOCC Foundation, Incorporated

Financial Report
December 31, 2022

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RSM US LLP

Independent Auditor's Report

Board of Directors
IOCC Foundation, Incorporated

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IOCC Foundation, Incorporated (the Foundation), which comprise the statement of financial position as of December 31, 2022, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 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 issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Report on Summarized Comparative Information

We have previously audited the Foundation's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 8, 2022. 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 financial statements from which it has been derived.

RSM US LLP

Baltimore, Maryland
March 28, 2023

IOCC Foundation, Incorporated

**Statement of Financial Position
December 31, 2022
(With Comparative Totals for 2021)**

	2022	2021
Assets		
Cash	\$ 72,316	\$ 78,590
Investments held for endowment	<u>3,052,369</u>	<u>3,739,155</u>
	<u><u>\$ 3,124,685</u></u>	<u><u>\$ 3,817,745</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 83	\$ 402
Due to IOCC	<u>7,812</u>	<u>9,649</u>
	<u>7,895</u>	<u>10,051</u>
Net assets:		
Without donor restrictions	64,421	65,789
With donor restrictions	<u>3,052,369</u>	<u>3,741,905</u>
	<u>3,116,790</u>	<u>3,807,694</u>
	<u><u>\$ 3,124,685</u></u>	<u><u>\$ 3,817,745</u></u>

See notes to financial statements.

IOCC Foundation, Incorporated

**Statement of Activities
Year Ended December 31, 2022
(With Comparative Totals for 2021)**

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Individual contributions	\$ 46,529	\$ 2,500	\$ 49,029	\$ 110,196
Investment (loss) income, net	-	(603,234)	(603,234)	447,070
Contribution from International Orthodox Christian Charities	-	-	-	35,833
Net assets released from restrictions	88,802	(88,802)	-	-
Total support and revenue	135,331	(689,536)	(554,205)	593,099
Expenses:				
Program services	90,000	-	90,000	78,736
Support services—management and general	46,699	-	46,699	50,567
Total expenses	136,699	-	136,699	129,303
Change in net assets	(1,368)	(689,536)	(690,904)	463,796
Net assets:				
Beginning	65,789	3,741,905	3,807,694	3,343,898
Ending	\$ 64,421	\$ 3,052,369	\$ 3,116,790	\$ 3,807,694

See notes to financial statements.

IOCC Foundation, Incorporated

Statement of Functional Expenses
 Year Ended December 31, 2022
 (With Comparative Totals for 2021)

	2022			2021 Total
	Program Services	Support Services— Management and General	Total	
Professional fees	\$ -	\$ 39,895	\$ 39,895	\$ 44,267
Grants to other agencies	90,000	-	90,000	78,736
Publications and advertising	-	822	822	401
Office and meeting expense	-	418	418	-
Bank charges	-	-	-	25
Registration fees	-	5,564	5,564	5,874
Total expenses	\$ 90,000	\$ 46,699	\$ 136,699	\$ 129,303

See notes to financial statements.

IOCC Foundation, Incorporated

Statement of Cash Flows
Year Ended December 31, 2022
(With Comparative Totals for 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (690,904)	\$ 463,796
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized and unrealized loss (gain) on investments, net	687,941	(349,077)
Contributions restricted for permanent endowment	(2,500)	(52,950)
Changes in liabilities:		
Increase (decrease) in:		
Accounts payable	(319)	(2,828)
Due to IOCC	(1,837)	1,260
Net cash (used in) provided by operating activities	(7,619)	60,201
Cash flows from investing activities:		
Purchases of investments	(590,762)	(148,193)
Proceeds from sale of investments	589,607	78,736
Net cash used in investing activities	(1,155)	(69,457)
Cash flows from financing activities:		
Contributions restricted to permanent endowment	2,500	52,950
Net cash provided by financing activities	2,500	52,950
Net (decrease) increase in cash	(6,274)	43,694
Cash:		
Beginning	78,590	34,896
Ending	\$ 72,316	\$ 78,590

See notes to financial statements.

IOCC Foundation, Incorporated

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: IOCC Foundation, Incorporated (the Foundation) is a nonprofit foundation, which was incorporated in Delaware on October 7, 2004. The Foundation is organized exclusively for charitable and educational purposes for the benefit of International Orthodox Christian Charities, Inc. (IOCC).

IOCC was incorporated on March 10, 1992, as the international humanitarian agency of the Standing Conference of Canonical Orthodox Bishops in the Americas (SCOBA). During 2012, SCOBA transitioned to the Assembly of Canonical Orthodox Bishops of the United States of America. IOCC is an independent nonprofit corporation governed by a volunteer Board of Directors composed of clergy and laypersons representing the various Eastern Orthodox jurisdictions in the United States.

IOCC, in the spirit of Christ's love, offers emergency relief and development programs to those in need worldwide without discrimination and strengthens the capacity of the Orthodox Church to so respond. In carrying out this mission, IOCC assumes the highest professional standards and renders itself fully accountable to the public and its donors. Assistance is provided solely on the basis of need. Support is derived primarily from grants and donations of various private and government agencies worldwide, as well as monies contributed by Foundations affiliated with the Orthodox Church.

A summary of the significant accounting policies of the Foundation follows:

Basis of accounting: The financial statements of the Foundation have been prepared on the accrual basis of accounting, whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Not-for-Profit Entities topic of the Accounting Standards Codification (Codification). The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions: These net assets represent resources that are neither invested in perpetuity, nor purpose or time restricted by donor-imposed stipulations and is available for the support of general operating activities.

Net assets with donor restrictions: These net assets represent resources whose use is limited by donor-imposed stipulations that either expire by the passage of time, are invested in perpetuity or can be fulfilled and removed by actions of the Foundation pursuant to these stipulations. Net assets may be restricted for various purposes, such as use in future periods or use for specified parties. Earnings on endowment funds are either net assets with donor restrictions for program purposes or are available for operations as specified by the donor.

Financial risk: The Foundation maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant financial risk on cash.

IOCC Foundation, Incorporated

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The Foundation invests in professionally managed portfolios that primarily contain exchange-traded funds and mutual funds. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Investments: Investments are reflected at fair value. To adjust the carrying values of these securities, the change in fair value is recorded as a component of investment income (loss) in the statement of activities. Investments include any cash held within the investment portfolio.

Support and revenue: Unconditional contributions are recognized as revenue upon receipt or when unconditional promises to give are received. All donor-restricted contributions are reported as an increase in net assets with donor restrictions. 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 statement of activities as net assets released from restriction. There are no conditional revenues for the year ended December 31, 2022, and no additional revenues to be earned on various conditional grants.

Functional allocation of expenses: The costs of providing various program and supporting services have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated between the programs and supporting services benefited. The Foundation's program function consists of any grant amounts appropriated from the endowment and provided to IOCC. All other expenses are supporting functions categorized as management and general expenses that help to manage the assets of the Foundation.

Income taxes: The Foundation is organized as a nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Foundation has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS for the year ended December 31, 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 accounting principles generally accepted in the United States of America (U.S. 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 summarized information was derived.

IOCC Foundation, Incorporated

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Subsequent events: The Foundation has evaluated subsequent events through March 28, 2023, the date on which the financial statements were available to be issued.

Note 2. Investments and Fair Value Measurements

Investments at December 31, 2022, consist of the following:

Exchange-traded funds (ETFs)	\$ 2,146,803
Mutual funds	595,116
Certificates of deposit	290,183
Cash	20,267
	<u>\$ 3,052,369</u>

Investment income (loss) for the year ended December 31, 2022, consists of the following:

Realized and unrealized losses, net	\$ (687,941)
Interest and dividends	97,837
	<u>(590,104)</u>
Investment fees	(13,130)
	<u>\$ (603,234)</u>

The Foundation defines fair value as 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 and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the guidance as assumptions that market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the guidance are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Investments in securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation. Listed equities and holdings in mutual funds and ETFs are types of investments included in Level 1.

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; Level 2 includes the use of models or other valuation methodologies. Investments which are generally included in this category include corporate loans, less liquid, restricted equity securities and certain corporate bonds and over-the-counter derivatives. Certificates of deposit with maturities greater than 3 months are investments included in Level 2.

IOCC Foundation, Incorporated

Notes to Financial Statements

Note 2. Investments and Fair Value Measurements (Continued)

Level 3: Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. There were no Level 3 investments at December 31, 2022.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The following table presents the Foundation's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2022:

Description	Total	Level 1	Level 2	Level 3
Exchange-traded funds (ETFs):				
Domestic equity	\$ 1,163,075	\$ 1,163,075	\$ -	\$ -
Foreign equity	739,215	739,215	-	-
Foreign real estate	114,140	114,140	-	-
Commodities	48,968	48,968	-	-
Domestic real estate	81,405	81,405	-	-
	<u>2,146,803</u>	<u>2,146,803</u>	-	-
Mutual funds:				
Domestic bond	230,252	230,252	-	-
Foreign bond	216,956	216,956	-	-
Domestic equity and bond	80,779	80,779	-	-
Global bond	67,129	67,129	-	-
	<u>595,116</u>	<u>595,116</u>	-	-
Certificates of deposit	<u>290,183</u>	-	<u>290,183</u>	-
Total investments at fair value	3,032,102	\$ 2,741,919	\$ 290,183	\$ -
Cash, held at cost	<u>20,267</u>			
Total investments	<u>\$ 3,052,369</u>			

IOCC Foundation, Incorporated

Notes to Financial Statements

Note 3. Net Assets With Donor Restrictions

Net assets with donor restrictions and related activity are restricted for the following purposes or periods for the year ended December 31, 2022:

	Balance at December 31, 2021	Additions/ Income	Investment Income (Loss)	Releases	Balance at December 31, 2022
Subject to spending policy and appropriation:					
Styliades Fund	\$ 2,229,286	\$ -	\$ (359,397)	\$ (50,110)	\$ 1,819,779
Anthony Fund	681,117	-	(109,838)	(17,511)	553,768
Spiris Fund	567,275	-	(91,480)	(14,584)	461,211
Tsakalos Fund	201,522	2,500	(32,407)	(4,985)	166,630
Panos Fund	62,705	-	(10,112)	(1,612)	50,981
Total net assets with donor restrictions	<u>\$ 3,741,905</u>	<u>\$ 2,500</u>	<u>\$ (603,234)</u>	<u>\$ (88,802)</u>	<u>\$ 3,052,369</u>

Note 4. Endowment

The Board of Directors of the Foundation has interpreted the Delaware-enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions subject to spending policy and appropriation: (a) the original value of gifts donated to the restricted endowment, (b) the original value of subsequent gifts to the restricted endowment and (c) accumulations to the restricted endowment made in accordance with the direction of applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions subject to spending policy and appropriation is classified as net assets with donor restrictions subject to expenditure for a specific purpose or period, until those amounts are appropriated for expenditures by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purposes of the Foundation and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effects of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the Foundation
- g. The investment policies of the Foundation

IOCC Foundation, Incorporated

Notes to Financial Statements

Note 4. Endowment (Continued)

The Foundation adopted an investment and spending policy to achieve security of principal and maximum compatible return, including income and appreciation for the long-term. Safety of principal is of primary importance with a policy that targets a diversified asset allocation that places a greater emphasis to achieve its long-term objectives within prudent risk constraints. The Foundation has a preference for lower costs and appropriate oversight.

The Foundation has adopted investment and spending policies for restricted cash contributions related to contributions to be invested in perpetuity that attempt to provide a predictable stream of funding to programs while maintaining purchasing power. All earnings from these funds are reflected as net assets with donor restrictions until appropriated by the Board of Directors for program expenditures.

Endowment fund activity for the year ended December 31, 2022, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ -	\$ 3,741,905	\$ 3,741,905
Investment return:			
Interest and dividends	-	97,837	97,837
Realized and unrealized loss, net	-	(687,941)	(687,941)
Investment fees	-	(13,130)	(13,130)
Contributions	-	2,500	2,500
Appropriations	-	(88,802)	(88,802)
Endowment net assets, end of the year	<u>\$ -</u>	<u>\$ 3,052,369</u>	<u>\$ 3,052,369</u>

Note 5. Availability of Assets

The Foundation is substantially supported by restricted contributions and investment income. Because a donor's restriction requires resources to be used in a particular manner, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure in one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

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

Cash	\$ 72,316
Investments	3,052,369
Total financial assets	<u>3,124,685</u>
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions, net of 2023 appropriations (\$92,000)	<u>(2,960,369)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 164,316</u>