

MCGREGOR FUND
FINANCIAL STATEMENTS
June 30, 2023 and 2022

MCGREGOR FUND

Detroit, Michigan

FINANCIAL STATEMENTS

June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
McGregor Fund
Detroit, Michigan

Opinion

We have audited the financial statements of McGregor Fund, which comprise the balance sheets as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, and cash flows for the years 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 McGregor Fund as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 McGregor Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 McGregor Fund's ability to continue as a going concern for one year from the date 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 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.

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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 McGregor Fund'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 McGregor Fund'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.

Crowe LLP

Crowe LLP

South Bend, Indiana
November 29, 2023

MCGREGOR FUND
BALANCE SHEETS
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 6,459,095	\$ 6,469,238
Accrued interest and dividends	36,148	53,478
Investments	202,623,850	200,444,166
Other assets		
Prepaid expenses	61,655	160,885
Prepaid federal excise taxes	410,527	-
Other	<u>65,390</u>	<u>97,598</u>
	<u>\$ 209,656,665</u>	<u>\$ 207,225,365</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 341,872	\$ 286,319
Grants payable	6,145,679	6,224,009
Accrued federal excise taxes	-	218,793
Deferred excise taxes	1,007,975	888,159
Other liabilities	<u>64,964</u>	<u>96,938</u>
	7,560,490	7,714,218
 Net assets – without donor restrictions	<u>202,096,175</u>	<u>195,511,147</u>
	<u>\$ 209,656,665</u>	<u>\$ 207,225,365</u>

See accompanying notes to financial statements.

MCGREGOR FUND
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
 Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Changes in net assets without donor restrictions		
Revenues		
Net investment return	\$ 13,141,055	\$ (14,578,252)
Total revenues	<u>13,141,055</u>	<u>(14,578,252)</u>
Expenses		
Program services		
Grants	8,650,542	14,627,608
Other program expenses	<u>850,050</u>	<u>817,054</u>
Total program services	9,500,592	15,444,662
Support services		
Management and general	962,677	870,740
Federal and state tax on unrelated business income from investments	2,077	3,259
Federal excise tax expense	<u>90,681</u>	<u>28,061</u>
Total support services	<u>1,055,435</u>	<u>902,060</u>
Total expenses	<u>10,556,027</u>	<u>16,346,722</u>
Increase (decrease) in net assets without donor restrictions	2,585,028	(30,924,974)
Net assets – beginning of year	<u>199,511,147</u>	<u>230,436,121</u>
Net assets – end of year	<u>\$ 202,096,175</u>	<u>\$ 199,511,147</u>

See accompanying notes to financial statements.

MCGREGOR FUND
STATEMENTS OF CASH FLOWS
Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 2,585,028	\$ (30,924,974)
Adjustments to reconcile increase (decrease) in net assets to net cash and cash equivalents from operating activities		
Net realized and unrealized (gain) loss on securities	(13,487,183)	14,817,593
Changes in operating assets and liabilities provided by (used in) cash and cash equivalents		
Accrued interest and dividends	17,330	(8,049)
Prepaid expenses	99,230	14,286
Prepaid federal excise taxes	(410,527)	-
Other assets	32,208	36,767
Accounts payable and accrued expenses	23,579	(29,933)
Deferred federal excise taxes	119,816	(408,976)
Federal excise taxes payable	(218,793)	287,037
Grants payable	(78,330)	5,108,924
Net cash and cash equivalents used in operating activities	(11,317,642)	(11,107,325)
Cash flows from investing activities		
Purchases of investments	(13,601,452)	(25,848,037)
Proceeds from sales and maturities of investments	24,908,951	39,874,574
Net cash and cash equivalents provided by investing activities	11,307,499	14,026,537
Net increase (decrease) in cash and cash equivalents	(10,143)	2,919,212
Cash and cash equivalents – beginning of year	6,469,238	3,550,026
Cash and cash equivalents – end of year	\$ 6,459,095	\$ 6,469,238

See accompanying notes to financial statements.

MCGREGOR FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 – NATURE OF BUSINESS

McGregor Fund (the "Fund"), located in Detroit, Michigan and established in 1925, is a private foundation that was organized to relieve misfortune and promote the well-being of humankind. The primary activity of the Fund is to provide support to Detroit metropolitan area not-for-profit organizations that operate in three program areas that are of particular interest to the Fund's Board of Trustees: basic needs, recovery and restoration, and skill building.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The financial statements of the Fund are presented in conformity with GAAP and have been prepared using the accrual basis of accounting, which includes recognition of revenue as earned and expenses as incurred.

Cash and Cash Equivalents: The Fund considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk Arising from Deposit Accounts: The Fund maintains cash balances at a bank whose accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Fund evaluates the financial institutions with which it deposits funds; however, it is not practical to insure all cash deposits.

Investments: Investments are recorded at fair value. Investments in government and corporate debt and equity securities are stated at current quoted market values. The alternative investments, primarily composed of real estate, private equities, hedge funds, oil and gas, and other limited partnerships, which are not readily marketable, are carried at estimated fair values, as provided by the various investment managers. The Fund has adopted the authoritative guidance in GAAP for estimating the fair value of investments in investment funds that have calculated Net Asset Value ("NAV") per share (or its equivalent). According to GAAP, a reporting entity is permitted to estimate the fair value of an investment in an investment fund using the NAV per share of the investment (or its equivalent) without further adjustment, if the NAV per share of the investment is determined as of the reporting entity's measurement date.

At June 30, 2023 and 2022, the fair value of these alternative investments have been determined by using NAV as a practical expedient.

The Fund reviews and evaluates the values provided by the investment managers and agrees with the valuation methods used and significant assumptions used in determining fair value. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed. Purchases and sales of investments are recorded as of the trade date. Gain or loss on the sale of investments is computed using the first-in, first-out method.

Both realized and unrealized gains and losses are reflected in the statements of activities and changes in net assets as changes in net assets without donor restrictions.

Classification of Net Assets: Net assets of the Fund are classified based on the presence or absence of donor-imposed restrictions. All net assets of the Fund are without donor restrictions.

Grants Payable: The fair value of grants payable more than one year after the financial statement date is based on present value calculations using rates established for United States Treasury Bills with similar terms as the grants.

Grants Expense: Grants are expensed when they are unconditionally approved by the Board of Trustees and the grant recipient has formally accepted the applicable terms of the grant agreement. Grants paid over more than one year are recorded at the net present value of the future payments. Grant refunds and cancellations are recorded as reductions of grant expense upon receipt of notification from the grantee.

(Continued)

MCGREGOR FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses: Costs of providing the program and support services have been reported on a functional basis in the statements of activities and changes in net assets. Costs have been allocated between program and support services based on estimates determined by management. Salaries and benefits are allocated on the basis of the actual employee time and effort devoted to these activities. Other expenses are allocated on the basis of the program or support service that used the related asset or service. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Tax Status: The Fund is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code. As a private foundation, the Fund is subject to an excise tax on net investment income, including realized gains, as defined in the Tax Reform Act of 1969.

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 revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Fair Value Disclosures: The estimated fair value amounts have been determined by the Fund using available market information and appropriate valuation methodologies. These estimates are subjective in nature and involve uncertainties and matters of considerable judgment. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Fund could realize in a current market exchange. The use of different assumptions, judgments, and/or estimation methodologies may have a material effect on the estimated fair value amounts. All investment securities are carried at fair value in the financial statements.

Risks and Uncertainties: The Fund invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, 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 financial statements.

Subsequent Events: The financial statements and related disclosures include evaluation of events up through and including November 29, 2023, which is the date the financial statements were available to be issued.

NOTE 3 – INVESTMENTS

Investments consisted of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Fixed-income and equity securities		
Domestic fixed-income securities	\$ 6,031,425	\$ 10,050,330
U.S. equity securities	46,697,569	43,042,239
Foreign equity securities	<u>39,297,352</u>	<u>36,173,836</u>
Total fixed-income and equity securities	92,026,346	89,266,405

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MCGREGOR FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 3 – INVESTMENTS (Continued)

	<u>2023</u>	<u>2022</u>
Alternative investments		
Hedge funds and multistrategy	\$ 41,776,067	\$ 37,386,027
Oil and gas limited partnerships	5,237,925	6,077,025
Private equity and venture capital limited partnerships	63,553,326	67,484,816
Real estate limited partnerships	<u>30,186</u>	<u>229,893</u>
Total alternative investments	<u>110,597,504</u>	<u>111,177,761</u>
 Total	 <u>\$ 202,623,850</u>	 <u>\$ 200,444,166</u>

Net investment return is composed of the following for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest	\$ 320,498	\$ 176,473
Dividends	323,245	1,451,743
Net realized and unrealized gains (losses) on securities	13,487,183	(14,817,593)
Other partnership losses	(415,887)	(735,059)
Investment advisory and custodial fees	<u>(573,984)</u>	<u>(653,816)</u>
	 <u>\$ 13,141,055</u>	 <u>\$ (14,578,252)</u>

NOTE 4 – GRANTS PAYABLE

Unconditional grants are recognized as an expense at the time of formal approval by the full Board of Trustees. A present value discount for grants to be paid beyond one year has been calculated using a rate of approximately 5.43 percent and 1.72 percent at June 30, 2023 and 2022, respectively, based on when the grant was approved. At June 30, 2023 and 2022, the total discount on grants payable was \$390,921 and \$47,591, respectively.

The following summarizes the changes in grants payable for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Grants payable – beginning of year	\$ 6,224,009	\$ 1,115,085
Grants approved	8,693,870	14,704,594
Payments made	(8,428,871)	(9,549,594)
Change in discount on grants payable	<u>(343,329)</u>	<u>(46,076)</u>
 Grants payable – end of year	 <u>\$ 6,145,679</u>	 <u>\$ 6,224,009</u>
 Amounts due in		
Less than one year	\$ 4,561,600	\$ 5,106,600
One to five years	1,975,000	1,165,000
Less discount	<u>(390,921)</u>	<u>(47,591)</u>
	 <u>\$ 6,145,679</u>	 <u>\$ 6,224,009</u>

(Continued)

MCGREGOR FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 5 – EXCISE TAXES

The Fund's excise tax expense as of June 30, 2023 and 2022 is composed of the following:

	<u>2023</u>	<u>2022</u>
Current	\$ (29,135)	\$ 437,037
Deferred	<u>119,816</u>	<u>(408,976)</u>
	<u>\$ 90,681</u>	<u>\$ 28,061</u>

The deferred excise tax liability on the balance sheet represents the tax on unrealized gains on investment securities.

NOTE 6 – EMPLOYEE BENEFIT PLAN

The Fund sponsors a defined contribution 401(k) plan for all eligible full-time employees, as defined in the plan document. The plan became effective as of January 1, 2008. The Fund contributes a specified percentage of the annual eligible compensation of participants. Total contributions to the plan for the years ended June 30, 2023 and 2022, amounted to approximately \$128,000 and \$110,000, respectively.

NOTE 7 – FAIR VALUE MEASUREMENTS

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Fund's assets measured at fair value on a recurring basis at June 30, 2023 and 2022, and the valuation techniques used by the Fund to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Fund has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Fund's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

(Continued)

MCGREGOR FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 7 – FAIR VALUE MEASUREMENTS (Continued)

	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Assets				
Investments				
U.S. government securities	\$ -	\$ 170,532	\$ -	\$ 170,532
Domestic municipal bonds	-	116,776	-	116,776
Domestic corporate bonds	-	192,604	-	192,604
Domestic fixed-income mutual funds	5,551,511	-	-	5,551,511
Foreign equity mutual funds	5,973,995	-	-	5,973,995
Cash equivalents – money market mutual funds	6,265,255	-	-	6,265,255
	\$ 17,790,761	\$ 479,912	\$ -	18,270,673
Investments measured at NAV				
U.S. equity commingled funds				46,697,569
Foreign equity commingled funds				33,323,357
Hedge fund and multistrategy				41,776,067
Oil and gas partnership				5,237,925
Private equity and venture capital limited partnerships				63,553,326
Real estate limited partnerships				30,186
Total investments measured at NAV				190,618,430
Total assets				\$ 208,889,103

	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2022
Assets				
Investments				
U.S. government securities	\$ -	\$ 1,546,136	\$ -	\$ 1,546,136
Domestic municipal bonds	-	1,364,860	-	1,364,860
Domestic corporate bonds	-	2,149,863	-	2,149,863
Domestic fixed-income mutual funds	4,989,471	-	-	4,989,471
Foreign equity mutual funds	5,562,569	-	-	5,562,569
Cash equivalents – money market mutual funds	6,331,203	-	-	6,331,203
	\$ 16,883,243	\$ 5,060,859	\$ -	21,944,102

(Continued)

MCGREGOR FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 7 – FAIR VALUE MEASUREMENTS (Continued)

	Assets Measured at Fair Value on a Recurring Basis			Balance at June 30, 2022
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
(Level 1)				
Investments measured at NAV				
U.S. equity commingled funds				43,042,239
Foreign equity commingled funds				30,611,267
Hedge fund and multistrategy				37,386,027
Oil and gas partnership				6,077,025
Private equity and venture capital limited partnerships				67,484,816
Real estate limited partnerships				229,893
Total investments measured at NAV				184,831,267
 Total assets				\$ 206,775,369

The tables above include money market mutual funds of \$6,265,257 and \$6,331,203 at June 30, 2023 and 2022, respectively, which are included within cash equivalents on the balance sheets.

The fair value of U.S. government securities, domestic municipal bonds, and domestic corporate bonds is determined using quoted market prices and/or other market data for the same or comparable instruments and transactions in establishing the prices, discounted cash flow models, and other pricing models. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve, as well as other relevant economic measures.

Investments in Entities that Calculate Net Asset Value per Share: The Fund holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At year end June 30, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
U.S. equity commingled funds (a)	\$ 46,697,569	\$ -	Quarterly, annually	60 days - 3 years
Foreign equity commingled funds (b)	33,323,357	-	Weekly, monthly	7 days - 3 years
Hedge fund and multistrategy (c)	41,776,067	-	Monthly, quarterly, and annually	30 days - 3 years
Oil and gas limited partnerships (d)	5,237,925	1,489,636	N/A	N/A
Private equity and venture capital limited partnerships (e)	63,553,326	26,598,318	N/A	N/A
Real estate limited partnerships (f)	30,186	613,434	N/A	N/A
	\$ 190,618,430	\$ 28,701,388		

(Continued)

MCGREGOR FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 7 – FAIR VALUE MEASUREMENTS (Continued)

At year end June 30, 2022, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
U.S. equity commingled funds (a)	\$ 43,042,239	\$ -	Quarterly, annually	60 days – 3 years
Foreign equity commingled funds (b)	30,611,267	-	Weekly, monthly	7 days - 3 years
Hedge fund and multistrategy (c)	37,386,027	-	Monthly, quarterly, and annually	30 days - 3 years
Oil and gas limited partnerships (d)	6,077,025	1,571,639	N/A	N/A
Private equity and venture capital limited partnerships (e)	67,484,816	21,462,507	N/A	N/A
Real estate limited partnerships (f)	<u>229,893</u>	<u>603,906</u>	N/A	N/A
	<u>\$ 184,831,267</u>	<u>\$ 23,638,052</u>		

- (a) The U.S. equity securities category includes investments in commingled U.S. stock funds. The fair value of the investments in this category has been estimated using the net asset value of the Fund's ownership interest in partners' capital or net asset value per share of the investments, whichever is applicable. A portion of the investments in this category, totaling \$13,241,864 and \$7,508,809 at June 30, 2023 and 2022, respectively, is considered illiquid.
- (b) The foreign equity securities category includes investments in commingled international stock funds. The fair value of the investments in this category has been estimated using net asset value of the Fund's ownership interest in partners' capital or net asset value per share of the investments, whichever is applicable.
- (c) The hedge funds and multistrategy category includes direct investments in hedge funds that invest in event arbitrage, multistrategy, distressed securities, U.S. long/short equities, and global long/short equities. The fair value of the investments in this category has been estimated using net asset value per share of the investments. A portion of the investments in this category, totaling \$11,821,013 and \$12,642,522 at June 30, 2023 and 2022, respectively, is considered illiquid.
- (d) The oil and gas limited partnerships category includes investments with energy managers that invest across the energy industry. The fair value of the investments in this category has been estimated using net asset value of the Fund's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying investments of these funds will be liquidated over the next 3 to 12 years.
- (e) The private equity and venture capital limited partnerships category includes investments with fund of funds; managers that invest in Asian, European, U.S., and U.S. distressed private equity funds; and early stage U.S. venture capital funds. The fair value of the investments in this category has been estimated using net asset value of the Fund's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying investments of these funds will be liquidated over the next 5 to 12 years.
- (f) The real estate limited partnerships category includes investments with real estate managers that invest in European and U.S. commercial and residential real estate. The fair value of the investments in this category has been estimated using net asset value of the Fund's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received only as the underlying investments of the funds are liquidated. It is estimated that the underlying investments of these funds will be liquidated over the next 1 to 6 years.

(Continued)

MCGREGOR FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 8 – FUNCTIONAL EXPENSES

Expenses are functionally allocated as follows for the year ended June 30, 2023:

	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>
Grants	\$ 8,650,542	\$ -	\$ 8,650,542
Salaries and benefits	748,977	584,636	1,333,613
Legal, accounting, and professional fees	60,000	165,860	225,860
Occupancy	22,704	80,543	103,247
Taxes	-	92,758	92,758
Other expenses	<u>18,369</u>	<u>131,638</u>	<u>150,007</u>
	<u>\$ 9,500,592</u>	<u>\$ 1,055,435</u>	<u>\$ 10,556,027</u>

Expenses are functionally allocated as follows for the year ended June 30, 2022:

	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>
Grants	\$ 14,627,608	\$ -	\$ 14,627,608
Salaries and benefits	686,627	519,629	1,206,256
Legal, accounting, and professional fees	93,625	162,440	256,065
Occupancy	22,046	77,142	99,188
Taxes	-	31,523	31,523
Other expenses	<u>14,756</u>	<u>111,326</u>	<u>126,082</u>
	<u>\$ 15,444,662</u>	<u>\$ 902,060</u>	<u>\$ 16,346,722</u>

NOTE 9 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Fund's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use because of contractual restrictions within one year of the balance sheet date:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 6,459,095	\$ 6,469,238
Other receivables	426	660
Investments	202,623,850	200,444,166
Accrued interest and dividends	<u>36,148</u>	<u>53,478</u>
Financial assets – at year end	209,119,519	206,967,542
Less those unavailable for general expenditures within one year due to investment redemption restrictions	<u>93,884,314</u>	<u>93,943,065</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 115,235,205</u>	<u>\$ 113,024,477</u>

(Continued)

MCGREGOR FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 9 – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The Fund has a goal to maintain financial assets, which consist of cash and short-term investments, and receivables on hand to meet normal operating expenses. None of the financial assets are subject to donor or other restrictions that make them unavailable for general expenditures within one year of the balance sheet date. The Fund has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Fund also realizes there could be unanticipated liquidity needs.