The George Gund Foundation

Audited Financial Statements

As of and for the Years Ended
December 31, 2024 and 2023

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TABLE OF CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The George Gund Foundation
Cleveland, Ohio

Opinion

We have audited the financial statements of The George Gund Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2024 and 2023 , 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 the Foundation as of December 31, 2024 and 2023, 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 the Foundation 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 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.

Rea & Associates, Inc.

Rea & Associates, Inc.
Cleveland, Ohio
June 26, 2025

THE GEORGE GUND FOUNDATION

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
ASSETS:		
Cash and cash equivalents	$ 25,346,961	$ 12,918,987
Investments	562,785,492	512,192,911
Program related investments	7,731,129	8,599,874
Interest and dividends receivable	416,540	417,597
Prepaid federal excise tax	-	101,000
Other assets	149,734	123,730
Total assets	$ 596,429,856	$ 534,354,099

LIABILITIES AND NET ASSETS

	2024	2023
LIABILITIES:		
Accounts payable and accrued expenses	$ 1,073,715	$ 1,003,307
Grants payable	14,826,000	10,379,507
Accrued federal excise tax	211,000	-
Deferred federal excise tax	1,130,000	733,000
Total liabilities	17,240,715	12,115,814
NET ASSETS:		
Net assets without donor restrictions	579,189,141	522,238,285
Total liabilities and net assets	$ 596,429,856	$ 534,354,099

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

THE GEORGE GUND FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
NET INVESTMENT INCOME:		
Total investment income, net of expenses	$ 96,191,734	$ 67,929,876
EXPENSES:		
Grant expense	34,043,615	30,117,199
Program support and management and general (see Note 11)	3,678,263	3,570,040
Total expenses	37,721,878	33,687,239
Increase in net assets before federal excise taxes	58,469,856	34,242,637
Federal excise tax provision	(1,519,000)	(1,160,929)
Change in net assets without donor restrictions	56,950,856	33,081,708
NET ASSETS - BEGINNING OF THE YEAR	522,238,285	489,156,577
NET ASSETS - END OF THE YEAR	$ 579,189,141	$ 522,238,285

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

THE GEORGE GUND FOUNDATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 56,950,856	$ 33,081,708
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	24,259	27,656
Forgiveness of program-related investment loan	620,914	-
Net realized and unrealized gains on investments	(93,613,451)	(66,342,242)
Deferred federal excise tax	397,000	411,000
Changes in assets and liabilities:		
Interest and dividends receivable	1,057	(26,914)
Prepaid/accrued federal excise tax	312,000	700,000
Other assets	(39,963)	32,021
Accounts payable and accrued expenses	70,408	(36,892)
Grants payable	4,446,493	515,407
Net cash used in operating activities	(30,830,427)	(31,638,256)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	139,914,863	105,299,549
Purchases of investments	(96,646,162)	(66,358,103)
Repayments on margin loan	-	(7,372,888)
Purchase of furniture and equipment	(10,300)	(30,823)
Net cash provided by investing activities	43,258,401	31,537,735
Net increase (decrease) in cash and cash equivalents	12,427,974	(100,521)
CASH AND CASH EQUIVALENTS - BEGINNING	12,918,987	13,019,508
CASH AND CASH EQUIVALENTS - ENDING	$ 25,346,961	$ 12,918,987
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year:		
Income taxes, excise	$ 810,000	$ 50,000
Interest paid	$ -	$ 253,039

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

The George Gund Foundation (the Foundation) was established in 1952 as a private, nonprofit institution with the sole purpose of contributing to human well-being and the progress of society. The Foundation is rooted in Cleveland, Ohio, and organizes its grantmaking through the following program areas: climate and environmental justice; creative culture and arts; public education; thriving families and social justice; and vibrant neighborhoods and inclusive economy.

Basis of accounting

The Foundation's financial statements are presented on the accrual basis of accounting, in accordance with accounting principles generally accepted in the U.S. (U.S. GAAP).

Basis of presentation

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. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the Board) and/or management for general operating purposes. The Board may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net Assets with Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Foundation did not have any assets with donor restrictions as of December 31, 2024 and 2023.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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

Cash and cash equivalents consist of cash on deposit with financial institutions and highly liquid investments with maturity dates of three months or less, which are readily convertible into cash. At times, balances may exceed Federal Deposit Insurance Corporation insurance limits.

Investment valuation and income recognition

Investments are reported at fair value. Fair value is 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. See Note 7 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) in fair value of investments is included in investment income, net of investment fees and expenses. Investments fees and expenses were $4,080,000 and $3,934,753 for the year ended December 31, 2024 and 2023, respectively.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program related investments

Represents primarily notes receivable that supports program initiatives. These program-related investments are valued at lower of cost or fair value, less an allowance for credit losses.

The program-related investments are due from various not-for-profit organizations at various dates through 2037 and carry interest at rates between 1% and 2%. The principal and interest payment arrangements vary by note. The number of loans outstanding as of December 31, 2024 and 2023 was seven and eight, respectively. Two notes are to be repaid in full by 2032, two notes are to be repaid in full by 2035, one note is to be paid in full by 2037, one note to be paid in full by 2030 and one program-related investment was forgiven in full during 2024. One is currently in forbearance with repayments to be resumed at a date agreed-upon by both parties.

Allowance for credit losses

The Foundation believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Foundation's customers have remained constant since the Foundation's inception. The allowance for credit losses was $-0- as of December 31, 2024 and 2023.

The Foundation writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Foundation's accounting policy election. The total amount of write-offs was not material to the financial statements as a whole for the year ended December 31, 2024 and 2023.

Interest and dividend receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable credit losses amounts through a provision for uncollectible interest, and a credit to a valuation allowance, based on its assessment of the current status of individual accounts. At December 31, 2024 and 2023, management determined that no allowance for uncollectible interest was deemed necessary.

Furniture, equipment, and leasehold improvements

Furniture, equipment, and leasehold improvements (included in other assets) are stated at cost less accumulated depreciation. Amortization and depreciation is recorded using both straight-line and accelerated methods over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful life of the asset or the remaining lease term. Depreciation and amortization expense amounted to $24,259 and $27,656 for the years ended December 31, 2024 and 2023, respectively.

Prior period reclassifications

Certain prior period amounts have been reclassified to conform to the 2024 financial statement presentation. The reclassifications have no effect on the statement of financial position, the statement of activities and changes in net assets as previously reported.

Subsequent events

The Foundation has evaluated subsequent events from the statement of financial position date through June 26, 2025, which is the date the financial statements were available to be issued.

NOTE 2: REVENUE AND SUPPORT RECOGNITION

Contributions are recognized when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. The Foundation received no contributions for the years ended December 31, 2024 and 2023.

NOTE 3: GRANTS

Grants are expensed upon approval by the Board of Trustees, payable upon the performance of specified conditions, and paid when the specified conditions are satisfied. The Board of Trustees formally approves grants at board meetings three times per year. Additionally, rolling review grants in amounts up-to $100,000 and cumulative for the year up-to $6,000,000 for the year ended December 31, 2024; and rolling review grants in amounts up-to $50,000 and cumulative for the year up-to $4,000,000 for the year ended December 31, 2023 are recommended by the program directors and approved by the President throughout the year. These rolling review grants are expensed upon approval and ratified by the Board of Trustees at the following board meeting.

Grants that are cancelled or in excess of needed amounts are included as a reduction of grant expense in the year they are cancelled or returned. On an annual basis, the Foundation's Board sets a target payout rate of grants paid in relation to average portfolio value. During 2024 and 2023, the Board approved a 6% payout rate. As of December 31, 2024, $14,826,000 remains outstanding to be paid (grants payable). The grants payable is expected to be paid over the next three years; $10,261,000 in 2025, $3,365,000 in 2026, and $1,200,000 in 2027.

NOTE 4: CREDIT CONCENTRATION

Aside from its holdings in common stock of Kellanova and the WK Kellogg Company, the Foundation's portfolio of investments is highly diversified; however, at December 31, 2024 and 2023, 17% and 13% of the investments and program related investments, and approximately 53% and 55%, respectively, of dividend income in each year are attributable to ownership of Kellanova and the WK Kellogg Company stock. A sale of Kellanova common stock was agreed to during 2024 and the sale will be completed during 2025. The Foundation is currently planning for the use of the proceeds.

NOTE 5: INVESTMENTS

Market values of investments were as follows at December 31:

	2024	2023
Limited partnerships in mutual funds	$ 293,680,843	$ 273,057,175
Corporate stock	233,553,339	219,256,884
Bonds	19,794,191	9,194,655
Limited partnerships	15,690,406	10,494,554
Preferred stock	66,713	132,372
Common/collective fund	-	57,271
Total	$ 562,785,492	$ 512,192,911

NOTE 6: FAIR VALUE DISCLOSURE AND MEASUREMENT

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under Financial Accounting Standard Board (FASB) Accounting Standard Codification (ASC) 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodologies used at December 31, 2024 and December 31, 2023.

Money market funds: Valued at the daily closing price as reported by the fund. Money market funds are open-end funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The money market funds are deemed to be actively traded.

Corporate and preferred stocks: Valued at the closing price reported on the active market on which the individual securities are traded. Published market quotations do not necessarily represent realizable values, particularly where sizable holdings of a Foundation's stock exist, as in the case of the Foundation's holding of the Kellanova common stock and the WK Kellogg Company common stock as of December 31, 2024 and 2023.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flow approach that maximizes observable inputs such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

NOTE 6: FAIR VALUE DISCLOSURE AND MEASUREMENT (CONTINUED)

U.S. Treasury and agency securities and state and municipal bonds: Valued using pricing models maximizing the use of observable inputs for similar securities.

Assets measured at fair value by level, within the fair value hierarchy, are comprised of the following at December 31, 2024:

	Fair Value Measurements at Reporting Date			
December 31, 2024	(Level 1)	(Level 2)	(Level 3)	Balance
Cash equivalent-money market	$ 11,831,982		$ -	$ 11,831,982
Corporate stock:				
Consumer goods	106,043,864	-	-	106,043,864
Financial	27,737,609	-	-	27,737,609
Services	22,690,725	-	-	22,690,725
Industrial goods	21,650,835	-	-	21,650,835
Basic materials	736,586	-	-	736,586
Technology	32,741,275	-	-	32,741,275
Healthcare	8,745,124	-	-	8,745,124
Retail	5,489,230	-	-	5,489,230
Media	5,523,018	-	-	5,523,018
Mgf - other	2,195,073	-	-	2,195,073
Preferred stock	-	66,713	-	66,713
Bonds:				
Corporate	-	15,426,167	-	15,426,167
United States Treasury and Agency	-	3,383,461	-	3,383,461
State and municipal	-	984,563	-	984,563
Limited partnerships in mutual funds	-	293,680,843		293,680,843
	$ 233,553,339	$ 313,541,747	$ -	$ 547,095,086
Limited partnerships at NAV				15,690,406
Total Investments				562,785,492
Total Cash Equivalent and Investments				$ 574,617,474

NOTE 6: FAIR VALUE DISCLOSURE AND MEASUREMENT (CONTINUED)

Assets measured at fair value by level, within the fair value hierarchy, are comprised of the following at December 31, 2023:

	Fair Value Measurements at Reporting Date			
December 31, 2023	(Level 1)	(Level 2)	(Level 3)	Balance
Cash equivalent-money market	$ 5,275,004		$ -	$ 5,275,004
Corporate stock:				
Consumer goods	81,872,036	-	-	81,872,036
Financial	29,286,921	-	-	29,286,921
Services	17,289,937	-	-	17,289,937
Industrial goods	22,674,579	-	-	22,674,579
Basic materials	2,426,410	-	-	2,426,410
Technology	39,485,678	-	-	39,485,678
Healthcare	12,068,274	-	-	12,068,274
Retail	8,370,430	-	-	8,370,430
Media	264,956	-	-	264,956
Mgf- other	5,517,663	-	-	5,517,663
Preferred stock	-	132,372	-	132,372
Common/collective fund	-	57,271	-	57,271
Bonds:				
Corporate	-	2,365,040	-	2,365,040
United States Treasury and Agency	-	5,359,244	-	5,359,244
State and municipal	-	1,470,371	-	1,470,371
Limited partnerships in mutual funds	-	273,057,175		273,057,175
	$ 219,256,884	$ 282,441,473	$ -	$ 501,698,357
Limited partnerships at NAV				10,494,554
Total Investments				512,192,911
Total Cash Equivalent and Investments				$ 517,467,915

NOTE 6: FAIR VALUE DISCLOSURE AND MEASUREMENT (CONTINUED)

Investments in certain entities, specifically certain limited partnerships, are measured at fair value using net asset value (NAV) as a practical expedient. ASC 820 allows a reporting entity, as a practical expedient, to estimate fair value of certain alternative investments based on NAV as reported by the investee entity in instances where the net asset value has been calculated in a manner consistent with ASC 946, *Financial Services - Investment Companies*. Foundations' interests in the net assets of each limited partnership as of December 31, 2024 and 2023, as provided by the investee managers. Market values represent the Foundation's pro rata interest in the net assets of each limited partnership as of December 31, 2024 and 2023, as provided by the fund managers. Market values as of December 31, 2024 and 2023 are not based on audited financial information supplied by the general partner or manager of the funds. Audited information is only available annually based on the partnerships or funds' year-end. Management reviews monthly valuations provided by the general partner or manager of the funds and assesses the reasonableness of the fair values provided at the interim dates and included in the financial statements.

The valuations of the limited partnerships are based upon the partner capital account statements as follows at December 31, 2024 and 2023:

	Net Asset Value at Reporting Date				
	2024 Fair Value	2023 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited partnerships at NAV					
Partnership Investments (LP/LLC) Interest (a)	$ 11,116,450	$ 7,017,388	$ 7,725,421	Not redeemable	n/a
Partnership Investments (LP/LLC) Interest (b)	2,053,635	1,330,036	-	Not redeemable	n/a
Capital Fund (c)	1,256,720	1,439,803	675,000	Not redeemable	n/a
Partnership Investments (LP/LLC) Interest (d)	1,220,088	619,827	8,368,641	Not redeemable	n/a
Holdings Fund (e)	43,513	87,500	87,500	Not redeemable	n/a
Partnership Investments (LP/LLC) Interest (f)	-	-	10,000,000	Not redeemable	n/a
	$ 15,690,406	$ 10,494,554	$ 26,856,562		

(a) *Partnership Investments (LP/LLC interest):* The Fund focuses on making primary commitments across specialist impact venture, growth equity and buyout funds investing in environmental and social sustainability themes. The fund is well-diversified, including allocations to climate transition and inclusive growth themes. The Partnership invests in private equity funds that invest in Growth, Buyouts- Growth, Venture Capital and Buyouts- Middle Market strategies. These investments generally cannot be redeemed. Instead, the nature of the investments in this category is that distributions are generally received through the liquidation of the underlying assets of the Partnership. The fund will dissolve and terminate upon the later to occur of (1) April 2032 and (2) one year after the date by which all of its investment have been liquidated and its obligations have been terminated.

(b) *Partnership Investment (LP/LLC) Interest:* The purpose of the Partnership is to invest in early stage business enterprises; direct venture capital investment (life science and technology). The partnership has been extended until March 2026.

NOTE 6: FAIR VALUE DISCLOSURE AND MEASUREMENT (CONTINUED)

(c) *Capital Fund:* The Partnership was formed to operate as an investment fund principally for the purposes of investing in a diversified portfolio of venture capital and private equity funds (including secondary market investments in such funds) based primarily in the Northeast Ohio region, organized as limited partnerships, limited liability companies or corporations (the "investee partnerships"). The partnership is scheduled to terminate December 2025.

(d) *Partnership Investments (LP/LLC interest):* This fund invests in "Black-owned" venture capital and growth equity funds. Black-owned funds include funds managed by firms where a majority (50% or more) of the firm ownership or incentive compensation is held by Black professionals. The Partnership invests in private equity funds that invest in venture capital strategy. These investments generally cannot be redeemed. Instead, the nature of the investments in this category is that distributions are generally received through the liquidation of the underlying assets of the Partnership. The fund will dissolve and terminate upon the later to occur of (1) April 2032 and (2) one year after the date by which all of its investment have been liquidated and its obligations have been terminated.

(e) *Holding Fund:* The purpose of the Partnership is to make investments primarily in limited partnerships or other pooled investment vehicles which, in turn, make equity-oriented investments in young, growing or emerging companies or entities, or other partnerships either directly or purchased by the secondary market. The Partnership will invest in entities which intend to invest principally in the U.S. The fund entered liquidation period in December 2020. The general partner is working to wind up the fund and liquidate remaining assets.

(f) *Partnership Investment (LP/LLC) Interest:* The purpose of the fund is to make direct investment in a private equity strategy that will seek to invest in opportunities in the healthcare, education, and financial service sectors. The investment incentive is to seek long-term capital gains through the creation of a diversified global portfolio of investments in equity, equity-related and similar securities or instruments, including preferred equity, debt or other securities or instruments with equity-like returns or an equity component.

NOTE 7: MARGIN LOAN

During 2022, the Foundation opened a flexible line of credit with a financial institution that calls for borrowing against a portfolio of securities on margin with variable interest payments. The line is cross-collateralized with other securities accounts with the lender. The interest rate at December 31, 2024 and 2023 was 5.25% and 7.43%, respectively. There was no outstanding balance on the loan as of December 31, 2024 and 2023. Interest expense was $-0- and $253,039 for the years ended December 31, 2024 and 2023, respectively. Interest expense is included on the statement of activities and changes in net assets in total investment income, as borrowings on the margin loan were made as part of the overall investment strategy.

NOTE 8: EMPLOYEE BENEFIT PLAN

The Foundation has an employees' tax-sheltered annuity plan for all eligible employees. Such a plan is intended to comply with the requirements of Section 403(b) of the Internal Revenue Code (IRC). Employer contributions are required at 9% of the participant's compensation up to the social security wage base for the year, and 14.7% of the participant's compensation in excess of this wage base, with a limit of $345,000 and $330,000 of compensation for the years

NOTE 8: EMPLOYEE BENEFIT PLAN (CONTINUED)

ended December 31, 2024 and 2023, respectively. Employer contributions to the plan for the years ended December 31, 2024 and 2023 amounted to $164,817 and $165,111, respectively. Participants are also permitted to make salary reduction contributions to the plan.

NOTE 9: LIQUIDITY AND FUNDS AVAILABLE

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of December 31, 2024 and 2023 because of contractually imposed or internal designations.

The Foundation's financial assts available within one year of the statement of financial position date for general expenditure are as follows:

	2024	2023
Cash and cash equivalents	$ 25,346,961	$ 12,918,987
Investments	562,785,492	512,192,911
Program related investments	7,731,129	8,599,874
Interest and dividends receivable	416,540	417,597
Total financial assets, at year-end	596,280,122	534,129,369
Less amounts not available to be used for general expenditures:		
Limited partnerships at NAV	15,690,406	10,494,554
Program related investments	7,731,129	8,599,874
Commitments for limited partnerships	26,856,562	22,939,024
Amounts not available for general expenditures	50,278,097	42,033,452
Financial assets available to meet cash needs for general expenditures within one year:	$ 546,002,025	$ 492,095,917

Liquidity Policy

As part of the Foundation's liquidity management, it maintains a sufficient level of operating cash and short-term investments to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 10: EXCISE TAXES

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), but is subject to a 1.39% federal excise tax on net investment income, including net realized gains, as defined by the IRC for tax year 2024 and 2023. Deferred federal excise taxes are provided on the unrealized appreciation or depreciation of investments, interest and dividend income, and certain expenses being reported for financial statement purposes in different periods than for tax purposes. The current and deferred portions of the excise tax provision were $1,122,000 and $397,000 respectively, for a net provision of $1,519,000 in 2024. The current and deferred portions of the excise tax benefit were $749,929 and $411,000 respectively, for a net benefit of $1,160,929 in 2023.

NOTE 10: EXCISE TAXES (CONTINUED)

The Foundation follows the provisions of FASB ASC 740-10, *Income Taxes*, which provides guidance on the recognition threshold that a tax position is required to meet before being recognized in the financial statements and provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure, and transition issues. Management has evaluated and concluded that there were no material uncertain tax positions requiring recognition in the accompanying financial statements. Accrued interest relating to uncertain tax positions would be recorded as a component of interest expense, and penalties relating to uncertain tax positions would be recorded as a component of general and administrative expenses.

NOTE 11: FUNCTIONAL EXPENSES

The table below presents expenses by both their nature and function for the year ended December 31, 2024:

	Grants	Program Support	Management and General	Program Support and Management and General Totals
Salaries and benefits	$ -	$ 2,110,533	$ 548,289	$ 2,658,822
Grants to other organizations	34,043,615	-	-	-
Office and occupancy	-	354,760	90,767	445,527
Services and professional fees	-	27,444	362,638	390,082
Travel, meetings, other	-	127,226	32,347	159,573
Depreciation and amortization	-	20,004	4,255	24,259
	$ 34,043,615	$ 2,639,967	$ 1,038,296	$ 3,678,263

The table below presents expenses by both their nature and function for the year ended December 31, 2023:

	Grants	Program Support	Management and General	Program Support and Management and General Totals
Salaries and benefits	$ -	$ 2,138,444	$ 508,824	$ 2,647,268
Grants to other organizations	30,117,199	-	-	-
Office and occupancy	-	248,719	58,887	307,606
Services and professional fees	-	67,488	366,731	434,219
Travel, meetings, other	-	121,268	32,023	153,291
Depreciation and amortization	-	22,805	4,851	27,656
	$ 30,117,199	$ 2,598,724	$ 971,316	$ 3,570,040

Expenses are recorded as attributable to either grant support or administrative functions wherever possible; however, the financial statements report certain categories of expenses that are attributable to more than one function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The allocations above are primarily based on management's estimates of percentage of staffing costs attributable by function.