OWEN COUNTY COMMUNITY FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

CPAs / ADVISORS

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OWEN COUNTY COMMUNITY FOUNDATION, INC.

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CPAs / ADVISORS

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Owen County Community Foundation, Inc.
Spencer, Indiana

Opinion

We have audited the accompanying financial statements of Owen County Community Foundation, Inc. (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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. 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 Organization 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 Organization'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 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted 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 Organization'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 Organization'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.

Blue & Co., LLC

Seymour, Indiana

September 3, 2025

OWEN COUNTY COMMUNITY FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

ASSETS

	2024	2023
Cash and cash equivalents	$ 285,635	$ 176,560
Certificate of deposit	-0-	63,987
Investments	15,421,504	12,062,610
Property and equipment, net	17,861	16,790
Right-of-use asset under operating lease	169,230	179,131
Other assets	198,854	83,000
	$ 16,093,084	$ 12,582,078

LIABILITIES AND NET ASSETS

	2024	2023
Liabilities		
Accounts payable	$ 40,546	$ 48,508
Grants payable	21,000	51,084
Charitable gift annuities payable	54,972	56,708
Custodial funds	138,266	69,528
Operating lease liability	176,095	183,958
Total liabilities	430,879	409,786
Net assets		
Without donor restrictions		
Operating	401,073	397,392
Board designated endowment	437,781	400,058
Total net assets without donor restrictions	838,854	797,450
With donor restrictions		
Restricted for specified purpose	1,357,774	640,065
Endowment funds	13,465,577	10,734,777
Total net assets with donor restrictions	14,823,351	11,374,842
Total net assets	15,662,205	12,172,292
	$ 16,093,084	$ 12,582,078

See accompanying notes to financial statements.

OWEN COUNTY COMMUNITY FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2023)

	2024			2023
	Without donor Restrictions	With donor Restrictions	Total	Total
Support and revenues				
Contributions and grants	$ 49,726	$ 4,068,123	$ 4,117,849	$ 1,614,834
Investment return, net	63,372	1,335,187	1,398,559	1,516,167
Change in value of split-interest agreement	-0-	(1,937)	(1,937)	697
Administrative fees	240,556	-0-	240,556	206,234
Other income	-0-	9,599	9,599	8,518
Net assets released from restrictions	1,962,463	(1,962,463)	-0-	-0-
Total support and revenues	2,316,117	3,448,509	5,764,626	3,346,450
Expenses				
Program services	1,998,920	-0-	1,998,920	903,308
General and administrative	116,758	-0-	116,758	123,443
Fundraising and development	159,035	-0-	159,035	150,078
Total expenses	2,274,713	-0-	2,274,713	1,176,829
Change in net assets	41,404	3,448,509	3,489,913	2,169,621
Net assets, beginning of year	797,450	11,374,842	12,172,292	10,002,671
Net assets, end of year	$ 838,854	$ 14,823,351	$ 15,662,205	$ 12,172,292

OWEN COUNTY COMMUNITY FOUNDATION, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without donor Restrictions	With donor Restrictions	Total
Support and revenues			
Contributions and grants	$ 103,248	$ 1,511,586	$ 1,614,834
Investment return, net	41,767	1,474,400	1,516,167
Change in value of split-interest agreement	-0-	697	697
Administrative fees	206,234	-0-	206,234
Other income	-0-	8,518	8,518
Net assets released from restrictions	882,323	(882,323)	-0-
Total support and revenues	1,233,572	2,112,878	3,346,450
Expenses			
Program services	903,308	-0-	903,308
General and administrative	123,443	-0-	123,443
Fundraising and development	150,078	-0-	150,078
Total expenses	1,176,829	-0-	1,176,829
Change in net assets	56,743	2,112,878	2,169,621
Net assets, beginning of year	740,707	9,261,964	10,002,671
Net assets, end of year	$ 797,450	$ 11,374,842	$ 12,172,292

See accompanying notes to financial statements.

OWEN COUNTY COMMUNITY FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024				2023			
	Program Services	General and Administrative	Fundraising and Development	Total	Program Services	General and Administrative	Fundraising and Development	Total
Grants	$ 1,670,414	$ -0-	$ -0-	$ 1,670,414	$ 608,161	$ -0-	$ -0-	$ 608,161
Salaries and wages	54,759	56,787	91,265	202,811	54,254	62,292	84,396	200,942
Payroll taxes and employee benefits	10,029	10,400	16,714	37,143	13,346	15,323	20,760	49,429
Administrative fees	237,971	-0-	-0-	237,971	203,965	-0-	-0-	203,965
Advertising and events	7,008	-0-	21,024	28,032	2,700	-0-	8,099	10,799
Office supplies	1,482	741	1,482	3,705	1,858	929	1,858	4,645
Postage and printing	384	129	2,048	2,561	1,589	530	8,473	10,592
Telephone	1,153	769	1,922	3,844	1,435	956	2,391	4,782
Rent	5,248	5,248	5,407	15,903	5,373	5,373	5,536	16,282
Repairs and maintenance	630	630	649	1,909	615	615	634	1,864
Depreciation	1,902	1,902	1,959	5,763	2,508	2,508	2,584	7,600
Professional fees	-0-	33,877	8,469	42,346	-0-	29,798	7,449	37,247
Dues and subscriptions	839	-0-	839	1,678	2,025	-0-	2,025	4,050
Travel and entertainment	1,176	261	1,176	2,613	383	85	383	851
Meetings and conferences	235	156	391	782	592	394	986	1,972
Insurance	2,411	2,484	2,411	7,306	2,466	2,541	2,466	7,473
Utilities	859	880	859	2,598	967	996	967	2,930
Miscellaneous	2,420	2,494	2,420	7,334	1,071	1,103	1,071	3,245
Total expense	$ 1,998,920	$ 116,758	$ 159,035	$ 2,274,713	$ 903,308	$ 123,443	$ 150,078	$ 1,176,829

See accompanying notes to financial statements.

OWEN COUNTY COMMUNITY FOUNDATION, INC.

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

	2024	2023
Operating activities		
Change in net assets	$ 3,489,913	$ 2,169,621
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	5,763	7,601
Reinvested interest and dividends	(759,481)	(499,823)
Realized and unrealized gain on investments	(661,470)	(1,055,987)
Restricted contributions for endowment	2,414,312	(771,278)
Change in value of split-interest agreement	(5,409)	(697)
Changes in assets and liabilities:		
Contributions receivable	-0-	35,326
Right-of-use asset under operating lease	9,901	9,674
Other assets	(115,854)	(82,694)
Accounts payable	(7,962)	45,773
Grants payable	(30,084)	28,186
Custodial funds	68,738	26,055
Operating lease liability	(7,863)	(7,380)
Net cash flows from operating activities	4,400,504	(95,623)
Investing activities		
Purchase of office equipment	(6,834)	-0-
Purchases of certificates of deposit	-0-	(63,987)
Maturities of certificate of deposit	63,987	74,638
Purchases of investments	(2,538,799)	(1,419,901)
Proceeds on sales of investments	600,856	868,709
Net cash flows from investing activities	(1,880,790)	(540,541)
Financing activities		
Payments on charitable gift annuities	3,673	(2,465)
Restricted contributions for charitable gift annuities	-0-	14,954
Restricted contributions for endowment	(2,414,312)	771,278
Net cash flows from financing activities	(2,410,639)	783,767
Net change in cash and cash equivalents	109,075	147,603
Cash and cash equivalents, beginning of year	176,560	28,957
Cash and cash equivalents, end of year	$ 285,635	$ 176,560

See accompanying notes to financial statements.

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Owen County Community Foundation, Inc. (the "Organization") is a not-for-profit entity that began operations in February 1994. The Organization is located in Spencer, Indiana, and was organized to help make the Owen County communities become better places to grow, work, and live by gathering and growing charitable assets and giving back to the community through grants and scholarships.

Management's Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported amounts of support, revenues and expenses. Actual results could vary from the estimates that were used.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis and have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Organization are classified and reported as follows:

Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board of directors ("Board") or designated by the Board for specific use. The Organization maintains net assets without donor restrictions as follows:

Operating – used to fund current operations of the Organization

Board designated endowment – established with the expectation that the principal be maintained in perpetuity to generate grants, subject to the spending policy, used to support the general operations of the Organization as designated by the Board

Net assets with donor restrictions: Net assets subject to donor stipulations for specific purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term to support operations or specific purposes. The Organization maintains net assets with donor restrictions as follows:

Restricted for specified purpose – all contributions to the Organization with the intention of the donor to be held for a specific program or in a donor-restricted non-endowed fund

Restricted due to time restrictions – all contributions of the Organization with donor restrictions that will be met by the passage of time

Endowment funds – all contributions to the Organization with the intention of the donor that the assets be held in perpetuity and related investment earnings managed in accordance with the Organization's spending policy

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers cash equivalents to include all savings, checking and money market accounts but excludes cash equivalents held by various managers included in investments.

Investments and Investment Return

The Organization carries its investments at fair value for financial reporting purposes. Changes in unrealized appreciation or depreciation of investments are reflected in the Statements of Activities in the periods in which such changes occur.

Interest and dividend income and net unrealized and realized gains and losses on investments are recognized as net assets with or without donor restrictions based upon the existence or absence of donor-imposed restrictions or the related fund classification in accordance with the Organization's spending policy.

Contributions Receivable

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Management estimates an allowance for doubtful contributions receivable based on an evaluation of historical losses, current economic conditions, and other factors unique to the Organization's donors. No allowance for doubtful contributions receivable was determined necessary as of December 31, 2024 and 2023.

Property and Equipment

Property and equipment, including expenditures that are over $1,000 and substantially increase the useful lives of existing assets, are recorded at cost except for donations, which are recorded at fair value at the date of the donation. Costs of ordinary maintenance and repairs are expensed as incurred.

The Organization provides for depreciation of property and equipment utilizing the straight-line method at rates designed to depreciate the cost of such assets over their estimated useful lives, which range from five to twenty years.

Support, Revenue and Expense Recognition

Contributions, which include unconditional promises to give (contributions receivable), are recognized as revenues in the period the contribution is received or the promise is made. Contributions received with donor-imposed restrictions are reported as restricted support and increases net assets with donor restrictions.

Support and revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in either net assets with or without donor restrictions in accordance with the classification of the fund.

All other support and revenue is recorded when earned.

Administrative Fees

Administrative fees are expensed from the funds to support the operations of the Organization and are considered program expenses. Administrative fees from all funds are reflected as revenue on the Statements of Activities. The administrative fees from custodial funds are not included as expenses on the Statements of Activities because they are included in the change in custodial funds.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statements of Activities and the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Those expenses include salaries and wages, payroll taxes and employee benefits, various occupancy expenses and office supplies, which are allocated on the basis of estimates of time, effort and usage. While the methods of allocation are considered appropriate, other methods could produce different results.

Income Taxes

The Organization is organized as a not-for-profit corporation under Section 501(c)(3) of the United States Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2024 and 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements.

As such, the Organization is generally exempt from income taxes. However, the Organization is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Subsequent Events

The Organization has evaluated events or transactions occurring subsequent to the Statement of Financial Position date for recognition and disclosure in the accompanying financial statements through the date the financial statements were available to be issued, which is September 3, 2025.

2. CERTIFICATE OF DEPOSIT

The Organization held a certificate of deposit of $63,987 at December 31, 2023, respectively. This certificate of deposit had an interest rate of 5.35 percent and a maturity date of March 2024. Certificates of deposits are recorded at cost plus accrued interest.

3. INVESTMENTS

Investments consist of the following at December 31, 2024 and 2023:

	2024	2023
Cash and cash equivalents	$ 150,488	$ 224,938
Equity mutual funds		
Mid/small	1,115,045	921,636
Large	6,881,987	5,365,946
Infrastructure	990,277	752,688
Fixed income mutual funds		
Intermediate	1,220,316	950,585
Nontraditional	1,237,966	958,741
High yield bond	1,677,136	1,248,277
Equity exchange traded funds		
Large	1,171,518	921,750
Alternative investment	903,153	628,981
Real estate investment trusts	73,618	89,068
	$ 15,421,504	$ 12,062,610

4. RISKS AND UNCERTAINITES

The Organization holds investments (Note 3). Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

5. FAIR VALUE MEASUREMENTS

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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy 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 Organization 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 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 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 and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

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

- *Alternative investment and real estate investment trusts:* Valued at the NAV of units of the funds. The NAV, as provided by the investment manager, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

- *Charitable gift annuities payable*: Fair value is determined by calculating the present value of the annuities using published life expectancy tables with discount rates ranging from 4.9 and 5.8 percent.

The following table sets forth by level, within the hierarchy, the Organization's assets and liabilities measured at fair value on a recurring basis as of December 31, 2024 and 2023:

	2024		
	Level 1	Level 2	Total
Assets:			
Mutual funds	$ 13,122,727	$ -0-	$ 13,122,727
Exchange traded funds	1,171,518	-0-	1,171,518
Total assets in the fair value hierarchy	$ 14,294,245	$ -0-	14,294,245
Alternative investment*			903,153
Real estate investment trusts*			73,618
Cash and cash equivalents			150,488
Total investments			$ 15,421,504
Liabilities:			
Charitable gift annuities payable	$ -0-	$ 54,972	$ 54,972

	2023		
	Level 1	Level 2	Total
Assets:			
Mutual funds	$ 10,197,873	$ -0-	$ 10,197,873
Exchange traded funds	921,750	-0-	921,750
Total assets in the fair value hierarchy	$ 11,119,623	$ -0-	11,119,623
Alternative investment*			628,981
Real estate investment trusts*			89,068
Cash and cash equivalents			224,938
Total investments			$ 12,062,610
Liabilities:			
Charitable gift annuities payable	$ -0-	$ 56,708	$ 56,708

* In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented at fair value in the statement of financial position.

The objective of the real estate investment trusts is to invest in a diversified portfolio that will achieve attractive total returns, preserve invested capital, and provide increasing distributions. To achieve these objectives, investment managers seek to invest in a portfolio of income-producing commercial properties. The investments may be redeemed at the net asset value after the one-year anniversary date of the investment and with proper notice. The redemptions may be done monthly, quarterly, or semi-annually with various notices ranging from one day to five days. Due to the nature of the investments, changes in market conditions and the economic environment may significantly impact the net asset value and, consequently, the fair value of the Organization's interest in the investments. There were no unfunded commitments of these real estate investment trusts as of December 31, 2024 and 2023.

A summary of the alternative investment's balance and restrictions on redemptions is as follows:

	2024	2023	Redemption Notice	Redemption Frequency
North Rock Fund, Limited	$ 903,153	$ 628,981	90 days	Monthly

At December 31, 2024 and 2023 there were no unfunded commitments of this alternative investment.

Due to the nature of the investments held by the alternative investments, changes in market conditions and the economic environment may significantly impact the net asset value of the alternative investments, consequently, the fair value of the Organization's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is therefore reasonably possible that if the Organization were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.

6. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2024 and 2023, is as follows:

	2024	2023
Office equipment	$ 26,157	$ 19,290
Furniture and fixtures	19,912	19,912
Leasehold improvements	13,370	13,370
	59,439	52,572
Less accumulated depreciation	(41,578)	(35,782)
	$ 17,861	$ 16,790

7. CHARITABLE GIFT ANNUITIES

The Organization has several charitable gift annuities. The Organization is required to make payments to the donors in quarterly and semiannual amounts ranging from annual amounts of $1,175 to $2,465. Upon the death of the specified persons, the remaining amount of the gifts is to be used by the Organization for unrestricted purposes. The Organization has recognized a liability for the present value of the amounts expected to be paid to the third-party beneficiaries at December 31, 2024 and 2023 under these agreements. The liability was calculated based on the life expectancy of the beneficiaries, derived from the applicable annuity expected return multiples for the annuities. The present value was calculated using IRS discount rates ranging from 4.9% to 5.8%. The present value of amounts to be paid to the third party beneficiaries was $54,972 and $56,708 at December 31, 2024 and 2023, respectively.

8. CUSTODIAL FUNDS

Custodial funds represent funds placed on deposit with the Organization by other organizations based on their individual board resolutions. The Organization accounts for these transfers as a liability in accordance with standards set forth by the Financial Accounting Standards Board. Income is added to these funds periodically in accordance with the Organization’s investment allocation policies. Contributions by, investment interest credits for, and distributions to those organizations are reflected as adjustments to the liability account and are not reflected on the Statements of Activities.

Following is a progression of custodial funds during 2024 and 2023:

	2024	2023
Beginning balance	$ 69,528	$ 43,473
Contributions	75,072	20,600
Investment return, net	14,350	9,535
Grant payments	(18,099)	(2,546)
Administrative fees	(2,585)	(1,534)
Ending balance	$ 138,266	$ 69,528

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2024 and 2023:

	2024	2023
Restricted for specified purposes		
Various based on fund agreements	$ 1,357,304	$ 640,038
My Path	470	27
Endowment funds		
Restricted in perpetuity	11,853,005	9,306,144
Restricted subject to the Organization's spending policy	2,163,415	1,533,040
Underwater endowments	(550,843)	(104,407)
Total net assets with donor restrictions	$ 14,823,351	$ 11,374,842

10. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Purpose restrictions related to:		
MyPath	$ 98,837	$ 68,606
Funds appropriated for expenditure for various purposes based on fund agreements	1,863,626	813,717
	$ 1,962,463	$ 882,323

11. ENDOWMENT

The majority of the Organization’s funds consist of endowed funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted 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 stipulation to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

From time to time, due to unfavorable market fluctuations, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. The Organization has a policy that does allow spending from underwater endowment funds, unless otherwise precluded by donor intent or relevant laws and regulations.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for granting purposes while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must use for a donor-specified purpose as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce long-term growth of capital without undue exposure to risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 6 percent, which will preserve the purchasing power of the Organization's assets while meeting spending needs for grantmaking and cover operating expenses through investment fees and administrative fees. Actual returns in any given year may vary.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment decisions shall be made with the intent of maximizing the long-term total return of the portfolio through market value changes (realized and unrealized) and through earned income (dividends and interest).

The Organization has a policy of appropriating for distribution each year up to 4 percent of the endowment funds' average market value over the prior twelve quarters, or a lesser percentage as voted upon annually by the Board of Directors. In establishing this policy, the Organization considered the long-term expected return on its endowment.

Endowed funds by net asset type at December 31, 2024 and 2023 were as follows:

	2024		2023	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Board Designated Funds	$ 437,781	$ -0-	$ 400,058	$ -0-
Donor Restricted Funds	-0-	13,465,577	-0-	10,734,777
	$ 437,781	$ 13,465,577	$ 400,058	$ 10,734,777

Changes in endowed funds for the years ending December 31, 2024 and 2023 were as follows:

	2024		2023	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	$ 400,058	$ 10,734,777	$ 374,618	$ 9,067,206
Contributions and other revenues	-0-	2,432,460	-0-	826,930
Investment return, net	40,563	1,256,885	40,114	1,430,390
Interfund activity, net	(1,330)	(102,696)	(14,674)	20,348
Appropriation of endowment assets for expenditure	(1,510)	(855,849)	-0-	(610,097)
Endowment net assets, end of year	$ 437,781	$ 13,465,577	$ 400,058	$ 10,734,777

12. UNDERWATER ENDOWMENTS

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2024, funds with original gift values of $2,062,677, fair values of 1,511,834, and deficiencies of $550,843 were reported in net assets with donor restrictions. A significant portion of the underwater endowments relate to the Community Fund from which the Board of Directors voted to provide supplemental funding for other funds to help support the MyPath/Next Level Trails project and a local nonprofit newspaper. At December 31, 2023, funds with original gift values of $2,063,599, fair values of $2,168,005, and deficiencies of $104,407 were reported in net assets with donor restrictions.

13. LEASES

The Organization recognizes right-of-use (ROU) assets and lease liabilities for leases with terms greater than 12 months or leases that contain a purchase option that is reasonably certain to be exercised. Leases are classified as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease.

The Organization has an operating lease for office facilities. Leasing arrangements required fixed payments and also include an amount that is probable will be owed under residual value guarantees, if applicable. The Organization's lease agreement does not contain any material restrictive covenants.

The Organization's ROU asset and lease liability is recognized on the lease commencement date in an amount that represents the present value of future lease payments over the lease term. The Organization utilizes a risk-free interest rate commensurate with the lease term as the discount rate for its leases unless the Organization can specifically determine the lessor's implicit rate. Certain lease contracts contain non-lease components such as maintenance and utilities. The Organization has made a policy election to not separate the lease and non-lease components, and thus recognize a single lease component for all of its right-of-use assets and lease liabilities. The operating lease ROU asset also includes any lease payments made and excludes lease incentives, if any.

Short-term leases (leases with an initial term of 12 months or less or leases that are cancelable by the lessee and lessor without significant penalties) are not capitalized but are expensed on a straight-line basis over the lease term. The Organization did not have any short-term leases during the years ended December 31, 2024 and 2023.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. Furthermore, the Organization assesses whether it is reasonably certain to exercise options to extend or terminate a lease considering all relevant factors that create economic incentive to exercise such options, including asset, contract, market, and entity-based factors. These evaluations may require significant judgment.

The Organization's total operating lease expense for the year ended December 31, 2024 and 2023 was $15,902 and $16,282, respectively.

This lease agreement includes potential changes on rental payments based on changes in the consumer price index (CPI) in excess of 4%. Lease liabilities are not remeasured as a result of changes in the CPI; instead, changes in the CPI are treated as variable lease payments and are excluded from the measurement of the ROU asset and lease liability. These payments are recognized in the period in which the related obligation is incurred.

The Organization's right-of-use assets and lease liabilities and other disclosures as of and for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Right-of-use asset		
Operating lease asset	$ 169,230	$ 179,131
Lease liability		
Operating lease liability	$ 176,095	$ 183,958
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating lease	$ 13,275	$ 13,020
Weighted average remaining lease term	13.75 years	14.75 years

Future payments are as follows:

Year Ended December 31,	
2025	$ 13,575
2026	13,875
2027	14,175
2028	14,550
2029	15,075
Thereafter	146,175
Total lease payments	217,425
Less: interest	(41,330)
Present value of lease liability	$ 176,095

14. RELATED PARTY TRANSACTIONS

The Organization received $40,819 and $617,303 in contributions from members of the Organization's board of directors and staff during 2024 and 2023, respectively.

15. LIQUIDITY AND AVAILIBILITY

As part of the Organization's liquidity management, it structures its financial assets to be available as its awarded grants, general expenditures and other obligations become due. The Organization invests cash in excess of daily requirements in money market accounts, certificates of deposit, and other short-term investments. Financial assets available for general expenditures within one year of the Statements of Financial Position date are comprised of the following as of December 31, 2024 and 2023:

	2024	2023
Operating cash and cash equivalents	$ 285,635	$ 176,560
Maturing certificate of deposit	-0-	63,987
Operating investments	82,997	133,288
	$ 368,632	$ 373,835

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. The Organization has an annual grant approval process. This process includes evaluating a number of factors relative to the spending rate to be applied to the Organization's fund balances in accordance with its spending policy. Once the Organization's Board approves the spending rate, the related dollar amount of the funds becomes available for general expenditures.

While not subject to the Organization's spending policy, expenditures from donor-restricted non-endowed funds must be approved by the Board and, therefore, are not available for general expenditure until that time. Non-endowed funds are held in cash and cash equivalents or liquid investments and are made available upon appropriation.

The administrative endowment is subject to an annual spending rate of 5 percent of the average fund balance. Although the Organization does not intend to spend from this administrative endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available, if necessary.

The Organization also relies on the administrative fees, which it charges most funds annually 2 percent of the fund balance or 2 percent of gifts received, to fund operational expenditures.

16. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts insured by the Federal Deposit Insurance Corporation at its current coverage levels. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

Marketable securities and money market funds are managed by various investment firms. Such balances exceed the Securities Investor Protection Corporation insured limits of up to $500,000.