

GOING FURTHER

CHATTANOOGA CHRISTIAN
COMMUNITY FOUNDATION
AND SUBSIDIARY
d/b/a THE GENEROSITY TRUST

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2024



CPAs & ADVISORS

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Independent Auditor's Report

**To the Board of Directors
Chattanooga Christian Community Foundation
d/b/a The Generosity Trust
Chattanooga, Tennessee**

Opinion

We have audited the accompanying consolidated financial statements of Chattanooga Christian Community Foundation and Subsidiary d/b/a The Generosity Trust (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Chattanooga Christian Community Foundation and Subsidiary d/b/a The Generosity Trust as of December 31, 2024 and 2023, and the changes in their net assets and their 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 Chattanooga Christian Community Foundation and Subsidiary d/b/a The Generosity Trust 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Chattanooga Christian Community Foundation and Subsidiary d/b/a The Generosity Trust's ability to continue as a going concern within one year after the date, the consolidated 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 consolidated 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated 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 consolidated 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 consolidated 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 Chattanooga Christian Community Foundation and Subsidiary d/b/a The Generosity Trust'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Chattanooga Christian Community Foundation and Subsidiary d/b/a The Generosity Trust'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.

Chattanooga, Tennessee
October 28, 2025

Chattanooga Christian Community Foundation and Subsidiary d/b/a The Generosity Trust

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 1,512,340	\$ 1,783,682
Investments, at fair value	123,876,521	99,392,237
Other investments	6,915,288	6,765,288
Contributions receivable from split-interest agreements	2,134,673	2,307,374
Other receivables	124,073	96,842
Prepaid expenses and other assets	28,797	44,403
Property and equipment, net	1,252,370	704,207
Cash surrender value of life insurance	248,784	299,564
	<u>136,092,846</u>	<u>111,393,597</u>
Total assets	\$ 136,092,846	\$ 111,393,597
LIABILITIES		
Accounts payable and accrued expenses	\$ 8,746	\$ 10,460
Funds held as agency endowments	7,849,330	6,842,132
	<u>7,858,076</u>	<u>6,852,592</u>
Total liabilities	7,858,076	6,852,592
NET ASSETS		
Without donor restrictions	115,699,962	92,152,316
With donor restrictions	12,534,808	12,388,689
	<u>128,234,770</u>	<u>104,541,005</u>
Total net assets	128,234,770	104,541,005
Total liabilities and net assets	\$ 136,092,846	\$ 111,393,597

The Notes to Consolidated Financial Statements are an integral part of these statements.

Chattanooga Christian Community Foundation and Subsidiary d/b/a The Generosity Trust

CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 48,236,917	\$ 520,320	\$ 48,757,237
Change in value of contributions receivable from split-interest agreements	-	47,033	47,033
Management fee and other income (loss)	81,309	(45,612)	35,697
Investment return, net, designated for operations	<u>667,778</u>	<u>-</u>	<u>667,778</u>
Total operating revenue	48,986,004	521,741	49,507,745
Net assets released from restrictions	<u>1,323,274</u>	<u>(1,323,274)</u>	<u>-</u>
Total operating revenues, gains, and other support	<u>50,309,278</u>	<u>(801,533)</u>	<u>49,507,745</u>
OPERATING EXPENSES			
Program expenses	39,109,464	-	39,109,464
Supporting services	453,901	-	453,901
Fundraising expenses	<u>48,039</u>	<u>-</u>	<u>48,039</u>
Total operating expenses	<u>39,611,404</u>	<u>-</u>	<u>39,611,404</u>
Change in net assets from operations	10,697,874	(801,533)	9,896,341
OTHER CHANGES			
Investment return, net, reduced by amounts designated for operations	<u>12,849,772</u>	<u>947,652</u>	<u>13,797,424</u>
Change in net assets	23,547,646	146,119	23,693,765
NET ASSETS, beginning of year	<u>92,152,316</u>	<u>12,388,689</u>	<u>104,541,005</u>
NET ASSETS, end of year	<u>\$ 115,699,962</u>	<u>\$ 12,534,808</u>	<u>\$ 128,234,770</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

Chattanooga Christian Community Foundation and Subsidiary d/b/a The Generosity Trust

CONSOLIDATED STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ 32,258,562	\$ 573,172	\$ 32,831,734
Change in value of contributions receivable from split-interest agreements	-	156,315	156,315
Management fee and other income (loss)	(19,130)	45,186	26,056
Investment return, net, designated for operations	643,227	-	643,227
	<u>32,882,659</u>	<u>774,673</u>	<u>33,657,332</u>
Total operating revenue			
Net assets released from restrictions	<u>1,939,705</u>	<u>(1,939,705)</u>	<u>-</u>
Total operating revenues, gains, and other support	<u>34,822,364</u>	<u>(1,165,032)</u>	<u>33,657,332</u>
OPERATING EXPENSES			
Program expenses	34,875,322	-	34,875,322
Supporting services	371,964	-	371,964
Fundraising expenses	36,347	-	36,347
	<u>35,283,633</u>	<u>-</u>	<u>35,283,633</u>
Total operating expenses			
Change in net assets from operations	(461,269)	(1,165,032)	(1,626,301)
OTHER CHANGES			
Investment return, net, reduced by amounts designated for operations	<u>7,769,564</u>	<u>1,102,818</u>	<u>8,872,382</u>
Change in net assets	7,308,295	(62,214)	7,246,081
NET ASSETS, beginning of year	<u>84,844,021</u>	<u>12,450,903</u>	<u>97,294,924</u>
NET ASSETS, end of year	<u>\$ 92,152,316</u>	<u>\$ 12,388,689</u>	<u>\$ 104,541,005</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

Chattanooga Christian Community Foundation and Subsidiary d/b/a The Generosity Trust

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2024

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES				
Salaries	\$ 544,983	\$ 105,708	\$ 17,718	\$ 668,409
Payroll taxes and benefits	<u>96,043</u>	<u>18,629</u>	<u>3,122</u>	<u>117,794</u>
Total salaries and employee benefits	641,026	124,337	20,840	786,203
Grants	37,798,899	-	-	37,798,899
Marketing	87,473	-	-	87,473
Occupancy	21,700	4,824	349	26,873
Repairs and maintenance	20,787	20,787	-	41,574
Insurance	12,960	20,399	-	33,359
Meetings and conferences	1,640	-	-	1,640
Office	52,454	28,979	-	81,433
Bank and management fees	276,747	76,255	-	353,002
Professional fees	14,614	67,414	-	82,028
Training	-	82,211	-	82,211
Scholarships	3,155	-	-	3,155
Special events	172,824	-	2,512	175,336
Miscellaneous	<u>5,185</u>	<u>4,427</u>	<u>70</u>	<u>9,682</u>
Total functional expenses before depreciation	39,109,464	429,633	23,771	39,562,868
Depreciation	<u>-</u>	<u>24,268</u>	<u>24,268</u>	<u>48,536</u>
Total functional expenses	<u>\$ 39,109,464</u>	<u>\$ 453,901</u>	<u>\$ 48,039</u>	<u>\$ 39,611,404</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

Chattanooga Christian Community Foundation and Subsidiary d/b/a The Generosity Trust

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2023

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES				
Salaries	\$ 419,652	\$ 84,929	\$ 17,052	\$ 521,633
Payroll taxes and benefits	<u>76,865</u>	<u>15,556</u>	<u>3,123</u>	<u>95,544</u>
Total salaries and employee benefits	496,517	100,485	20,175	617,177
Grants	33,754,429	-	-	33,754,429
Marketing	85,494	-	-	85,494
Occupancy	14,353	3,426	139	17,918
Repairs and maintenance	14,366	14,366	-	28,732
Insurance	12,960	18,767	-	31,727
Meetings and conferences	1,313	-	-	1,313
Office	40,972	22,987	-	63,959
Bank and management fees	222,000	62,630	-	284,630
Professional fees	13,263	68,749	-	82,012
Training	-	20,240	-	20,240
Scholarships	9,445	-	-	9,445
Special events	164,610	-	1,320	165,930
Taxes and fees	6,884	6,885	-	13,769
Miscellaneous	<u>38,716</u>	<u>38,716</u>	<u>-</u>	<u>77,432</u>
Total functional expenses before depreciation	34,875,322	357,251	21,634	35,254,207
Depreciation	<u>-</u>	<u>14,713</u>	<u>14,713</u>	<u>29,426</u>
Total functional expenses	<u>\$ 34,875,322</u>	<u>\$ 371,964</u>	<u>\$ 36,347</u>	<u>\$ 35,283,633</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

Chattanooga Christian Community Foundation and Subsidiary d/b/a The Generosity Trust

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

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 23,693,765	\$ 7,246,081
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	48,536	29,426
Net realized and unrealized gains on investments	(11,699,683)	(7,062,758)
Decrease in value of split-interest agreements	(47,033)	(156,315)
Increase in funds held as agency endowments	1,007,198	2,973,062
Change in operating assets and liabilities:		
Contributions receivable from split-interest agreements	219,734	894,996
Other receivables	(27,230)	(59,835)
Prepaid expenses and other assets	15,606	(31,973)
Accounts payable and accrued expenses	(1,714)	(53,892)
Cash surrender value of life insurance	50,780	-
	<u>13,259,959</u>	<u>3,778,792</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments, at fair value	2,798,911	8,361,949
Proceeds from sales of other investments	-	80,000
Purchases of property and equipment	(596,700)	(11,771)
Purchase of other investments	(150,000)	(162,600)
Purchases of investments, at fair value	<u>(15,583,512)</u>	<u>(11,925,257)</u>
Net cash used in investing activities	<u>(13,531,301)</u>	<u>(3,657,679)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(271,342)	121,113
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,783,682</u>	<u>1,662,569</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,512,340</u>	<u>\$ 1,783,682</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Notes to Consolidated Financial Statements

NOTE 1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Chattanooga Christian Community Foundation and Subsidiary d/b/a The Generosity Trust (Organization) conform with United States generally accepted accounting principles (GAAP) and practices within the not-for-profit industry. The Financial Accounting Standards Board (FASB) has adopted the FASB Accounting Standards Codification (ASC) as the single source of authoritative nongovernmental GAAP. The policies that materially affect financial position and results of operations are summarized as follows:

Nature of Operations

The Organization was formed to encourage Christian philanthropy by providing an endowment and other related services whereby individual gifts, bequests, and/or trusts can be used to support ministries, students, causes and events that will advance the Gospel and work of Jesus Christ primarily in the greater Chattanooga area and beyond. The Organization is a public charity, which receives, holds, invests, and distributes assets contributed by the individuals and organizations for these purposes.

The Organization has a wholly-owned subsidiary, LJC Properties, LLC, which owns real estate contributed by donors to the Organization.

Principles of Consolidation

The consolidated financial statements include the accounts of the Organization and its Subsidiary. All material intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Basis of Presentation

To ensure observances of limitations and restrictions placed on the use of resources available to the Organization, resources are classified for accounting and financial reporting purposes into categories established according to their nature and purpose in the two categories as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. The only limits on net assets without donor restrictions are those resulting from the nature of the Organization and its purposes.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has passed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

The Organization follows the guidance in Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), which affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

NOTE 1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The majority of the Organization's revenues come from contributions, investment income, change in value from life insurance contracts, and split interest agreements which are outside the scope of ASC 606. Revenues within the scope of ASC 606 include assessment and management fees. The Organization recognizes assessment and management fees, included in management fee and other income in the accompanying consolidated statements of activities, in accordance with FASB ASC Topic 606. Assessment and management fee revenues are recognized at a point in time, which is at the point the Organization provides management of donor funds. Fees are charged and collected monthly.

Revenue is reported as increases in net assets without donor restriction unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gain and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions in net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions are recorded as revenue in the period received or upon the receipt of an unconditional promise to give. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of appreciated assets are recorded at the estimated fair value at the date of receipt by the Organization.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of the respective classes of assets ranging from 5-39 years using the straight-line method. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose would be subject to taxation as unrelated business income.

The Organization accounts for income taxes in accordance with income tax accounting guidance in ASC Topic 740. The Organization follows the statutory requirements for its income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Organization's non-taxable status would not have a material effect on the Organization's consolidated financial statements. With few exceptions, the Organization is no longer subject to tax examinations by tax authorities for years before 2021.

Cash and Cash Equivalents

The Organization considers all cash and highly-liquid investments with an original maturity of three months or less to be cash equivalents. Money market funds, held as a portion of the Organization's investment portfolio, are classified as investments and are not considered to be cash equivalents for the consolidated statements of cash flows.

Investments

Investments in marketable securities with readily determinable fair values are stated at fair value. Certain investments without readily determinable fair values are stated at cost if purchased and fair value at the date of gift if donated. Fair values are based on quoted market prices. Fair value of nontraditional investments are based on information provided by the administrators of the underlying funds. Realized and unrealized gains and losses on marketable securities and other investments are included in investment return, net on the consolidated statements of activities.

NOTE 1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Investments

Other investments are reported at the lower of cost or fair value and are initially recorded at their acquisition date cost if purchased, or at fair value if received as a contribution. Declines in the value of these investments are recognized if the aggregate fair value is less than the carrying amount. Recoveries of aggregate fair values in subsequent periods are recognized only to the extent that the carrying amount does not exceed the original cost.

Grants

Unconditional grants are recorded as expenses when they are approved by the Board of Directors for payment. Conditional grants are expensed only when the conditions on which they were granted are substantially met.

Total Return Policy

The Board of Directors has adopted a total return spending policy. Under this policy only a portion of the Organization's cumulative investment return is used for support of current operations; the remainder is retained to support operations of future years and to offset potential market declines. The amount computed under the total return spending policy is used to support current operations.

Subsequent Events

Management performed an evaluation of subsequent events through October 28, 2025, the date these consolidated financial statements were available to be issued.

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year on the consolidated statement of financial position date, comprise the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$1,275,640	\$1,132,701
Investments	105,163	95,962
Contributions receivable	220,861	197,779
Other receivables	74,328	66,838
Board-designated spending plan	<u>667,778</u>	<u>661,375</u>
	<u>\$2,343,770</u>	<u>\$2,154,655</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization also has a \$2,000,000 line of credit as more fully described in Note 10. Additionally, the Organization has a board-designated endowment of approximately \$14,000,000 subject to an annual spending rate as described in Note 13. Although the Organization does not intend to spend from its board-designated endowment, other than amounts appropriated for general expenditure as part of its annual budget approval, amounts from its board-designated endowment could be made available if necessary.

NOTE 3. INVESTMENTS

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

Investments at fair value:

	<u>2024</u> <u>Fair</u> <u>Value</u>	<u>2023</u> <u>Fair</u> <u>Value</u>
Common stocks	\$ 38,805,669	\$25,119,569
Corporate bonds	9,900,002	6,916,089
Mutual funds	39,744,930	36,951,131
U.S. Government bonds	450,196	961,916
Limited partnerships	6,961,302	6,135,467
Real estate investment trusts	65,930	233,956
Money market funds	25,339,638	20,273,526
Certificates of deposit	<u>2,608,854</u>	<u>2,800,583</u>
Total	<u>\$123,876,521</u>	<u>\$99,392,237</u>

Investments recorded at \$7,027,232 and \$6,369,423 at December 31, 2024 and 2023, respectively, are based on valuations for which a readily determinable fair value does not exist. These investments are not listed on national exchanges or over-the-counter markets, and quoted market prices are not available. Management estimates the fair values of these investments based on a review of all available information provided by fund managers and trustees. These fair value estimates are evaluated on a regular basis by management and are susceptible to revisions as more information becomes available. Because of these factors, it is reasonably possible that the estimated fair values of these investments may change materially in the near term.

Other investments:

	<u>2024</u>	<u>2023</u>
Limited liability corporations	\$ 200,000	\$ 200,000
Real estate	5,189,100	5,189,100
Nonmarketable securities	<u>1,526,188</u>	<u>1,376,188</u>
	<u>\$6,915,288</u>	<u>\$6,765,288</u>

There have been no impairments recognized on other investments for the years ended December 31, 2024 or 2023. Cumulative adjustments of \$844,746 have been recognized on other investments.

The following schedules summarize the investment return and its classification in the consolidated statements of activities at December 31, 2024 and 2023:

	<u>2024</u>		
	<u>Without</u> <u>Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Dividends and interest	\$ 2,625,516	\$140,003	\$ 2,765,519
Net realized and unrealized gains	<u>10,892,034</u>	<u>807,649</u>	<u>11,699,683</u>
Total return on investments	<u>13,517,550</u>	<u>947,652</u>	<u>14,465,202</u>
Investment return designated for grants and current operations	<u>(667,778)</u>	<u>-</u>	<u>(667,778)</u>
Investment return reduced by amounts designated for grants and current operations	<u>\$12,849,772</u>	<u>\$947,652</u>	<u>\$13,797,424</u>

NOTE 3. INVESTMENTS (CONTINUED)

	<u>2023</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Dividends and interest	\$2,281,257	\$ 171,594	\$2,452,851
Net realized and unrealized gains	<u>6,131,534</u>	<u>931,224</u>	<u>7,062,758</u>
Total return on investments	<u>8,412,791</u>	<u>1,102,818</u>	<u>9,515,609</u>
Investment return designated for grants and current operations	<u>(643,227)</u>	-	<u>(643,227)</u>
Investment return reduced by amounts designated for grants and current operations	<u>\$7,769,564</u>	<u>\$1,102,818</u>	<u>\$8,872,382</u>

NOTE 4. CONTRIBUTIONS RECEIVABLE FROM SPLIT-INTEREST AGREEMENTS

Contributions receivable from split-interest agreements are recorded at the present value of estimated future cash flows using a discount rate of 5.5%. Changes in the estimated values of split-interest agreements are included in the accompanying consolidated statements of activities. At December 31, 2024 and 2023, contributions receivable from split-interest agreements consist of the following:

	<u>2024</u>	<u>2023</u>
Two charitable lead unitrusts with annual payments to the Organization of 2.4% to 10% of the fair market value of trust assets; terms ranging from 4 to 15 years	\$1,832,633	\$2,016,637
Three charitable remainder unitrusts for which any remaining assets will be distributed to the Organization at the end of the trusts' terms; term for each trust is the lifetime of the beneficiary	<u>302,040</u>	<u>290,737</u>
	<u>\$2,134,673</u>	<u>\$2,307,374</u>

NOTE 5. PROPERTY AND EQUIPMENT

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

	<u>2024</u>	<u>2023</u>
Building improvements	\$ 15,350	\$ -
Building and property	1,375,000	825,000
Computer equipment	39,264	25,960
Office furniture and equipment	<u>42,928</u>	<u>30,282</u>
	1,472,542	881,242
Less accumulated depreciation	<u>(220,172)</u>	<u>(177,035)</u>
	<u>\$1,252,370</u>	<u>\$ 704,207</u>

NOTE 6. FUNDS HELD AS AGENCY ENDOWMENTS

The Organization follows the accounting guidance in ASC Topic 958, *Not-for-Profit Entities*. ASC Topic 958 establishes standards for transactions in which a not-for-profit organization accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. ASC Topic 958 specifically requires that if a not-for-profit organization establishes a fund at another not-for-profit organization with its own funds and specifies itself or another organization as the beneficiary of that fund, the Organization must account for the transfer of such assets as a liability. The Organization refers to such funds as agency endowments.

The Organization maintains legal ownership of agency endowment funds and as such continues to report the funds as assets of the Organization. However, in accordance with ASC Topic 958, a liability has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be made to the donor.

The Organization held twenty-three agency endowment funds at December 31, 2024, and twenty-one agency endowment funds at December 31, 2023. The following table summarizes activity in the funds during the years then ended:

	<u>2024</u>	<u>2023</u>
Agency endowment funds, beginning of year	\$ 6,842,132	\$ 3,869,070
Amounts raised	2,503,682	3,567,075
Investment return	784,913	560,461
Disbursements	<u>(2,281,397)</u>	<u>(1,154,474)</u>
Agency endowment funds, end of year	<u>\$ 7,849,330</u>	<u>\$ 6,842,132</u>

NOTE 7. PLANNED GIFTS

The Organization is currently a named beneficiary in several charitable remainder trusts. Because the grantors reserve the right to change the beneficiaries, the Organization has not recorded these planned gifts as contributions receivable in the accompanying consolidated financial statements.

NOTE 8. GRANTS PAYABLE

At December 31, 2024 and 2023, the organization's grants payable were not material to the consolidated financial statements.

NOTE 9. LINE OF CREDIT

The Organization has a \$2,000,000 line of credit with a financial institution. No amounts were outstanding under this line of credit at December 31, 2024 and 2023. The line of credit bears interest at 7.50 percent and matures August 10, 2026.

NOTE 10. FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with ASC Topic 820, *Fair Value Measurements and Disclosures*, the fair value of a financial instrument 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. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

NOTE 10. FAIR VALUE MEASUREMENTS (CONTINUED)

ASC Topic 820 provides a consistent definition of fair value, which focuses on exit price in an orderly transaction between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

ASC Topic 820 also establishes a three-tier fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value, as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active and other inputs that are observable or can be corroborated by observable market data.

Level 3 - Significant unobservable inputs that reflect management's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

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

Common stocks and mutual funds: Valued at quoted market prices available in an active market.

U.S. government and corporate bonds: The fair value for debt securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities, using matrix pricing. Matrix pricing is a mathematical technique commonly used to price debt securities that are not actively traded, values debt securities without relying exclusively on quoted prices for specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2).

Limited partnerships and real estate investment trusts: Valued at the net asset value (NAV) of units of a limited partnership. The NAV, as provided by the administrators of the underlying funds, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the investments held less its liabilities.

Certificates of deposit: The carrying amount is a reasonable estimate of fair value.

Cash surrender value of life insurance: The carrying amounts of cash surrender value of life insurance approximate their fair value. The carrying amount is based on information received from the insurance carriers indicating the financial performance of the policies and the amount the Organization would receive should the policies be surrendered.

Money market funds: The carrying amounts of money market funds is a reasonable estimate of fair value due to the short term nature of the funds.

The tables below present the recorded amount of assets measured at fair value on a recurring basis:

	Balance as of December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Corporate bonds:				
Financial	\$ 3,707,377	\$ 3,707,377	\$ -	\$ -
Other	<u>6,192,625</u>	<u>6,192,625</u>	-	-
Total corporate bonds	<u>9,900,002</u>	<u>9,900,002</u>	-	-

NOTE 10. FAIR VALUE MEASUREMENTS (CONTINUED)

	Balance as of December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Mutual funds:				
Large stock	\$29,639,583	\$29,639,583	\$ -	\$ -
Mid stock	5,335,888	5,335,888	-	-
Small stock	2,759,253	2,759,253	-	-
International stock	<u>2,010,206</u>	<u>2,010,206</u>	-	-
Total mutual funds	<u>39,744,930</u>	<u>39,744,930</u>	-	-
Common stocks:				
Consumer goods	24,653,374	24,653,374	-	-
Other	<u>14,152,295</u>	<u>14,152,295</u>	-	-
Total common stocks	<u>38,805,669</u>	<u>38,805,669</u>	-	-
U.S. Government Bonds:				
Financial	450,196	-	450,196	-
Certificates of deposit	2,608,854	-	2,608,854	-
Money market funds	25,339,638	25,339,638	-	-
Cash surrender value of life insurance	<u>248,784</u>	-	<u>248,784</u>	-
Total assets at fair value	117,098,073	113,790,239	3,307,834	-
Investments measured at net asset value (1) (2)	<u>7,027,232</u>	-	-	-
Total assets	<u>\$124,125,305</u>	<u>\$113,790,239</u>	<u>\$3,307,834</u>	<u>\$ -</u>
	Balance as of December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Corporate bonds:				
Financial	\$ 3,046,949	\$ 3,046,949	\$ -	\$ -
Other	<u>3,869,140</u>	<u>3,869,140</u>	-	-
Total corporate bonds	<u>6,916,089</u>	<u>6,916,089</u>	-	-
Mutual funds:				
Large stock	28,438,916	28,438,916	-	-
Mid stock	3,962,270	3,962,270	-	-
Small stock	2,469,294	2,469,294	-	-
International stock	<u>2,080,651</u>	<u>2,080,651</u>	-	-
Total mutual funds	<u>36,951,131</u>	<u>36,951,131</u>	-	-
Common stocks:				
Consumer goods	12,803,258	12,803,258	-	-
Other	<u>12,316,311</u>	<u>12,316,311</u>	-	-
Total common stocks	<u>25,119,569</u>	<u>25,119,569</u>	-	-

NOTE 10. FAIR VALUE MEASUREMENTS (CONTINUED)

	Balance as of December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
U.S. Government Bonds:				
Financial	\$ 961,916	\$ -	\$ 961,916	\$ -
Certificates of deposit	2,800,583	2,800,583	-	-
Money market funds	20,273,526	20,273,526	-	-
Cash surrender value of life insurance	<u>299,564</u>	<u>-</u>	<u>299,564</u>	<u>-</u>
Total assets at fair value	93,322,378	92,060,898	1,261,480	-
Investments measured at net asset value (1) (2)	<u>6,369,423</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$99,691,801</u>	<u>\$92,060,898</u>	<u>\$1,261,480</u>	<u>\$ -</u>

(1) In accordance with Subtopic 820-10, the limited partnerships that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amount presented in this table is intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

(2) Limited partnership investments have investment strategies which include investments in private debt financing, emerging and global equity markets, long and short positions primarily in residential and commercial mortgage backed securities, senior secured debt, public and private oil and gas companies, direct origination and secondary market first and second mortgage liens, commercial real estate, equity based partnerships, and transportation and infrastructure. These investments also include certain restrictions on the Organization's contributed capital. These restrictions include lock ups and withdrawal restrictions. Lock up restrictions range up to 24 months. Withdrawal restrictions monthly to annually with 35-105 days' notice. There were no outstanding commitments at December 31, 2024.

NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS

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

	2024	2023
Subsequent years' activities	\$ 2,134,673	\$ 2,307,374
Scholarship programs	3,800,500	3,053,896
Other commitments	6,593,978	6,976,150
LJC	<u>5,657</u>	<u>51,269</u>
	<u>\$12,534,808</u>	<u>\$12,388,689</u>

Net assets with donor restrictions are included in contributions receivable from split-interest agreements, investments and other assets.

During the years ended December 31, 2024 and 2023, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

	2024	2023
Net assets released from restrictions:		
Purpose restriction accomplished	<u>\$1,323,274</u>	<u>\$1,939,705</u>

NOTE 12. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are further classified in the accompanying consolidated financial statements as donor-advised, unrestricted or as board-designated endowments. Donor-advised net assets represent net assets whereby the donor may suggest specific uses of the funds, and such donor suggestions are considered by, but are not binding upon, the Organization as it makes grant decisions.

Board-designated endowments are net assets designated solely by the Organization's Board of Directors for endowment purposes and have been established for discretionary grants and the general operation of the Organization. Unrestricted net assets are available for use as determined by management and the Board of Directors.

	<u>2024</u>	<u>2023</u>
Board-designated for:		
Long-term investment	\$ 14,020,863	\$13,533,111
Donor advised	93,732,054	71,374,733
Unrestricted	<u>7,947,045</u>	<u>7,244,472</u>
Total net assets without donor restriction	<u>\$115,699,962</u>	<u>\$92,152,316</u>

NOTE 13. ENDOWMENTS

The Organization's endowment consists of one board-designated fund established to provide for discretionary grants and operational support for the Organization. Board designations are not legal restrictions on the use of net assets, and therefore the net assets remain classified as net assets free of donor restrictions. The board-designated endowment may be spent or designated to another purpose at the discretion of the Board of Directors. The Organization follows the guidance of generally accepted accounting principles for the classification of donor-restricted endowment funds that are subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Directors has determined UPMIFA does not apply to the Organization since the Organization has no donor-restricted endowment funds. The board-designated fund is not subject to UPMIFA because the fund was created by an action of the Board of Directors from net assets free of donor restriction.

Endowment net assets by type of fund consist of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Board-designated funds	<u>\$14,020,863</u>	<u>\$13,533,111</u>

Changes in endowment net assets for the fiscal years ended December 31, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Endowment net assets,		
beginning of year	\$13,533,111	\$12,584,968
Investment income	463,749	400,711
Net realized and		
unrealized gains (losses)	1,235,827	1,209,256
Contributions	325,551	1,119,104
Appropriations	<u>(1,537,375)</u>	<u>(1,780,928)</u>
Endowment net assets end of year	<u>\$14,020,863</u>	<u>\$13,533,111</u>

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 8 percent annually. Actual returns in any given year may vary from this amount.

NOTE 13. ENDOWMENTS (CONTINUED)

Return Objectives and Risk Parameters (Continued)

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization has a policy of appropriating for distribution each year 4.75 percent in 2024 and 2023 of its endowment fund's average fair value over the prior five years in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of approximately 3 percent annually.