



COMMUNITY FOUNDATION OF HENDERSON COUNTY, INC.

Hendersonville, North Carolina

Financial Statements and
Supplementary Information

As of and For the Years Ended June 30, 2025 and 2024



COMMUNITY FOUNDATION OF HENDERSON COUNTY, INC.

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Bill Hale
Tim Kriegel
Dora Katsadouros
Stan Duncan

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COMMUNITY FOUNDATION OF HENDERSON COUNTY, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Community Foundation of Henderson County, Inc.

Opinion

We have audited the accompanying financial statements of Community Foundation of Henderson County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 Community Foundation of Henderson County, Inc. as of June 30, 2025 and 2024, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Foundation of Henderson County, Inc. 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 Community Foundation of Henderson County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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 Community Foundation of Henderson County, Inc.'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 Community Foundation of Henderson County, Inc.'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.

To the Board of Directors
Community Foundation of Henderson County, Inc.
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Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of grants is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CARTER, P.C.

Asheville, North Carolina
September 25, 2025

COMMUNITY FOUNDATION OF HENDERSON COUNTY, INC.

Statements of Financial Position June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current assets:		
Cash and equivalents	\$ 10,893,061	\$ 8,448,091
Accounts receivable	13,826	7,337
Beneficial interest in trusts, current portion	31,990	31,990
Assets available-for-sale	75,000	75,000
Prepaid expenses	<u>22,493</u>	<u>28,747</u>
Total current assets	11,036,370	8,591,165
 Beneficial interest in trusts, net of current portion	175,073	197,192
Investments	151,235,445	137,683,230
Property and equipment	<u>5,744,410</u>	<u>974,404</u>
 Total assets	<u>\$ 168,191,298</u>	<u>\$ 147,445,991</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 37,979	\$ 54,825
Current portion of annuity trust obligations	<u>203,658</u>	<u>196,162</u>
Total current liabilities	241,637	250,987
 Annuity trust obligations, net of current portion	1,318,923	1,107,746
Funds held as organizational endowments	<u>13,215,062</u>	<u>11,529,119</u>
Total liabilities	<u>14,775,622</u>	<u>12,887,852</u>
 Net assets:		
Without donor restrictions	11,380,749	7,387,011
With donor restrictions	<u>142,034,927</u>	<u>127,171,128</u>
Total net assets	<u>153,415,676</u>	<u>134,558,139</u>
 Total liabilities and net assets	<u>\$ 168,191,298</u>	<u>\$ 147,445,991</u>

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

COMMUNITY FOUNDATION OF HENDERSON COUNTY, INC.

Statement of Activities Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and other revenues			
Contributions	\$ 123,224	\$ 9,669,847	\$ 9,793,071
In-kind contributions	2,450,000		2,450,000
Less, amounts received for organizational endowments	<u> </u>	(524,971)	(524,971)
Contributions, net	2,573,224	9,144,876	11,718,100
Investment income, net	515,080	5,173,259	5,688,339
Management fees	76,085		76,085
Change in value of split-interest agreements		(218,673)	(218,673)
Rental income	38,604		38,604
Other income	21,720		21,720
Net assets released from restrictions	<u>10,670,544</u>	<u>(10,670,544)</u>	<u> </u>
Total public support and other revenues	<u>13,895,257</u>	<u>3,428,918</u>	<u>17,324,175</u>
Expenses			
Program services	9,553,808		9,553,808
Supporting services	<u>779,868</u>	<u> </u>	<u>779,868</u>
Total expenses	<u>10,333,676</u>	<u> </u>	<u>10,333,676</u>
Increase in net assets before other gains	<u>3,561,581</u>	<u>3,428,918</u>	<u>6,990,499</u>
Other gains (losses)			
Net gains on investments	436,663	11,434,881	11,871,544
Loss on disposal of fixed assets	<u>(4,506)</u>	<u> </u>	<u>(4,506)</u>
Total other gains	<u>432,157</u>	<u>11,434,881</u>	<u>11,867,038</u>
Increase in net assets	3,993,738	14,863,799	18,857,537
Net assets at beginning of year	<u>7,387,011</u>	<u>127,171,128</u>	<u>134,558,139</u>
Net assets at end of year	<u>\$ 11,380,749</u>	<u>\$ 142,034,927</u>	<u>\$ 153,415,676</u>

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

COMMUNITY FOUNDATION OF HENDERSON COUNTY, INC.

Statement of Activities Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and other revenues			
Contributions	\$ 61,504	\$ 6,893,448	\$ 6,954,952
Less, amounts received for organizational endowments	<u> </u>	(466,331)	(466,331)
Contributions, net	61,504	6,427,117	6,488,621
Investment income, net	565,558	3,444,716	4,010,274
Management fees	77,809		77,809
Change in value of split-interest agreements		185,857	185,857
Other income	16,900		16,900
Net assets released from restrictions	<u>8,686,763</u>	(8,686,763)	<u> </u>
Total public support and other revenues	<u>9,408,534</u>	<u>1,370,927</u>	<u>10,779,461</u>
Expenses			
Program services	5,837,212		5,837,212
Supporting services	<u>706,321</u>	<u> </u>	<u>706,321</u>
Total expenses	<u>6,543,533</u>	<u> </u>	<u>6,543,533</u>
Increase in net assets before other losses	<u>2,865,001</u>	<u>1,370,927</u>	<u>4,235,928</u>
Other gains (losses)			
Net gains on investments	445,863	10,130,097	10,575,960
Loss on disposal of fixed assets	<u>(10,000)</u>	<u> </u>	<u>(10,000)</u>
Total other gains	<u>435,863</u>	<u>10,130,097</u>	<u>10,565,960</u>
Increase in net assets	3,300,864	11,501,024	14,801,888
Net assets at beginning of year	<u>4,086,147</u>	<u>115,670,104</u>	<u>119,756,251</u>
Net assets at end of year	<u>\$ 7,387,011</u>	<u>\$ 127,171,128</u>	<u>\$ 134,558,139</u>

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

COMMUNITY FOUNDATION OF HENDERSON COUNTY, INC.

Statement of Functional Expenses Year Ended June 30, 2025

		Supporting Services			
	Program Services	Management & General	Fundraising	Total Supporting Services	Total
Salaries	\$ 258,516	\$ 268,503	\$ 103,810	\$ 372,313	\$ 630,829
Payroll taxes	17,770	18,456	7,136	25,592	43,362
Benefits	41,089	20,832	38,345	59,177	100,266
Total salaries and related expenses	<u>317,375</u>	<u>307,791</u>	<u>149,291</u>	<u>457,082</u>	<u>774,457</u>
Grants	9,231,789				9,231,789
Less, organizational grants	<u>(330,559)</u>				<u>(330,559)</u>
Grants, net	8,901,230				8,901,230
Annuity payments	194,290				194,290
Advertising	2,200	2,696	496	3,192	5,392
Dues and subscriptions	7,662	2,816	1,700	4,516	12,178
Insurance		14,631	725	15,356	15,356
Office expense	3,306	3,563	273	3,836	7,142
Postage	1,994	4,598	1,074	5,672	7,666
Telephone	3,283	1,009	758	1,767	5,050
Professional services		45,568		45,568	45,568
Communications	466	17,862	2,259	20,121	20,587
Travel and training	4,397	7,202	1,627	8,829	13,226
Printing and publications	15,477	7,427	5,628	13,055	28,532
Occupancy	10,960	25,575		25,575	36,535
Technology	59,736	53,353	10,701	64,054	123,790
Other	<u>21,001</u>	<u>21,397</u>		<u>21,397</u>	<u>42,398</u>
Total expenses before depreciation	9,543,377	515,488	174,532	690,020	10,233,397
Depreciation	<u>10,431</u>	<u>89,848</u>		<u>89,848</u>	<u>100,279</u>
Total expenses	<u>\$ 9,553,808</u>	<u>\$ 605,336</u>	<u>\$ 174,532</u>	<u>\$ 779,868</u>	<u>\$ 10,333,676</u>

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

COMMUNITY FOUNDATION OF HENDERSON COUNTY, INC.

Statement of Functional Expenses Year Ended June 30, 2024

	Program Services	Supporting Services			Total
		Management & General	Fundraising	Total Supporting Services	
Salaries	\$ 259,249	\$ 269,265	\$ 104,104	\$ 373,369	\$ 632,618
Payroll taxes	19,497	20,251	7,829	28,080	47,577
Benefits	43,699	45,387	17,548	62,935	106,634
Total salaries and related expenses	<u>322,445</u>	<u>334,903</u>	<u>129,481</u>	<u>464,384</u>	<u>786,829</u>
Grants	5,526,901				5,526,901
Less, organizational grants	<u>(320,954)</u>				<u>(320,954)</u>
Grants, net	5,205,947				5,205,947
Annuity payments	194,350				194,350
Advertising	11,073	13,995	2,921	16,916	27,989
Dues and subscriptions	4,946	2,533	991	3,524	8,470
Insurance		12,966	610	13,576	13,576
Office expense	4,417	4,897	380	5,277	9,694
Postage	1,720	3,968	926	4,894	6,614
Telephone	3,198	984	738	1,722	4,920
Professional services		32,262		32,262	32,262
Communications	3	26,471	1,622	28,093	28,096
Travel and training	4,407	7,517	1,631	9,148	13,555
Printing and publications	13,445	7,292	4,889	12,181	25,626
Occupancy	6,061	14,144		14,144	20,205
Technology	38,583	35,618	6,536	42,154	80,737
Other	<u>16,186</u>	<u>16,679</u>		<u>16,679</u>	<u>32,865</u>
Total expenses before depreciation	5,826,781	514,229	150,725	664,954	6,491,735
Depreciation	<u>10,431</u>	<u>41,367</u>		<u>41,367</u>	<u>51,798</u>
Total expenses	<u>\$ 5,837,212</u>	<u>\$ 555,596</u>	<u>\$ 150,725</u>	<u>\$ 706,321</u>	<u>\$ 6,543,533</u>

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

COMMUNITY FOUNDATION OF HENDERSON COUNTY, INC.

Statements of Cash Flows Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Increase in net assets	\$ 18,857,537	\$ 14,801,888
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation	100,279	51,798
Change in value of split-interest agreements	218,673	(185,857)
Present value adjustment	(9,871)	20,747
Net gains on investments	(11,867,038)	(10,565,960)
Loss on disposal of property and equipment	4,506	10,000
Receipt of donated stock	(377,901)	(3,203,271)
Receipt of donated property and equipment	(2,450,000)	
Working capital changes - sources (uses):		
Accounts receivable	(6,489)	(2,649)
Beneficial interest in trusts	31,990	(127,523)
Prepaid expenses	6,254	(9,771)
Accounts payable and accrued liabilities	(16,846)	27,519
Restricted contributions	<u>(9,097,474)</u>	<u>(6,447,864)</u>
Net cash used by operating activities	<u>(4,606,380)</u>	<u>(5,630,943)</u>
Cash flows from investing activities		
Proceeds from sale of investments	8,270,626	23,359,736
Purchase of investments	(9,577,902)	(25,646,176)
Purchases of property and equipment	<u>(2,424,791)</u>	<u>(10,320)</u>
Net cash used by investing activities	<u>(3,732,067)</u>	<u>(2,296,760)</u>
Cash flows from financing activities		
Funds held as organizational endowments	1,685,943	1,376,086
Restricted contributions	<u>9,097,474</u>	<u>6,447,864</u>
Net cash provided by financing activities	<u>10,783,417</u>	<u>7,823,950</u>
Net increase (decrease) in cash and equivalents	2,444,970	(103,753)
Cash and equivalents at beginning of year	<u>8,448,091</u>	<u>8,551,844</u>
Cash and equivalents at end of year	<u>\$ 10,893,061</u>	<u>\$ 8,448,091</u>

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

COMMUNITY FOUNDATION OF HENDERSON COUNTY, INC.

Notes to Financial Statements
June 30, 2025 and 2024

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Organization

The Community Foundation of Henderson County, Inc. (“the Foundation”) is a permanent foundation. The Foundation receives gifts, grants, and bequests for the purpose of making charitable donations to approved organizations (as defined in its articles of incorporation and determined by the Board of Directors) and generally to perform all acts which may be deemed necessary or expedient to develop charitable capital for Henderson County, North Carolina.

Income Tax Status

The Foundation is incorporated as a nonprofit corporation under the laws of the State of North Carolina. The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and qualifies as a public charity under Section 509(a)(1) of the Code.

Fund Accounting

The accounts of the Foundation are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Fund balances are classified on the statements of financial position as net assets with or without donor restrictions based on the absence or existence and type of donor-imposed restrictions.

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of Foundation’s management and Board of Directors.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

- *Net assets with donor restrictions:* Net assets subject to donor-imposed time or purpose restrictions. These restrictions limit the spending options when using these resources because the Foundation has a fiduciary responsibility to follow the donors' instructions. Net assets with donor restrictions generally result from donor-restricted contributions and investment income generated by donor-restricted endowment funds. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation, or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Support is recorded 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. Expirations of donor restrictions on net assets (that is, the donor-stipulated purpose has been fulfilled and/or time period has elapsed) are reported as net assets released from restrictions. The Foundation has a policy to classify donor restricted support as without donor restrictions to the extent that donor restrictions were met in the reporting period the support was recognized.

The net asset classification of donor-restricted endowment funds is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). As a result, the investment return from donor-restricted endowment funds is classified as net assets with donor restrictions until appropriated for expenditure.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Foundation's ongoing program services and interest and dividends earned on investments. Non-operating activities are limited to resources that include gains and losses on investments, loss on sale of assets available-for-sale, and other activities considered to be more unusual or nonrecurring in nature.

Variance Power

All contributions, including those with donor-imposed restrictions, are subject to the variance power established by the Foundation's governing documents. The variance power grants the Board of Directors the authority to modify any condition or restriction on the distribution of funds to most effectively further the intent of the donor and purposes of the fund if, in its sole judgement (without the approval of any trustee, custodian, or agent), such restriction or condition becomes in effect unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by the Foundation.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The carrying value of substantially all reported assets and liabilities, other than beneficial interest in trusts, investments, annuity trust obligations, and funds held as organizational endowments, approximates fair value due to the relatively short-term nature of the financial instruments.

Amounts recognized for beneficial interest in trusts and annuity trust obligations approximates fair value due to net present value adjustments applied to outstanding balances.

Fair value of investments is discussed in Note 5.

Fair value of funds held as organizational endowments is discussed in Note 4.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Actual results could differ from those estimates.

Cash and Equivalents

For the purpose of the statements of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, except those amounts designated and classified as investments.

Assets Available-for-Sale

Assets available-for-sale consists of property held for sale that, once sold, will be used to establish a donor advised fund. Assets available-for-sale are reviewed for impairment when events or circumstances indicate that it is more likely than not that the fair value of the asset is below the carrying amount. Recoverability is measured by a comparison of the carrying amount of an asset group to future net cash flows expected to be generated by the asset group. If such assets are considered to be impaired, recognition is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets less the estimated cost to sell. No impairment loss was recognized for the years ended June 30, 2025 and 2024.

Investments

Investments are recorded at fair market value. Both unrealized gains and losses from the fluctuation of market value and realized gains and losses from the sale of investments are reflected in the statements of activities.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Investment Pools

The Foundation maintains pooled investment accounts for its board-designated and donor-restricted endowments. Pooling endowment funds for investment purposes has many benefits, including but not limited to, spreading the total risk for each endowment fund and making the risk equal for all funds invested in the investment pool, enhancing the investment performance relative to that of an individual fund, and reducing management fees. Realized and unrealized gains and losses from securities in the investment pool are allocated monthly to individual endowments based on the relationship of the fair value of each endowment to the total fair value of the investment accounts, as adjusted for additions to or deductions from those accounts.

Funds Held as Organizational Endowments

The Foundation receives and distributes assets under certain agency and intermediary arrangements. Professional standards related to revenue recognition address transactions in which a community foundation 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.

Standards specifically require that, if a nonprofit organization (“NPO”) establishes a fund at a community foundation with its own funds and specifies itself or its affiliates as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The liability is reported at the fair value of the funds, which is equivalent to the present value of the future payments expected to be made to the NPO and is recorded as funds held as organizational endowments in the accompanying statements of financial position. In addition, related amounts received, distributed, investment income or loss, and expenses have been removed from the accompanying statements of activities.

The Foundation is the legal owner of all assets contributed to any of its component funds, including organizational endowment funds, as a result of its variance power. It reports the value of organizational endowment funds as assets and liabilities rather than in net assets, in accordance with U.S. GAAP.

Fair Value Measurements and Disclosures

The Foundation applies U.S. GAAP authoritative guidance for fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurements and Disclosures (continued)

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation 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.

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.

Assets and liabilities within the fair value hierarchy are based on the lowest (or least observable) input that is significant to the measurement. The Foundation's assessment of the significance of an input requires judgment, which may affect the valuation and classification within the fair value hierarchy.

Property and Equipment

Additions to property and equipment, if purchased, are recorded at cost. Major renewals and replacements are capitalized. Expenditures for repairs and maintenance that do not improve or extend the life of the asset are expensed. The Foundation has adopted an accounting policy to capitalize all property and equipment with a cost greater than \$2,000 and an estimated useful life extending beyond three years. Depreciation is computed using the straight-line method based on the estimated useful life of the asset, ranging from three to thirty-nine years.

Donated Property and Equipment

Donations of property and equipment are recorded as in-kind contributions at the estimated fair value at the date of the gift. The Foundation reports gifts of property and equipment as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are recorded as net assets with donor restrictions until such assets are acquired or placed in service. Noncash donated property and equipment is described in Note 8.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. The Foundation received \$377,901 and \$3,203,271 in donated stock during the years ended June 30, 2025 and 2024, respectively.

Other noncash donated assets are considered immaterial to the financial statements taken as a whole.

Donated Services

Donated services are recognized as in-kind contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Donated services are considered immaterial to the financial statements taken as a whole.

Grants Payable

Unconditional grants are charged to operations and recognized as liabilities when authorized by the Board of Directors, regardless of the year in which they are paid. Gifts that are subject to conditions are recorded when approved by the Board of Directors and the conditions are substantially met. There were no unconditional grants payable at June 30, 2025 and 2024.

The Foundation makes annual authorizations for new and renewed scholarships that are conditioned upon the student satisfying certain enrollment requirements. Conditional scholarships payable totaled \$654,400 and \$647,950 as of June 30, 2025 and 2024, respectively. Conditional grants and scholarships payable will be considered unconditional when the requirements are met.

Leases

The Foundation determines if an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception. Operating leases are included as operating lease right-of-use (ROU) assets and operating lease liabilities in the accompanying statements of financial position. Finance leases are recorded as finance lease ROU assets and finance lease liabilities in the accompanying balance sheets.

ROU assets represent the Foundation's right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments. Most leases do not provide an implicit interest rate, therefore, the Foundation uses the incremental borrowing rate based on information available at the commencement date to determine the present value of lease payments.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Leases (continued)

Lease terms may include options to renew when it is reasonably certain the Foundation will exercise those options. Lease agreements do not contain any material residual value guarantees or restrictive covenants.

The Foundation has elected to apply the short-term lease exemption to all leases with a remaining term of 12 months or less and those that are considered immaterial.

Revenue Recognition

Contributions are recognized when cash, securities, other assets, an unconditional promise to give, or 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 of the asset or release of the obligation - are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

The Foundation assesses a management fee on each fund as compensation for its services. Generally, the annualized fee is tiered from 0.75% to 2% depending on the type and principal market value of the fund. The fee is charged monthly at one twelfth of the annual fee.

The Foundation also recognizes revenue from acting as a lessor in operating leases. Revenue is recorded as rental income in the statements of activities and is accounted for on the straight-line basis over the lease term. Rental income is presented net of related rental expenses as disclosed in Note 9.

Advertising

The Organization uses advertising to promote programs. Advertising costs are not expected to extend beyond the current period and are expensed as incurred. Advertising expense for the years ended June 30, 2025 and 2024, was \$5,392 and \$27,989, respectively.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Certain categories of expenses are attributable to program and support. All expenses except for grants, annuity payments, insurance, and professional services are allocated on the basis of estimated time and effort. Grants and annuity payments are directly related to program services, while insurance and professional services are directly related to supporting service activities.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)**Reclassifications**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Note 2 - Net Assets

Net assets are described as follows:

<u>At June 30</u>	<u>2025</u>	<u>2024</u>
Net assets without donor restrictions:		
Undesignated	\$ 7,150,160	\$ 1,391,762
Board designated:		
Operations	174,529	1,147,115
Board-designated endowment funds	<u>4,056,060</u>	<u>4,848,134</u>
Net assets without donor restrictions	<u>11,380,749</u>	<u>7,387,011</u>
Net assets with donor restrictions:		
Subject to expenditure for specified purpose:		
Donor-advised grants	9,455,722	7,294,332
Trusts designated for endowments	1,761,250	1,941,397
Subject to the Foundation's spending policy:		
Donor-restricted endowments	41,362,515	30,462,389
Underwater endowment funds		(206,923)
Not subject to spending policy or appropriation:		
Investments in perpetuity - endowments	<u>89,455,440</u>	<u>87,679,933</u>
Net assets with donor restrictions	<u>142,034,927</u>	<u>127,171,128</u>
<u>Total net assets</u>	<u>\$ 153,415,676</u>	<u>\$ 134,558,139</u>

Note 3 - Liquidity and Availability of Financial Assets

The following reflects the liquidity and availability of the Foundation's financial assets:

<u>At June 30</u>	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash and equivalents	\$ 10,893,061	\$ 8,448,091
Accounts receivable	13,826	7,337
Beneficial interest in trusts, net	207,063	229,182
Investments	<u>151,235,445</u>	<u>137,683,230</u>
Total financial assets	<u>162,349,395</u>	<u>146,367,840</u>
Amounts not available for general expenditure:		
Board designated for operations	(174,529)	(1,147,115)
Board-designated endowment funds	(4,056,060)	(4,848,134)
Total net assets with donor restrictions	<u>(142,034,927)</u>	<u>(127,171,128)</u>
Total amounts not available for general expenditure	<u>(146,265,516)</u>	<u>(133,166,377)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 16,083,879</u>	<u>\$ 13,201,463</u>

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Foundation invests cash in excess of daily requirements in insured cash sweep accounts and money market funds.

Board-designated endowment funds are available, if necessary, for expenditure by appropriation by the Board. However, the Foundation does not intend to spend from these board-designated endowment funds.

Note 4 - Contract Assets and Liabilities

Beneficial interest in trusts and investments derived from split-interest agreements represent the Foundation's contract assets with an unconditional right to receive consideration from customers.

Receivables from trusts consist of charitable gift annuities that the Foundation has been named as beneficiary but is not the trustee. When the Foundation is notified of the existence of the trust or annuity, a receivable and contribution revenue are recorded at the present value of the estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the contributions are received. Amortization of the discount is included in contribution revenue.

Note 4 - Contract Assets and Liabilities (continued)

The Foundation serves as trustee and is the sole beneficiary of several trusts and gift annuities. The fair market values of the trusts and gift annuities are recorded as assets of the Foundation and are included in investments. The net present value of the anticipated benefit to be received by the Foundation from these agreements is recorded as contribution revenue in the year the agreement is created. The difference between the total trust assets and the contribution revenue recognized is recorded as a liability to be disbursed during the lifetime of the beneficiaries. As required distributions are made to these beneficiaries, the annuity trust obligation is reduced. At the end of the trust's term, the remaining assets are generally available for the Foundation's use. The annuity trust obligation is calculated using a discount rate of 2.2% to 7.8% using guidelines provided by the Internal Revenue Service and applicable mortality tables. Amortization of the discount is included in the change in value of split-interest agreements.

The Foundation is named as beneficiaries in various wills; however, these bequests do not meet the criteria for recording under professional standards and therefore have not been included in the accompanying financial statements.

The following provides information about contract assets:

	As of June 30, 2025	As of June 30, 2024	Opening Balance July 1, 2023
Beneficial interest in trusts:			
Due in less than one year	\$ 31,990	\$ 31,990	\$ 15,630
One to five years	127,961	127,961	62,520
More than five years	85,307	117,297	72,939
Total beneficial interest in trusts	245,258	277,248	151,089
Less, discount to net present value at 4.5% to 7.6%	(38,195)	(48,066)	(28,683)
Beneficial interest in trusts, net	207,063	229,182	122,406
Investments derived from split-interest agreements:			
Cash and money market funds	21,213	23,420	14,241
Mutual funds	3,012,941	2,840,390	2,527,488
Exchange-traded funds	80,486	77,873	229,099
Split-interest investments	3,114,640	2,941,683	2,770,828
Total contract assets	\$ 3,321,703	\$ 3,170,865	\$ 2,893,234

Contract liabilities are recorded when a customer pays consideration, or the Foundation has a right to an amount of consideration that is unconditional, before the transfer of a good or performance of a service to the customer. Thus, the Foundation has an obligation to transfer the good or service to the customer at a future date. The Foundation's contract liabilities are annuity trust obligations and funds held as organizational endowments.

Note 4 - Contract Assets and Liabilities (continued)

Funds held as organizational endowments consists of approximately 80 agency endowment funds. In accordance with U.S. GAAP, the Foundation has reclassified to liabilities all additions and reductions to funds held as organizational endowments recorded as contribution revenue, investment income, gains or losses, and grant expenses.

Significant changes in contract liabilities are as follows:

<u>Years Ended June 30</u>	<u>2025</u>	<u>2024</u>
Annuity trust obligations, beginning of fiscal year	\$ 1,303,908	\$ 1,489,765
Change in value of split interest agreement	<u>218,673</u>	<u>(185,857)</u>
Annuity trust obligations, end of fiscal year	<u>1,522,581</u>	<u>1,303,908</u>
 Funds held as organizational endowments, beginning	 11,529,119	 10,153,033
Contributions	524,971	466,331
Investment income, net	458,093	310,482
Net investment gains	1,109,523	998,036
Grants	(330,559)	(320,954)
Management fees	<u>(76,085)</u>	<u>(77,809)</u>
Funds held as organizational endowments, ending	<u>13,215,062</u>	<u>11,529,119</u>
 Total contract liabilities	 \$ 14,737,643	 \$ 12,833,027

Note 5 - Fair Value Measurements

Investments are recorded in the accompanying financial statements at estimated fair value in accordance with the fair value hierarchy. The following is a description of the valuation methodologies used for assets measured at fair value:

Cash and Money Market Funds

Cash and money market funds are valued using observable market data and are categorized as Level 1 to the degree that they can be valued based on quoted market prices in active markets. Although these funds are readily available, it is the intent of the Foundation to hold them for investment purposes and therefore have classified them as investments.

Certificates of Deposit

Certificates of deposit are short-term time deposits that are valued at fair market value and are categorized as Level 2. Certificates of deposit are intended to be reinvested and held for long-term purposes and have been classified as long-term investment in the accompanying statements of financial position.

Note 5 - Fair Value Measurements (continued)*Equity Investments*

Equity investments consist of corporate stocks, daily traded mutual funds, and exchange-traded funds. These investments are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied. Corporate stocks that are traded in inactive markets are categorized as Level 2.

The following tables sets forth carrying amounts and estimated fair values for financial instruments.

At June 30, 2025	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 3,400,839	\$	\$	\$ 3,400,839
Equity investments:				
Common stock	494,391			494,391
Mutual funds	141,913,765			141,913,765
Exchange-traded funds	<u>5,426,450</u>	<u></u>	<u></u>	<u>5,426,450</u>
Total investments	\$ 151,235,445	\$	\$	\$ 151,235,445

At June 30, 2024	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 2,666,861	\$	\$	\$ 2,666,861
Equity investments:				
Common stock	445,532			445,532
Mutual funds	129,144,791			129,144,791
Exchange-traded funds	<u>5,426,046</u>	<u></u>	<u></u>	<u>5,426,046</u>
Total investments	\$ 137,683,230	\$	\$	\$ 137,683,230

Note 6 - Endowment Funds

The Foundation's endowments consist of approximately 436 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor restricted endowment funds are classified as net assets with donor restrictions and board-designated endowment funds are classified as net assets without donor restrictions.

Note 6 - Endowment Funds (continued)

Interpretation of Relevant Law

Absent explicit donor stipulations to the contrary, the Board of Directors of the Foundation has interpreted North Carolina UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds. As a result of this interpretation, the Foundation retains in perpetuity (1) the original value of initial and subsequent gifts donated to the permanent endowment and (2) accumulations to the permanent 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. UPMIFA permits the Board of Directors to appropriate for expenditure as much of a donor-restricted endowment fund as determined prudent for uses, benefits, purposes, and duration for which the endowment fund was established. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) expected total return from income and appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of endowment assets over the long-term. As authorized by the Board of Directors, these assets are invested to maximize long-term returns, while mitigating risk through a diversified portfolio. The assets are invested in a manner that is intended to produce an after-cost (including internal management fees) total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. The Foundation expects its endowment assets, over time, to produce an average rate of return in excess of inflation and distributions. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

Spending Policy

The Foundation has a policy of appropriating for distribution each year up to 4% of its endowment fund's average principal balance over the most recent 12 quarters. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Note 6 - Endowment Funds (continued)Underwater Endowment Funds

The Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gift amounts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. These deficiencies could result from unfavorable market fluctuations. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. There were no material underwater endowment funds at June 30, 2025 and June 30, 2024,

Endowment net asset composition by type of fund is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
At June 30, 2025			
Board-designated endowment funds	\$ 4,056,060	\$	\$ 4,056,060
Donor-restricted endowment funds:			
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donor		89,455,440	89,455,440
Accumulated investment gains		<u>41,362,515</u>	<u>41,362,515</u>
Total funds	\$ 4,056,060	\$ 130,817,955	\$ 134,874,015

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
At June 30, 2024			
Board-designated endowment funds	\$ 4,848,134	\$	\$ 4,848,134
Donor-restricted endowment funds:			
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donor		87,473,010	87,473,010
Accumulated investment gains		<u>30,462,389</u>	<u>30,462,389</u>
Total funds	\$ 4,848,134	\$ 117,935,399	\$ 122,783,533

Note 6 - Endowment Funds (continued)

Changes in endowment net assets are as follows:

Year Ended June 30, 2025	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	\$ 4,848,134	\$ 117,935,399	\$ 122,783,533
Transfers	(207,193)	(1,195,878)	(1,403,071)
Contributions	303,863	1,928,403	2,232,266
Investment returns, net	408,078	15,914,673	16,322,751
Appropriation of endowment assets for expenditure	(1,296,822)	(2,454,882)	(3,751,704)
Management fees	<u> </u>	<u>(1,309,760)</u>	<u>(1,309,760)</u>
<u>Endowment net assets, end of year</u>	<u>\$ 4,056,060</u>	<u>\$ 130,817,955</u>	<u>\$ 134,874,015</u>

Year Ended June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	\$ 4,195,535	\$ 104,887,606	\$ 109,083,141
Transfers	(291,430)	634,701	343,271
Contributions	513,223	4,051,516	4,564,739
Investment returns, net	426,984	13,025,390	13,452,374
Appropriation of endowment assets for expenditure	3,822	(3,521,637)	(3,517,815)
Management fees	<u> </u>	<u>(1,142,177)</u>	<u>(1,142,177)</u>
<u>Endowment net assets, end of year</u>	<u>\$ 4,848,134</u>	<u>\$ 117,935,399</u>	<u>\$ 122,783,533</u>

Note 7 - Property and Equipment

A description of property and equipment is as follows:

At June 30	2025	2024
Buildings	\$ 3,710,435	\$ 848,935
Land	2,437,800	449,300
Leasehold improvements	474,338	559,790
Office equipment	<u>72,458</u>	<u>94,305</u>
	6,695,031	1,952,330
Less, accumulated depreciation	<u>(950,621)</u>	<u>(977,926)</u>
<u>Property and equipment</u>	<u>\$ 5,744,410</u>	<u>\$ 974,404</u>

Note 7 - Property and Equipment (continued)

Depreciation expense for the years ended June 30, 2025 and 2024, was \$100,279 and \$51,798, respectively.

During the year ended June 30, 2025, the Foundation acquired a parcel of land and an associated building with a fair value of \$4,850,000. The purchase price paid in cash was \$2,400,000. The remaining \$2,450,000 of the fair value was contributed by the seller as an in-kind contribution. The building is being depreciated on a straight-line basis over its estimated useful life of thirty years. The land is not subject to depreciation. In-kind contributions are discussed in Note 8. At the time of acquisition, the bottom floor of the building was already subject to an active lease agreement with a third-party tenant. This lease was assumed by the Foundation upon purchase. Rental income is discussed in Note 9.

Note 8 - In-kind Contributions

During the year ended June 30, 2025, the Foundation received in-kind contributions totaling \$2,450,000 related to the acquisition of a parcel of land and a building. The total fair value of the property was independently appraised at \$4,850,000, while the Foundation paid \$2,400,000 in cash. The difference of \$2,450,000 was contributed by the seller and has been recognized as an in-kind contribution. The contribution supports the Foundation's mission and will be used for programmatic and administrative purposes.

The fair value of the in-kind contribution was allocated to land at \$1,004,500, with the remaining \$1,445,500 being allocated to building. The building is being depreciated on a straight-line basis over its estimated useful life of thirty years. The land is not subject to depreciation.

The Foundation has designated the bottom floor of the building for lease to a third-party tenant, generating rental income to support its operations. Rental income is discussed in Note 9.

Management evaluates all noncash contributions for fair value and relevance to the Foundation's mission prior to recognition. No donor-imposed restrictions were placed on this contribution.

Note 9 - Rental Income

During the year ended June 30, 2025, the Foundation assumed an existing lease as a part of a building purchase. The Foundation continues to lease the bottom floor of this building to an unrelated third-party under a non-cancelable operating lease agreement that expires in September 2029. The building lease does not transfer ownership of the leased asset and does not provide an option for the lessee to purchase the asset. After the current term, the lessee has the option to renew the lease for up to five additional five-year terms. The lease renewals are not reasonably certain to be exercised.

At lease inception, the Foundation determines whether an arrangement qualifies as a lease under FASB ASU 2016-02, *Leases* (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration). The Foundation only reassesses if the terms and conditions of the contract are changed.

For the year ended June 30, 2025, rental income recognized from the operating lease totaled \$18,893.

Future minimum payments to be received under this lease are as follows:

<u>Years Ending June 30</u>	
2026	\$ 45,369
2027	45,369
2028	45,369
2029	11,342
2030	
Thereafter	
Total future minimum payments	<u>\$ 147,449</u>

Note 10 - Defined Contribution Plan

The Foundation participates in a 403(b) defined contribution retirement plan (the Plan). Employees are eligible to participate in the Plan after six months of service. The Foundation contributes 4% of employee compensation, plus an additional 100% match of employee elective deferrals, up to a maximum of 4% of employee compensation. Employer contributions are immediately vested. Retirement benefit expenses under the plan for the years ended June 30, 2025 and 2024, were \$42,605, and \$42,080, respectively.

Note 11 - Concentrations of Credit Risk

Uninsured Cash Balances

The Foundation maintains its cash and equivalents with major banks and financial institutions. Generally, the amounts will exceed coverage limits insured by the Federal Deposit Insurance Corporation (FDIC) or be partially uninsured. Additionally, the Foundation maintains insured cash sweep agreements to protect against uninsured cash balances.

Note 11 - Concentrations of Credit Risk (continued)

Uninsured Cash Balances (continued)

Additionally, funds are held by investment brokers that are secured by the Securities Investor Protection Corporation (“SIPC”), which protects up to \$500,000, including \$250,000 for claims for cash, in cases of broker failure. At times, amounts may exceed coverage limits. Amounts did not exceed limits at June 30, 2025 and 2024.

Investment Risk

The Foundation’s investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these investments and the level of uncertainty related to changes in the fair value of investments, it is at least reasonably possible that changes in the various risk factors could occur in the near term and materially affect the Foundation’s investment account balances and amounts reported in the accompanying financial statements.

Note 12 - Summary Disclosure of Significant Contingencies

Leases

The Foundation leases office equipment under operating lease agreements. Foundation management assessed whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) when FASB ASU 2016-02, *Leases* was adopted. Leases with a remaining term of 12 months or less, or those that are considered immaterial, are not recorded in the statement of financial position. Management has determined all remaining operating leases meet this criterion and has not recognized operating lease agreements in accordance with the new guidance. Lease expense is recognized for these leases on a straight-line basis over the lease term.

These leases require various monthly payments and expire through February 2027. Rent expense for the years ended June 30, 2025 and 2024 was \$14,942 and \$13,091, respectively.

Future minimum payments under all non-cancellable operating leases are as follows:

<u>Years Ending June 30</u>	
2026	\$ 9,473
2027	5,723
2028	
2029	
2030	
Total minimum lease payments	\$ 15,196

Note 12 - Summary Disclosure of Significant Contingencies (continued)

Risk Management

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and volunteers; and natural disasters. The Foundation carries commercial insurance coverage for risks of loss. No claims were filed during the years ended June 30, 2025 and 2024.

Note 13 - Income Taxes

Uncertain Tax Positions

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions material to the financial statements.

Open Tax Years

The Foundation's Return of Organization Exempt from Income Tax (Form 990) for the tax years ended June 30, 2024, 2023, and 2022, are subject to examination by the IRS, generally for three years after they were filed.

Note 14 - Related Party Transactions

The Organization received contributions from members of the Board of Directors totaling \$47,853 and \$76,567, for the years ended June 30, 2025 and 2024, respectively.

Note 15 - Fiscal Agent Arrangement

During the year ended June 30, 2025, the Foundation entered into a grant agreement with The American National Red Cross to serve as a fiscal agent for the administration of funds totaling \$3,000,000. Under the terms of the agreement, the Foundation is responsible for disbursing the funds to a designated third-party in accordance with the grantor's directives.

As of June 30, 2025, the funds had not yet been received. Because the Foundation is acting solely as a fiscal agent and does not have discretion over the use of the funds, no receivable or revenue has been recognized in the accompanying financial statements. Upon receipt, the funds will be recorded as an agency liability and disbursed accordingly.

Note 16 - Subsequent Events

Management has evaluated subsequent events through September 25, 2025, which is the date the financial statements were available to be issued.

As of July 15, 2025, \$750,000 was received related to the grant from The American National Red Cross. Funds were subsequently disbursed to a designated third-party in accordance with the fiscal agent arrangement. The fiscal agent arrangement is discussed in Note 15.

SUPPLEMENTARY INFORMATION

COMMUNITY FOUNDATION OF HENDERSON COUNTY, INC.

Schedule of Grants
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Animal care	\$ 184,670	\$ 216,095
Arts and culture	301,714	237,240
Civic and community	499,134	407,947
Conservation	187,563	235,669
Disaster	1,896,428	
Education	1,521,647	614,724
Health	717,072	710,621
Human services	2,504,210	1,950,864
Religious	513,592	330,988
Scholarships	<u>575,200</u>	<u>501,799</u>
Total	<u>\$ 8,901,230</u>	<u>\$ 5,205,947</u>