

**FOODLINK FOUNDATION, INC.**

**Financial Statements as of  
June 30, 2024  
Together with  
Independent Auditor's Report**

## **INDEPENDENT AUDITOR'S REPORT**

December 6, 2024

To the Board of Directors of  
Foodlink Foundation, Inc.:

### **Opinion**

We have audited the accompanying financial statements of Foodlink Foundation, Inc. (a New York not-for-profit corporation) (the Foundation) which comprise the balance sheet as of June 30, 2024, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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## **INDEPENDENT AUDITOR'S REPORT**

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### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is 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 the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited the Foundation's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

# FOODLINK FOUNDATION, INC.

## BALANCE SHEET

JUNE 30, 2024

(With Comparative Totals for 2023)

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	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
CASH AND EQUIVALENTS	\$ 489,547	\$ 234,622
ACCOUNTS RECEIVABLE	-	11,090
DUE FROM FOODLINK, INC.	-	68,531
INVESTMENTS	6,725,521	6,170,059
PROPERTY AND EQUIPMENT, net	<u>4,588,925</u>	<u>4,722,154</u>
Total assets	<u>\$ 11,803,993</u>	<u>\$ 11,206,456</u>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES:		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 490	\$ 80,953
DUE TO FOODLINK, INC.	140,007	-
CURRENT PORTION OF LONG-TERM DEBT	82,617	80,029
LONG-TERM DEBT, net of current portion	<u>2,281,983</u>	<u>2,363,561</u>
Total liabilities	<u>2,505,097</u>	<u>2,524,543</u>
NET ASSETS:		
Without donor restrictions	8,315,684	7,805,659
With donor restrictions	<u>983,212</u>	<u>876,254</u>
Total net assets	<u>9,298,896</u>	<u>8,681,913</u>
Total liabilities and net assets	<u>\$ 11,803,993</u>	<u>\$ 11,206,456</u>

The accompanying notes are an integral part of these statements.

**FOODLINK FOUNDATION, INC.**

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2024**

(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
<b>REVENUE:</b>				
Revenue -				
Rental income	\$ 513,442	\$ -	\$ 513,442	\$ 454,961
Contributions	173,099	-	173,099	244,584
Interest Income	<u>121,275</u>	<u>-</u>	<u>121,275</u>	<u>135,502</u>
			-	
Total Revenue	<u>807,816</u>	<u>-</u>	<u>807,816</u>	<u>835,047</u>
<b>EXPENSES:</b>				
Program services	524,522	-	524,522	660,867
Management and general	78,733	-	78,733	147,443
Fundraising	<u>129</u>	<u>-</u>	<u>129</u>	<u>203,058</u>
Total expenses	<u>603,384</u>	<u>-</u>	<u>603,384</u>	<u>1,011,368</u>
CHANGE IN NET ASSETS BEFORE OTHER ITEMS	<u>204,432</u>	<u>-</u>	<u>204,432</u>	<u>(176,321)</u>
<b>OTHER ITEMS:</b>				
Investment income, net	305,593	106,958	412,551	221,357
Loss on disposal of Freshlink, Inc.	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,462)</u>
Total other items	<u>305,593</u>	<u>106,958</u>	<u>412,551</u>	<u>177,895</u>
CHANGE IN NET ASSETS	510,025	106,958	616,983	1,574
NET ASSETS - beginning of year	<u>7,805,659</u>	<u>876,254</u>	<u>8,681,913</u>	<u>8,680,339</u>
NET ASSETS - end of year	<u>\$ 8,315,684</u>	<u>\$ 983,212</u>	<u>\$ 9,298,896</u>	<u>\$ 8,681,913</u>

The accompanying notes are an integral part of these statements.

**FOODLINK FOUNDATION, INC.****STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2024**  
(With Comparative Totals for 2023)

	Program Services	Management and General	Fundraising	Total	
				2024	2023
Contributions and donations	\$ 134,324	\$ -	\$ -	\$ 134,324	\$ 144,748
Depreciation	133,229	-	-	133,229	113,572
Occupancy	125,058	1,430	-	126,488	138,085
Interest	116,017	-	-	116,017	89,850
Contracted services	5,426	42,155	129	47,710	202,847
Data processing and bank fees	833	26,689	-	27,522	106,024
Professional fees	8,575	7,784	-	16,359	108,285
Office expenses	1,060	-	-	1,060	27,600
Advertising	-	-	-	-	17,192
Insurance	-	-	-	-	19,445
Supplies	-	308	-	308	18,004
Fundraising expenses	-	-	-	-	18,516
Other	-	367	-	367	7,200
	<u>\$ 524,522</u>	<u>\$ 78,733</u>	<u>\$ 129</u>	<u>\$ 603,384</u>	<u>\$ 1,011,368</u>

The accompanying notes are an integral part of these statements.

## FOODLINK FOUNDATION, INC.

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024 (With Comparative Totals for 2023)

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	<u>2024</u>	<u>2023</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 616,983	\$ 1,574
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Investment income, net	(412,551)	(221,357)
Depreciation	133,229	113,572
Changes in:		
Accounts receivable	11,090	(21,853)
Due from MRB Corporation	-	373,583
Refundable Deposits	-	100,000
Due to Foodlink, Inc.	208,538	39,249
Accounts payable and accrued expenses	<u>(80,463)</u>	<u>29,734</u>
Net cash flow from operating activities	<u>476,826</u>	<u>414,502</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	-	(4,819,976)
Purchases of investments	(747,218)	(3,274,629)
Proceeds from sales of investments	<u>604,307</u>	<u>3,106,725</u>
Net cash flow from investing activities	<u>(142,911)</u>	<u>(4,987,880)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issuance of debt	-	2,500,000
Principal payments on long-term debt	<u>(78,990)</u>	<u>(56,410)</u>
Net cash flow from financing activities	<u>(78,990)</u>	<u>2,443,590</u>
CHANGE IN CASH AND EQUIVALENTS	254,925	(2,129,788)
CASH AND EQUIVALENTS - beginning of year	<u>234,622</u>	<u>2,364,410</u>
CASH AND EQUIVALENTS - end of year	<u>\$ 489,547</u>	<u>\$ 234,622</u>

The accompanying notes are an integral part of these statements.

## FOODLINK FOUNDATION, INC.

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024

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#### 1. THE FOUNDATION

Foodlink Foundation, Inc. (the Foundation) is a not-for-profit organization incorporated under New York State not-for-profit corporation laws.

The Foundation was formed to provide funding and support for anti-hunger in the greater Rochester, New York area. The Foundation is the sole corporate member of Foodlink Farm, LLC (Foodlink Farm). Foodlink Farm holds property that is used by Foodlink, Inc. (Foodlink) programs. The Foundation is the sole corporate member of 2011 MT. Read (MT. Read). MT. Read was formed for the purpose of owning, leasing, and improving real property to be used exclusively for charitable purposes.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

##### **Financial Reporting**

Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. The Foundation uses the following classifications of net assets:

- **Net Assets Without Donor Restrictions**

Net assets without donor restrictions are utilized to carry out the general activities and operations of the Foundation and are not subject to donor-imposed stipulations.

- **Net Assets With Donor Restrictions**

Net assets with donor restrictions are subject to donor-imposed stipulations. These stipulations may expire by the passage of time or removed by actions of the Foundation pursuant to those stipulations, or remain in perpetuity.

##### **Comparative Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation financial statements as of and for the year ended June 30, 2023, from which the summarized information was derived.

##### **Cash and Equivalents**

Cash and equivalents include bank demand deposit and money market accounts. At times, the balances in the demand deposit accounts may exceed federally insured limits. Balances in money market accounts are not federally insured. The Foundation has not experienced any losses in such accounts and believe they are not exposed to any significant credit risk with respect to cash and equivalents.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Contributions**

Contributions are recorded at the time of receipt or when evidence of a non-conditional promise to give has been received. Promises subject to conditions are not recorded as revenue until those conditions have been met. Contributions that are expected to be received in future years are recorded at their present value. Contributions are recorded as without donor restrictions, unless they are subject to donor restrictions or are required to be used or expected to be received in future years.

### **Investments**

Investments are recorded at fair value based on quoted market prices. Investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amount reported in the accompanying financial statements.

### **Fair Value Measurement - Definition and Hierarchy**

GAAP defines fair value as 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.

The Foundation use various valuation techniques in determining fair value. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability, developed based on market data obtained from sources independent of the Foundation. Unobservable inputs are inputs that reflect the Foundation's assumptions about the assumptions that market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The input hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 – Valuations are based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 – Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, directly, or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Leases as a Lessor

The Foundation determines if an arrangement is a lease at inception. The Foundation reassesses the determination of whether an arrangement is a lease if the terms and conditions of the contract are changed. The Foundation recognizes revenue on a straight-line basis over the lease term. The Foundation recognizes variable lease payments as revenue in the period incurred.

The Foundation elected for all classes of underlying assets to not separate the lease and non-lease components of a contract and to account for as a single lease component. The single lease component is accounted for under GAAP.

At lease commencement, the Foundation estimates the residual value of the leased asset at the end of the lease term, considering the asset's remaining useful life, expected market condition, and expected use (e.g., sell or lease). The Foundation's ability to realize the residual value at the end of the lease term could be adversely affected by unusual wear and tear of the leased asset. This risk is managed through periodic inspection of the asset for condition and possible misuse.

### Property and Equipment

Property and equipment are recorded at cost or at the fair value on the date of donation. The Foundation's policy is to capitalize all property and equipment purchases greater than \$10,000 having an estimated useful life in excess of one year. Depreciation is computed on the straight-line method based on the following estimated useful lives:

Buildings	40 years
Furniture and equipment	5 years
Vehicles	5 years

### Rental Income

Rent revenue primarily consists of rental income which is recognized in the period the rental occurs

### Advertising

Advertising costs are charged to expense as incurred.

### Allocation of Certain Expenses

The statement of functional expenses presents expenses by both functional and natural classification. Certain categories of expenses are attributable to one or more program or supporting functions, and these expenses are allocated to the reported functional columns. Occupancy related expenses are allocated based on square footage used.

### Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Income Taxes

The Foundation is a not-for-profit corporation and is exempt from income taxes as the Foundation qualified under Section 501(c)(3) of the Internal Revenue Code. The Foundation have also been classified by the Internal Revenue Service as entities that are not private foundations.

Foodlink Farm is also exempt from federal income tax because their sole corporate member is exempt from federal income tax under section 501(a) of the Internal Revenue Code. Foodlink Farm receives the benefit of its sole corporate member's tax-exempt status and is a disregarded entity for income tax purposes.

MT. Read is also exempt from federal income tax because their sole corporate member is exempt from federal income tax under section 501(a) of the Internal Revenue Code. MT. Read receives the benefit of its sole corporate member's tax-exempt status and is a disregarded entity for income tax purposes.

### Reclassifications

Certain reclassifications have been made to the financial statements for the year ended June 30, 2023. These reclassifications are for comparative purposes only and have no effect on the change in net assets as originally reported.

## 3. LIQUIDITY

The Foundation is supported by contributions without donor restrictions and revenue generated by their operations. In addition, some support is received in the form of restricted contributions from donors. Because a donor restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets reported on the accompanying balance sheets may not be available for general expenditure within one year of the balance sheet date.

The Foundation's financial assets available within one year of the balance sheet date for general expenditures are as follows at June 30:

	<u>2024</u>	<u>2023</u>
Financial assets	\$ 7,215,068	\$ 6,484,302
Less: Financial assets unavailable for general expenditures within one year, due to:		
Donor restrictions	<u>(983,212)</u>	<u>(876,254)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,231,856</u>	<u>\$ 5,608,048</u>

#### 4. RELATED PARTY TRANSACTIONS

##### **Foodlink, Inc.**

Foodlink, Inc. (Foodlink) is organized to provide oversight to the emergency food network, including food pantries, soup kitchens, emergency shelters, and other charitable nonprofits in Monroe County, New York and nine surrounding counties. The Foundation and Foodlink have a brother-sister relationship.

##### **Related-party lease**

During 2023, the Foundation entered into a related-party lease with Foodlink for the use of the property at located at 2011 Mt. Read Blvd. Under the related-party lease, the rent payment is based on required carrying costs, primarily principal and interest paid under the Foundation's mortgage. The lease payments are calculated annually and are scheduled to terminate on December 31, 2037. During 2024 and 2023, the Foundation recognized rent income from Foodlink of \$513,442 and \$454,961, respectively.

##### **Services received from Foodlink, Inc.**

The Foundation receives services from Foodlink and costs are charged to the Foundation based on agreed-upon methodologies. For the years ended June 30, 2024, and 2023, \$47,710 and \$129,106, respectively, was recognized for administrative and accounting services.

##### **Due to/from Foodlink, Inc.**

As part of the administrative support functions Foodlink provides to the Foundation, Foodlink pays the expenses of the Foundation and the Foundation reimburses Foodlink. During 2024 and 2023, Foodlink paid \$57,356 and \$60,044, respectively, of expenses on behalf of the Foundation. The non-interest bearing amount due to Foodlink was \$140,077 as of June 30, 2024. The non-interest bearing amount due from Foodlink was \$68,531 as of June 30, 2023.

#### 5. INVESTMENTS

The Foundation's investments consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Cash equivalents	\$ 30,875	\$ 29,764
Equity mutual funds	61,325	72,550
Corporate bonds	3,983,652	3,616,647
Government bonds	29,228	25,534
Common stock	<u>2,620,441</u>	<u>2,425,564</u>
	<u>\$ 6,725,521</u>	<u>\$ 6,170,059</u>

## 5. INVESTMENTS (continued)

The Foundation's investments are measured at fair value on a recurring basis using the following input levels at June 30, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Total
Cash equivalents	\$ 30,875	\$ -	\$ -	\$ 30,875
Equity mutual funds	61,325	-	-	61,325
Corporate bonds	-	3,983,652	-	3,983,652
Government bonds	29,228	-	-	29,228
Common stock	<u>2,620,441</u>	<u>-</u>	<u>-</u>	<u>2,620,441</u>
	<u>\$ 2,741,869</u>	<u>\$ 3,983,652</u>	<u>\$ -</u>	<u>\$ 6,725,521</u>

at June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Total
Cash equivalents	\$ 166,892	\$ -	\$ -	\$ 166,892
Equity mutual funds	1,465,352	-	-	1,465,352
Corporate bonds	-	691,581	-	691,581
Government bonds	919,310	-	-	919,310
Common stock	<u>2,606,520</u>	<u>-</u>	<u>-</u>	<u>2,606,520</u>
	<u>\$ 5,158,074</u>	<u>\$ 691,581</u>	<u>\$ -</u>	<u>\$ 6,170,059</u>

The Foundation's corporate bonds are valued using Level 2 inputs. Fair value of the Foundation's corporate bonds is determined by entering observable inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads, bids and offers into a pricing model.

There were no changes in valuation techniques during 2024 or 2023.

## 6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 15,750	\$ 15,750
Buildings	<u>4,819,976</u>	<u>4,819,976</u>
	4,835,726	4,835,726
Less: Accumulated depreciation	<u>(246,801)</u>	<u>(113,572)</u>
	<u>\$ 4,588,925</u>	<u>\$ 4,722,154</u>

## 7. LONG-TERM DEBT

The Foundation has a mortgage payable to a bank due October 2032 in the amount of \$2,364,600 and payable in monthly installments of \$16,250, including principal and interest at 4.75%. Substantially all fixed assets of the Foundation and Foodlink are pledged as collateral.

Future scheduled principal payments are as follows for the years ending June 30:

2025	\$ 82,617
2026	86,684
2027	90,952
2028	95,157
2029	100,116
Thereafter	<u>1,909,074</u>
	<u>\$ 2,364,600</u>

### Debt Covenant

The terms of the mortgage require the Foundation to maintain a minimum debt service coverage ratio of 1.20. Management determined that the Foundation was in compliance with the debt service coverage ratio covenant as of June 30, 2024 and 2023.

## 8. ENDOWMENT

The Foundation's endowment includes contributions perpetually restricted by donors as well as accumulated unappropriated earnings on those amounts. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation's endowment net asset balance consists of donor-imposed restrictions stating that the funds must be held in perpetuity and accumulated unappropriated earnings on these amounts are included in net assets with donor restrictions in the accompanying balance sheet. The changes in the endowment during the years ended June 30 were as follows:

	Donor Contributed <u>Corpus</u>	Accumulated Unappropriated <u>Earnings</u>
Endowment net assets, July 01, 2022	\$ 549,064	\$ 262,952
Unappropriated earnings	<u>-</u>	<u>64,238</u>
Endowment net assets, June 30, 2023	549,064	327,190
Unappropriated earnings	<u>-</u>	<u>106,958</u>
Endowment net assets, June 30, 2024	<u>\$ 549,064</u>	<u>\$ 434,148</u>

### Interpretation of Relevant Laws

The Foundation's Board of Directors has interpreted the applicable provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as endowment net assets the original value of the gifts donated to the endowment, the original value of subsequent gifts to the endowment, and accumulations of investment income of the endowment are added to the fund in accordance with the direction of the donor gift instrument. Any unappropriated earnings or appreciation are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by New York State law.

### Return Objectives and Risk Parameters

The Foundation adopted investment and spending policies for endowment assets that provides for long-term growth for possible support of the Foundation's budget when other funding sources may not be adequate. A secondary objective is to minimize volatility so that assets are available when they are needed.

### Strategies Employed for Achieving Objectives

The Foundation adopted target asset allocations for each pool of fund assets. The endowment is a long-term asset and therefore may have a relatively higher risk tolerance, with a stock mid-point selected between 50-60%. The Foundation will also invest in Environmental, Social, Governance (ESG) funds. Investments may include other non-ESG funds as well.

## **8. ENDOWMENT (Continued)**

### **Spending Policy and Related Investment Objectives**

The Foundation adopted a target spending policy whereby 3%-5% of the average value over the trailing 20 quarters will be available for annual withdrawal from the fund. The Foundation will rely on a total return strategy in which assets available for withdrawal will come from either capital appreciation and/or income. The amount to be withdrawn will be calculated as of the last day of the fiscal year. This amount will be available, if needed, to support the operating budget and capital expenses. The policy permits spending on underwater endowments.

### **Funds with Deficiencies**

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or relevant law requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions to the extent accumulated gains are available to absorb such loss, otherwise as net assets without donor restrictions. There were no deficiencies of this nature at June 30, 2024, and 2023.

## **9. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 6, 2024, which is the date the financial statements were available to be issued.