

Cherokee Strip Community Foundation

**Financial Statements
As of December 31, 2024
and For the Year Then Ended**

With Report by Independent Auditors



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To the Board of Directors

Cherokee Strip Community Foundation
PO Box 263
Enid, OK 73702

August 8, 2025

Independent Auditor's Report

Opinion

We have audited the accompanying financial statements of Cherokee Strip Community Foundation (the Foundation), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively "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 December 31, 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 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, which 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.

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, including omissions, 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.

Kientz & Penick, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

Assets**Current Assets**

Cash and cash equivalents	\$ 604,629
Prepaid insurance	4,105
Total Current Assets	<u>608,734</u>

Noncurrent Assets

Investments in marketable securities	28,477,214
Life insurance	59,702
Property and equipment, net	336,912
Total Noncurrent Assets	<u>28,873,828</u>

Total Assets	<u>\$ 29,482,562</u>
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Liabilities and Net Assets**Liabilities****Current Liabilities**

Accounts payable and accrued expenses	\$ 8,347
Grants and scholarships payable	616,515
Total Current Liabilities	<u>624,862</u>

Noncurrent Liabilities

Agency funds	<u>4,599,002</u>
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Total Liabilities	<u>5,223,864</u>
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Net Assets

Without donor restrictions	1,029,590
With donor restrictions	23,229,108
Total Net Assets	<u>24,258,698</u>

Total Liabilities and Net Assets	<u>\$ 29,482,562</u>
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	Without Donor Restriction	With Donor Restriction	Total
Operating Revenues			
Financial contributions – spendable	\$ 60,020	\$ 345,027	\$ 405,047
Satisfaction of purpose restrictions	1,487,668	(1,487,668)	-
Foundation management fees	382,710	(312,658)	70,052
Total Operating Revenues	<u>1,930,398</u>	<u>(1,455,299)</u>	<u>475,099</u>
Operating Expenses			
Program services	1,623,408	-	1,623,408
Supporting services	172,035	-	172,035
Total Operating Expenses	<u>1,795,443</u>	<u>-</u>	<u>1,795,443</u>
Net Operating Revenue (Expense)	<u>134,955</u>	<u>(1,455,299)</u>	<u>(1,320,344)</u>
Other Changes in Net Assets			
Net investment return (loss)	(35,099)	1,923,429	1,888,330
Change in value of life insurance	-	1,613	1,613
Financial contributions – nonspendable	-	176,652	176,652
Total of Other Changes in Net Assets	<u>(35,099)</u>	<u>2,101,694</u>	<u>2,066,595</u>
Total Changes in Net Assets	99,856	646,395	746,251
Net Assets – Beginning	929,734	22,582,713	23,512,447
Net Assets – Ending	<u>\$ 1,029,590</u>	<u>\$ 23,229,108</u>	<u>\$ 24,258,698</u>

		Supporting Services		
	Program Services	Management and General	Fundraising	Total Operating Expenses
Grants to organizations	\$ 1,151,918	\$ -	\$ -	\$ 1,151,918
Grants to individuals	334,650	-	-	334,650
Salaries and wages	* 106,663	35,554	-	142,217
Other employee benefits	-	369	-	369
Payroll taxes	* 8,183	2,728	-	10,911
Fees for accounting services	-	19,129	-	19,129
Fees for other services	-	27,094	-	27,094
Advertising and promotion	-	159	-	159
Supply and office expense	-	5,010	-	5,010
Information technology	-	32,276	-	32,276
Occupancy	-	20,598	-	20,598
Travel	-	1,326	-	1,326
Conferences and meetings	21,994	3,211	-	25,205
Depreciation	-	13,734	-	13,734
Insurance	-	4,938	-	4,938
Dues	-	5,909	-	5,909
Total Operating Expenses	\$ 1,623,408	\$ 172,035	\$ -	\$ 1,795,443

* Each of these expense lines contains joint costs that are attributed to more than one program or support function and these joint costs have been allocated to the functions on the basis of estimates of time and effort.

Cash Flows from Operating Activities

Total changes in net assets \$ 746,251

Adjustments to Reconcile to Net Operating Cash Flow

Depreciation 13,734
Net investment return (1,888,330)
Change in value of life insurance (1,613)
Financial contributions – nonspendable (176,652)

Net Operating Changes in:

Accounts receivable 1,527
Prepaid insurance (1,255)
Accounts payable and accrued expenses 1,177
Grants and scholarships payable (40,485)
Agency funds (755,380)

Net Cash Used in Operating Activities

(2,101,026)

Cash Flows from Investing Activities

Sale of investments in marketable securities 2,421,896
Purchase of investments in marketable securities (462,666)
Purchase of property and equipment (2,925)
Net Cash Provided by Investing Activities 1,956,305

Cash Flows from Financing Activities

Financial contributions – nonspendable 176,652

Net Change in Cash and Cash Equivalents

31,931

Cash and Cash Equivalents – Beginning

572,698

Cash and Cash Equivalents – Ending

\$ 604,629

Supplementary Cash Flow Disclosure

Increase in investments and simultaneous increase
in the agency fund liability attributable to interest,
dividends, investment fees, gains and losses. \$ 390,769

Note 1: Summary of Significant Accounting Policies**Organization and Principles of Consolidation**

The consolidated financial statements include the accounts of the following organizations:

Cherokee Strip Community Foundation (the Organization) is an Oklahoma 501(c)(3) nonprofit corporation organized in 1999 whose purpose is to empower generosity to create lasting impact across a 13 county area in Northwest Oklahoma. The Organization is governed by a 15 member board of directors with representation throughout the Organization's service region.

ECF Real Estate LLC (the Company) is an Oklahoma limited liability company organized in 2005 primarily to hold real property interests separate from the assets of the Organization for legal liability purposes. The Company is wholly owned by the Organization. Under guidance from the IRS, the Company is a disregarded entity, and its activities are exempt from income tax under the IRS approval which the Organization operates.

These consolidated financial statements include the accounts of the Company because the Organization has both control and an economic interest in the Company. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as The Foundation.

The Foundation fulfills its mission by managing the following types of funds on behalf of the public:

- *Operating.* Operating funds provide current and future resources which benefit the ongoing programs and administration of the Foundation.
- *Agency.* Agency type funds are used to track resources provided to the Foundation by a nonprofit organization who names themselves as the beneficiary of the fund.
- *Donor Designated.* Donors often wish to provide ongoing support to a favorite agency or charitable cause. In such instances, a designated fund at the Foundation can provide charitable support, professional management, and grant monitoring.
- *Donor Advised.* With a donor advised fund, the donor and his or her heirs may choose to recommend grants for a different charitable purpose each year. This type of fund provides great flexibility to the donor while avoiding the costs and demands of a private foundation.
- *Field of Interest.* A donor who has no preference for a particular charitable organization may establish a named fund in a general area of interest such as arts, youth services, health, or other interest. He or she may suggest grant recipients, or may ask the Foundation to make grants to the most appropriate programs within that specific area. Donors can also pool their gifts together into a common fund that will generate perpetual support for a shared area of interest. Income from these funds is then distributed to agencies and programs working within each fund's scope of interest.
- *General Unrestricted.* With ever-changing community needs and priorities, these grant funds are the most valuable and enduring for a community. These funds are provided by donors who have broad community interests but no specific priorities. These funds provide the Foundation the most flexibility in directing resources toward challenges and opportunities in the community.
- *Scholarship.* Scholarship funds support those who want to pursue education, whether they are high school graduates pursuing a college degree, young athletes seeking assistance with additional training or nontraditional students who are returning to the work force.

Note 1: Summary of Significant Accounting Policies (Continued)**Basis of Accounting and Financial Reporting**

The Foundation's policy is to prepare its financial statements on the accrual basis of accounting in accordance with financial reporting provisions prescribed by the Financial Accounting Standards Board. This basis of accounting is commonly known as U.S. Generally Accepted Accounting Principles (U.S. GAAP).

Cash and Cash Equivalents

The Foundation considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Investments

The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values, if readily available, in the statement of financial position. If fair value information is not readily available, investments are carried at cost and are separately reported from investments carried at fair value. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Financial Institution Risk

The Foundation manages deposit concentration risk by placing banking deposits with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. During the year ended December 31, 2024, the Foundation did not experience losses related to this type of risk.

Investments are made by diversified investment managers whose performance is monitored by the Foundation and the investment committee of the Foundation's board of directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

Agency Fund Liabilities

The Foundation maintains certain funds on behalf of local nonprofit organizations who directly provide their own resources to establish a fund and in turn name their own organization as the qualifying beneficiary of the fund. These funds are classified as agency funds which are reported as a liability of the Foundation. As resources are contributed to the fund, the liability balance is increased. As resources are granted out of the fund, the liability balance is decreased. Other changes, such as net investment return, and fund management fees, also increase or decrease the balance of the liability. The changes in agency fund liabilities are not reported on the statement of activities.

Net Assets

The Foundation reports the changes in its financial position according to two classes of net assets as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) 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 those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Note 1: Summary of Significant Accounting Policies (Continued)**Net Assets (Continued)**

As a community foundation, in accordance with United States Treasury Regulations, the Foundation possesses variance power. Variance power is the unilateral right to remove donor-imposed restrictions upon a gift in response to changed circumstances. The Foundation interprets this variance power to apply to endowment restrictions as well as purpose restrictions. This power is exercisable only in narrowly defined circumstances and the Foundation's policy is to vary a donor's original intent by directing the funds to a new purpose or beneficiary that is as near as possible to the original intent, which is consistent with the legal precedence of cy pres. For this reason, the Foundation classifies the majority of its funds as donor restricted.

Revenue Recognition

Contributions are recognized when cash, securities or 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, are not recognized until the conditions on which they depend have been substantially met.

Nonfinancial contributions are ordinarily liquidated with the sales proceeds used to purchase marketable securities as part of the Foundation's investment pool.

Functional Allocation of Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of these financial statements in conformity with generally accepted accounting principles requires the Foundation to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, and those differences could be material.

Income Taxes

The Foundation is organized as an Oklahoma nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3). Further, the Foundation qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii) and has been determined not to be a private foundation under IRC Sections 509(a)(1).

The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. For the year ended December 31, 2024, the Foundation has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Returns filed by the Foundation are subject to IRS examination, generally for three years after each return is filed. No taxing authorities have commenced income tax examinations for open tax years.

Subsequent Events

The Foundation has evaluated subsequent events through August 8, 2025 which is the date the financial statements were available to be issued.

Note 2: Liquidity and Availability

The Foundation receives significant contributions to be used in accordance with associated purpose restrictions established by donors. The Foundation also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund grants and programs. The Foundation's primary source of general operating revenue is through the assessment of fund management fees. The Foundation's board of directors annually approves the operating budget, which makes consideration for anticipated fund management fee revenues. Most donor gifts, both with and without restrictions, are directed to community philanthropy and grant writing.

The Foundation consider investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated (quasi) endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to the Foundation's annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

1. Operating within a prudent range of financial soundness and stability.
2. Maintaining adequate liquid assets; and
3. Maintaining sufficient reserves to provide reasonable assurance that long term grant commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation's going concern.

The Foundation's grants committee (the Committee) meets to review and approve grant requests. Due to this timing, the Foundation strives to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenses for administrative, general, and fundraising expenses plus an amount that represents the next expected payment for annual grant commitments recommended by the Committee.

The table below presents liquid financial assets as of December 31, 2024 which are available for general expenditures during 2025:

	Liquid	Not Available	Liquid and Available
Cash and cash equivalents	\$ 604,629	\$ 217,901	\$ 386,728
Investments in marketable securities	28,477,214	28,166,207	311,007
Life insurance	59,702	59,702	-
	<u>\$ 29,141,545</u>	<u>\$ 28,443,810</u>	<u>\$ 697,735</u>

As part of the Foundation's liquidity management plan, liquid and available cash in excess of daily requirements is maintained on deposit with interest bearing bank deposits and invested in marketable securities.

Liquid resources which are not available are attributable to donor restrictions (see Notes 4 and 5).

Note 3: Fair Value Measurements and Disclosures

The Foundation reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
- Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

The following table presents assets and liabilities measured at fair value at December 31, 2024:

	Fair Value Level	
Assets Measured at Fair Value		
Investments in Marketable Securities		
Cash and cash equivalents	Level 1	\$ 688,891
Equity	Level 1	17,528,469
Fixed income	Level 1	9,646,889
Other assets	Level 1	220
Real assets	Level 1	612,745
Total Investments in Marketable Securities		<u>28,477,214</u>
Life insurance	Level 3	59,702
Total Assets Measured at Fair Value		<u>\$ 28,536,916</u>
Liabilities Measured at Fair Value		
Agency funds	Level 2	<u>\$ 4,599,002</u>

The Foundation's life insurance is valued according to the fair value of marketable policy assets (level 1) but then limited by the contractual terms of the policy (level 3). The entirety of the change in this asset is due to revaluation which is separately reported on the statement of activities. The agency funds liability is categorized as level 2 because each agency fund is assigned a unitized value according to the number of pooled units owned by the fund multiplied by the fair value of the underlying investment assets which are categorized as level 1.

In some cases, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk, or liquidity profile of the asset or liability.

Note 4: Net Assets with Donor Restrictions

Net assets with donor restrictions are composed of the following on December 31, 2024:

Net Assets with Donor Restrictions**Fully Spendable**

Field of interest	\$ 42,155
Gift funds	117,614
Scholarship funds	1,142,854
Other	59,702
Total of Fully Spendable	<u>1,362,325</u>

Endowments

Designated purpose	14,734,462
Donor advised	1,380,240
Field of interest	1,327,520
General unrestricted	1,839,249
Scholarship	2,585,312
Total Endowments	<u>21,866,783</u>

Total Net Assets with Donor Restrictions

\$ 23,229,108

Net assets were released from donor restrictions during 2024 as follows:

Release of Donor Restrictions**Satisfaction of Purpose Restrictions**

Designated purpose	\$ 675,833
Donor advised	44,884
Field of interest	66,018
General unrestricted	43,700
Gift funds	302,000
Other	2,681
Scholarship	352,552
Total Satisfaction of Purpose Restrictions	<u>1,487,668</u>

Foundation Management Fees

Designated purpose	187,716
Donor advised	17,541
Field of interest	17,591
General unrestricted	22,645
Gift funds	12,000
Scholarship	55,165
Total Foundation Management Fees	<u>312,658</u>

Total Release of Donor Restrictions

\$ 1,800,326

Note 5: Endowments

As of December 31, 2024, the Foundation's endowments (the Endowments) consists of approximately 276 individual funds established by donors to provide annual funding for community grant writing purposes.

The Foundation's Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2024, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Investing and Spending Policies

The Foundation has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. The target minimum rate of return is the Consumer Price Index plus 5 percent on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

The Foundation uses an endowment spending-rate formula to determine the maximum amount to spend from the Endowment, including those endowments deemed to be underwater, each year. The rate, determined and adjusted from time to time by the board of directors, is applied to a 12-quarter rolling average of the fair value of the Endowment investments.

During 2024, the spending rate maximum was 5.0 percent. In establishing this policy, the Foundation considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

Note 5: Endowments (Continued)

Changes in donor-restricted endowment net assets are as follows:

	Donor Restricted Endowment		
	Nonspendable Principal	Accumulated Earnings	Total
Balance at December 31, 2023	\$ 19,058,824	\$ 2,183,559	\$ 21,242,383
Contributions	176,652	5,798	182,450
Net investment return	-	1,662,038	1,662,038
Foundation management fees	-	(278,313)	(278,313)
Grant distributions	-	(940,675)	(940,675)
Other expenses	-	(1,100)	(1,100)
Balance at December 31, 2024	<u>\$ 19,235,476</u>	<u>\$ 2,631,307</u>	<u>\$ 21,866,783</u>

Amounts listed above may not articulate with amounts reported on the statements of financial position and activities due to differences created by interfund activity, funds that are not endowed and funds that are not donor restricted.

Underwater Endowment Funds

From time to time, certain endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The following table summarizes underwater funds as of December 31, 2024:

Nonspendable principal	\$ 429,402
Deficit of accumulated earnings	(4,287)
Total of Underwater Endowment Funds	<u>\$ 425,115</u>
Number of Underwater Endowment Funds	<u>17</u>

Note 6: Custodial Credit Risk – Cash Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's cash deposits may not be returned to it. Cash deposits which were subject to custodial credit risk are as follows at December 31, 2024:

Book balance of cash deposits	\$ 604,629
Add: outstanding checks	124,201
Subtract: deposits in transit	(60,007)
Bank balance of cash deposits	<u>668,823</u>
Subtract: Primary bank FDIC coverage	(250,000)
Subtract: IntraFi network FDIC coverage	(351,588)
Bank balance subject to custodial credit risk	<u>\$ 67,235</u>

For the year ended December 31, 2024, the Foundation did not incur any losses related to custodial credit risk.