The Kresge Foundation

(A Michigan Trustee Corporation)

Financial Statements as of and for the
Years Ended December 31, 2024 and 2023, and Independent Auditor's
Report

THE KRESGE FOUNDATION
(A Michigan Trustee Corporation)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Kresge Foundation
Troy, Michigan

Opinion

We have audited the accompanying financial statements of The Kresge Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024 and 2023, and the results of its operations 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 (GAAS). 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for 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 GAAS 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 GAAS, 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.

Deloitte & Touche LLP

June 5, 2025

THE KRESGE FOUNDATION
(A Michigan Trustee Corporation)

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
CASH	$ 2,264,019	$ 1,625,203
INVESTMENTS—At fair market value	3,862,080,050	3,955,540,879
PROGRAM-RELATED INVESTMENTS—Net of allowance of $10,582,878 and $9,143,143 in 2024 and 2023, respectively	97,336,352	86,581,822
ACCRUED INTEREST AND DIVIDENDS	1,782,306	1,117,250
PROPERTY AND EQUIPMENT—Net of accumulated depreciation of $19,590,185 and $18,236,010 in 2024 and 2023, respectively	12,997,033	14,006,305
OTHER	8,235,601	6,199,062
TOTAL	$3,984,695,361	$4,065,070,521
LIABILITIES AND NET ASSETS WITHOUT DONOR RESTRICTIONS		
LIABILITIES:		
Grants payable—net of discount of $6,293,803 and $6,782,288 in 2024 and 2023, respectively	$ 87,069,648	$ 100,783,723
Accounts payable and other liabilities	10,057,875	8,104,736
Other postemployment benefit liability	7,167,366	7,828,226
Deferred federal excise taxes	12,059,266	10,899,519
Total liabilities	116,354,155	127,616,204
NET ASSETS	3,868,341,206	3,937,454,317
TOTAL	$3,984,695,361	$4,065,070,521

See notes to financial statements.

THE KRESGE FOUNDATION
(A Michigan Trustee Corporation)

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	**2023**
INCOME AND LOSS:		
Net investment income	$ 132,769,497	$ 233,314,866
Program-related investment (loss) income	(897,560)	1,184,979
Total income	131,871,937	234,499,845
EXPENSES:		
Grants—net of change in discount of ($488,485) and $5,136,427 in 2024 and 2023, respectively	156,430,549	185,027,660
Administrative expenses	45,163,815	39,411,127
Total expenses	201,594,364	224,438,787
OTHER POSTEMPLOYMENT ADJUSTMENTS	609,316	1,150,296
CHANGE IN NET ASSETS	(69,113,111)	11,211,354
NET ASSETS:		
Beginning of year	3,937,454,317	3,926,242,963
End of year	$3,868,341,206	$3,937,454,317

See notes to financial statements.

THE KRESGE FOUNDATION
(A Michigan Trustee Corporation)

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

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (69,113,111)	$ 11,211,354
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,377,919	1,383,350
Increase in program-related investments credit loan loss allowance	2,771,978	2,303,188
Change in value of grants payable	488,485	(5,136,427)
Net realized and unrealized gains on investments	(138,574,754)	(240,013,179)
Net realized and unrealized losses on program-related investments	2,905,734	609,521
Disbursements on guarantees	(269,998)	(24,381)
Changes in assets and liabilities:		
Accrued interest and dividends	(665,056)	(287,602)
Other assets	(2,184,546)	6,841,516
Grants payable	(13,932,562)	20,419,013
Accounts payable and other liabilities	1,953,139	(1,094,694)
Other postemployment benefit liability	(660,860)	(1,578,347)
Deferred federal excise taxes	1,159,747	(291,413)
Net cash used in operating activities	(214,743,885)	(205,658,101)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	2,165,265,711	1,809,570,204
Purchases of investments	(1,933,230,128)	(1,587,214,885)
Returns of principal and capital for program-related investments	5,855,460	2,265,790
Disbursements for program-related investments	(22,139,695)	(17,994,489)
Purchases of property and equipment	(368,647)	(163,030)
Net cash provided by investing activities	215,382,701	206,463,590
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in financing activities	-	-
NET INCREASE IN CASH	638,816	805,489
CASH:		
Beginning of year	1,625,203	819,714
End of year	$ 2,264,019	$ 1,625,203

See notes to financial statements.

1. ORGANIZATION AND NATURE OF OPERATIONS

The Kresge Foundation (the "Foundation") is a tax-exempt private foundation that works to expand opportunities in America's cities through grantmaking and investing in arts and culture, education, environment, health, human services, and community development. The Foundation was established in June 1924 as a Michigan trustee corporation. Its office is in Troy, Michigan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Presentation—The accompanying financial statements are prepared on the accrual basis and in conformity with accounting principles generally accepted in the United States of America (GAAP).

Program-Related Investments (PRIs)—In accordance with Section 4944 of the Internal Revenue Code (the "Code"), the Foundation is permitted to make investments that further some aspect of its charitable mission. In 2008, the Foundation began making PRIs. These investments are anticipated to have lower-than-market returns on a risk-adjusted basis. Like grants, these investments count toward the Foundation's payout requirement in the year of distribution. Return of PRI principal and capital affects the annual payout requirement in a similar manner as a grant refund.

Property and Equipment—Property and equipment represents primarily land and buildings. Property and equipment is depreciated on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 45 years. The associated depreciation was $1,377,919 and $1,383,350 for the years ended December 31, 2024 and 2023, respectively. The Foundation annually reviews the property and equipment records for impairment of the carrying value and records any adjustments necessary to reflect impacts in the carrying value. No impairments were recorded for the years ended December 31, 2024 and 2023.

Property and equipment as of December 31, 2024 and 2023, consists of the following:

	2024	2023
Building and improvements	$ 27,051,836	$ 26,733,069
Furniture and fixtures	2,230,723	2,254,467
Computer and office equipment	2,505,596	2,468,516
Subtotal depreciable assets	31,788,155	31,456,052
Less accumulated depreciation and amortization	(19,590,185)	(18,236,010)
Subtotal depreciable assets—net	12,197,970	13,220,042
Land	500,000	500,000
Art	299,063	286,263
Subtotal nondepreciable assets	799,063	786,263
Total property and equipment—net	$ 12,997,033	$ 14,006,305

Grant Expenditures—Grant expenditures are recognized in the period the grant is approved, provided the grant is not subject to future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee substantially meets the terms of the conditions. The Foundation had approximately $47,400,000 and $50,100,000 in conditional grants as of December 31, 2024 and 2023, respectively. As of December 31, 2024, conditional grants included $45,000,000 to the Foundation for Detroit's Future (FDF), payable over a 9 year-period, subject to any terms and conditions of the FDF Agreement.

Line of Credit—The Foundation has unsecured lines of credit totaling $225,000,000 (Credit Lines A and B) as of December 31, 2024 and 2023. At December 31, 2024, Credit Lines A and B have effective rates of 5.13% and 4.94%, based on an adjusted Secured Overnight Financing Rate (SOFR), respectively. Additionally, Credit Lines A and B contain a commitment fee on the unused available balance of 0.18% and 0.20%, respectively. At December 31, 2023, Credit Lines A and B have effective rates of 6.05% and 5.80%, based on an adjusted SOFR, respectively. Additionally, Credit Lines A and B contain a commitment fee on the unused available balance of 0.20% and 0.15%, respectively. As of December 31, 2024 and 2023, the outstanding borrowings were $0. The aggregate outstanding principal, interest, and related fees are due in full on the commitment termination dates of August 27, 2025 and September 1, 2025, for Credit Lines A and B, respectively. Interest and related fees payable at year-end are included in accounts payable and other liabilities.

Net Assets—The presentation of net assets represents net assets without donor restrictions.

Tax Status—The Foundation is an organization exempt from federal income taxation under Section 501(c)(3) and is a private foundation as described in Section 509(a) of the Code. The Foundation is subject to federal excise taxes. It is also subject to federal and state income tax on its unrelated business taxable income. Management believes it is no longer subject to federal tax examinations for years prior to December 31, 2021. The Foundation evaluates uncertain tax positions for more-likely than-not sustainability. The Foundation has concluded that as of December 31, 2024 and 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Use of Estimates—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Investment Risks—Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect the amounts reported in the accompanying financial statements.

3. INVESTMENTS AND FAIR VALUE

Temporary Investments—The Foundation considers temporary investments to be unsettled trade purchases and sales and cash and cash equivalents held as part of the long-term investment strategy of the Foundation. Cash equivalents are considered to be investments with an original maturity of three months or less. The Foundation records investments as of the trade date. Unsettled trade purchases and sales are reported in the investment category on the statements of financial position. The Foundation had unsettled trade purchases of $6,000 and $3,972,000 as of December 31, 2024 and 2023, respectively. The Foundation had unsettled trade sales of approximately $585,000 and $69,230,000 as of December 31, 2024 and 2023, respectively.

Fixed-Income, U.S. Equity, and Foreign Equity Securities—Fixed-income, U.S. equity, and foreign equity securities include investments in securities as well as commingled funds. The securities have readily determinable fair market values based on quoted prices in active markets. The commingled funds calculate a net asset value per share in accordance with near term guidance.

Hedge Funds, Natural Resources, Private Equity, and Real Estate—Hedge funds' fair values are based on information provided by the administrators of each underlying fund. Natural resources, private equity, and real estate limited partnerships are accounted for on the equity method or pricing models that use both observable and unobservable inputs. Gains and losses on investments include equity earnings from limited partnerships.

Securities Lending—The Foundation participates in a securities lending program with its custodian bank. Under the terms of its securities lending agreement, the Foundation requires collateral of a value at least equal to 102% of the fair value of loaned investments. Securities lending collateral is not subject to a master netting arrangement. Loaned investments typically consist of equity and exchange traded securities. Securities loaned are fully collateralized. All cash collateral received is invested in approved money market and short-term funds. The Foundation maintains effective control of the loaned investments during the term of the agreement. As of December 31, 2024 and 2023, the Foundation had no loaned securities, collateral, or income from the program.

Realized and Unrealized Gains/Losses—Net realized gains and change in net unrealized market losses are determined by comparing cost to proceeds and fair market value, respectively. Cost is determined on a first-in, first-out basis. The gains or losses on the Foundation's investment portfolio for the years ended December 31, 2024 and 2023, consist of the following:

	2024	2023
Net realized gains	$ 51,637,185	$271,463,999
Net unrealized gains (losses)	86,937,569	(31,450,820)
Net realized and unrealized gains on investments	$138,574,754	$240,013,179

Fair Value Hierarchy—The Foundation is subject to the provisions of FASB issued ASC 820, *Fair Value Measurements and Disclosures*, which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumption about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

ASC 820 classifies the inputs used to measure fair value into the following hierarchy:

Level 1—Quoted market prices in active markets for identical assets or liabilities.

Level 2—Observable market-based inputs and unobservable inputs that are corroborated by market data.

Level 3—Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Foundation's accounting policies.

Securities that provide a net asset value (NAV) or that are recorded under the equity method of accounting are considered to be recorded at Management's best estimate of fair value. These securities are included in the fair value table on the Investments measured at net asset value line.

In certain instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The financial assets and liabilities recorded at fair value on a recurring basis within the fair value hierarchy as of December 31, 2024, are as follows:

	2024	Level 1	Level 2	Level 3
Temporary investments	$ 30	$ 30	-	-
Fixed-income securities—credit and other	304,327,142	185,862,737	112,906,989	5,557,416
U.S. equity securities	18,822,451	18,822,451	-	-
Foreign equity securities	97,689,407	97,689,407	-	-
Hedge funds	35,212,144	-	-	35,212,144
Derivative contracts:				
Equity	113,364,793	-	113,364,793	-
Commodity	3,672,172	-	3,672,172	-
Natural resources	36,706,440	-	-	36,706,440
Private equity	23,646,138	-	-	23,646,138
Real estate	689,088	-	-	689,088
Total fair value measurements	634,129,805	302,374,625	229,943,954	101,811,226
Investments measured at net asset value	3,227,950,245	-	-	-
Total investments	$3,862,080,050	$ 302,374,625	$ 229,943,954	$ 101,811,226

The financial assets and liabilities recorded at fair value on a recurring basis within the fair value hierarchy as of December 31, 2023, are as follows:

	2023	Level 1	Level 2	Level 3
Temporary investments	$ 137,414	$ 137,414	-	-
Fixed-income securities—credit and other	280,907,232	61,098,064	214,482,646	5,326,522
U.S. equity securities	5,341,734	4,795,770	545,964	-
Foreign equity securities	98,414,553	98,414,553	-	-
Derivative contracts:				
Equity	77,057,491	-	77,057,491	-
Fixed-income	2,520,723	-	2,520,723	-
Commodity	538,078	-	538,078	-
Private equity	69,902,424	-	-	69,902,424
Real estate	689,088	-	-	689,088
Total fair value measurements	535,508,737	164,445,801	295,144,902	75,918,034
Investments measured at net asset value	3,420,032,142	-	-	-
Total investments	$ 3,955,540,879	$ 164,445,801	$ 295,144,902	$ 75,918,034

Level 1 classifications consist of U.S. Treasuries and commercial paper with quoted market prices in active markets. Fixed-income, U.S. equity securities, and foreign equity securities have readily determinable fair market values based on quoted prices in active markets.

Level 2 classifications consist of agency and Federal Home Loan Bank securities and collateralized loan obligation fixed-income securities that are valued based on observable market-based inputs and unobservable inputs that are corroborated by market data. The fair value of the derivative investments is based on market prices from the financial institution that is the counterparty to the derivative.

Level 3 classifications consist of securities that do not have readily determinable market values or are not publicly traded. The valuation process for Level 3 investments involves the use of fair value as reported by third-party administrators, fund investment managers, and general partners and is completed on at least a quarterly basis. All valuations are reviewed by management. Fair value estimates for fixed income securities, equity securities, real estate, and natural resource investments are based on comparable transactions, inputs provided by the general partner, audited financial information, and K-1 capital account balances to determine overall reasonableness of the recorded value. Audited information is only available annually, based on the partnerships' year-ends. Because of the inherent uncertainty of valuations, values may differ from the values that would have been used had a ready market existed.

Activity related to the Level 3 investment activity as of December 31, 2024 and 2023, is as follows:

	2024	**2023**
Additions and purchases	$ 35,212,144	$ 5,000,000
Transfers into Level 3	36,706,440	-
Transfers out of Level 3	-	-

The Foundation's policy related to fair value measurement hierarchy classification, including any level transfers, occurs as of the end of the reporting period. Transfers into Level 3 during 2024 were the result of changes in the valuation of securities that require disclosure in the fair value hierarchy. Realized and unrealized gains or losses related to Level 3 investment activity are included in net investment income on the statements of activities.

As of December 31, 2024 and 2023, the Foundation had the following commitments to contribute additional capital under the terms of various investment agreements over the next 7–10 years.

	2024	**2023**
U.S. equity	$ 44,871,177	$ 4,771,235
Hedge funds	25,627,356	30,839,294
Natural resources	77,065,060	79,306,665
Private equity	275,355,722	261,387,778
Real estate	144,378,686	150,987,567
Total	$567,298,001	$527,292,539

The Foundation's investment in funds that are valued using a NAV (or its equivalent) or that are recorded under the equity method of accounting have a redemption notice period of daily to biannually and primarily consist of the following:

	2024 Redemption Period				
	90 Days or Fewer	91 to 180 Days	181 to 365 Days	Greater than 365 Days	Total
U.S. equity	$ -	$ 65,637,041	$ 65,699,940	$ 209,019,531	$ 340,356,512
Foreign equity	3,984,373	173,655,352	156,662,742	387,507,246	721,809,713
Hedge funds	124,331,824	134,843,089	56,116,114	355,838,092	671,129,119
Natural resources	-	-	-	220,693,384	220,693,384
Private equity	-	-	-	1,004,963,248	1,004,963,248
Real estate	-	-	-	268,998,269	268,998,269
Total	$ 128,316,197	$ 374,135,482	$ 278,478,796	$ 2,447,019,770	$ 3,227,950,245

	2023 Redemption Period				
	90 Days or Fewer	91 to 180 Days	181 to 365 Days	Greater than 365 Days	Total
U.S. equity	$ 51,258,911	$ 51,010,812	$ 50,066,376	$ 209,633,241	$ 361,969,340
Foreign equity	59,372,395	114,620,599	189,378,928	368,782,764	732,154,686
Hedge funds	185,831,430	118,585,326	79,405,835	322,316,775	706,139,366
Natural resources	-	-	-	258,157,791	258,157,791
Private equity	-	-	-	1,083,132,843	1,083,132,843
Real estate	-	-	-	278,478,116	278,478,116
Total	$296,462,736	$284,216,737	$318,851,139	$2,520,501,530	$3,420,032,142

4. DERIVATIVES

The Foundation accounts for derivative financial instruments in accordance with ASC 815, *Derivatives and Hedging*. The Foundation enters into derivative arrangements to manage a variety of market risks and to adjust asset class exposure. The Foundation recognizes all derivatives as either assets or liabilities measured at fair value. The Foundation has netted liability positions against the investment balance. For accounting purposes, the derivatives do not have hedge designation, and all gains and losses are reported in net investment income on the statements of activities.

In connection with its derivative activities, the Foundation enters into master netting agreements and collateral support agreements with its counterparties. These agreements provide the Foundation with the right, in the event of default by the counterparty, to net a counterparty's rights and obligations under the agreement and to liquidate and set off collateral against any net amount owed by the counterparty. The master netting agreement is taken into account in the Foundation's risk management practices and application of counterparty credit limits.

To determine the amount of exposure to each counterparty, the Foundation nets the exposure on transactions by individual counterparty against the value of any collateral posted by the counterparty (a) when both parties owe determinable amounts, (b) where a legal right of setoff exists, and (c) when the right to setoff is enforceable by law. The thresholds for collateral postings vary by counterparty.

The aggregate fair value of derivative instruments in asset positions on December 31, 2024 and 2023, is approximately $123,961,000 and $110,505,000, respectively. The exposure to counterparty credit risk on December 31, 2024, is reduced by $108,150,000 of collateral held and approximately $6,924,000 of liabilities included in netting arrangements with those counterparties. The exposure to counterparty credit risk on December 31, 2023, is reduced by $77,098,000 of collateral held and approximately $29,349,000 of liabilities included in netting arrangements with those counterparties. The Foundation has never failed to access collateral when required. The Foundation has posted collateral of $0 to counterparties as of December 31, 2024 and 2023.

The fair value of derivative instruments are included in Investments in the statements of financial position and information about the offsetting of derivative instruments and related collateral amounts as of December 31, 2024 and 2023, are as follows:

	2024		
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statements of Financial Position	Net Amounts of Assets Presented in the Statements of Financial Position
Equity contracts	$ 117,561,680	$112,099,843	$5,461,837
Commodity contracts	6,399,170	2,974,042	3,425,128
Total derivative instruments	$ 123,960,850	$115,073,885	$8,886,965

	2024		
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statements of Financial Position	Net Amounts of Liabilities Presented in the Statements of Financial Position
Equity contracts	$ 5,195,424	$ 5,195,424	$ -
Commodity contracts	1,728,461	1,728,461	-
Total derivative instruments	$ 6,923,885	$ 6,923,885	$ -

The Foundation does not have any gross amounts of financial instruments or cash collateral received or pledged not offset in the statements of financial position as of December 31, 2024.

	2023		
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statements of Financial Position	Net Amounts of Assets Presented in the Statements of Financial Position
Equity contracts	$104,376,723	$102,671,503	$1,705,220
Commodity contracts	3,607,954	2,948,449	659,505
Fixed income contracts	2,520,723	827,360	1,693,363
Total derivative instruments	$110,505,400	$106,447,312	$4,058,088

	2023		
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Statements of Financial Position	Net Amounts of Liabilities Presented in the Statements of Financial Position
Equity contracts	$27,949,344	$27,949,344	$ -
Commodity contracts	2,439,764	1,399,434	1,040,330
Fixed income contracts	-	-	-
Total derivative instruments	$30,389,108	$29,348,778	$1,040,330

The Foundation does not have any gross amounts of financial instruments or cash collateral received or pledged not offset in the statements of financial position, except for $8,501,000 held related to two counterparties as of December 31, 2023.

The effect of derivative instruments on the statements of activities is included in net investment income for the years ended of December 31, 2024 and 2023, as follows:

	Gain (Loss) Recognized on Derivatives	
	2024	2023
Equity contracts	$26,762,778	$48,741,927
Commodity contracts	23,861,607	(4,123,811)
Foreign exchange contracts	-	1,293
Fixed income contracts	-	805,365
Total derivative instruments	$50,624,385	$45,424,774

The Foundation is not credit rated, and therefore, no credit rating contingent provisions are required by counterparties.

Counterparty credit risk is the risk that counterparties to derivative contracts will fail to perform according to the terms of the agreements. Nationally recognized statistical rating organizations, such as Standard & Poor's (S&P) and Moody's, assign credit ratings to security issuers that indicate a measure of potential credit risk to investors. The Foundation manages credit risk by reviewing the credit standing of each counterparty and limits exposure to credit risk by requiring that the minimum acceptable credit rating of the counterparty be BBB- and Baa3 for S&P and Moody's, respectively.

5. PROGRAM-RELATED INVESTMENTS

PRIs in the statements of financial position represent various below-market-rate loans and equity investments totaling $107,919,231 and $95,724,965 as of December 31, 2024 and 2023, respectively.

Loan PRIs—The Foundation's loan portfolio includes both loans and convertible loans invested in not-for-profit and private sector entities. The loans are for charitable support of entities within our program strategies. Interest rates charged on the loans generally range from 0% to 4.0% with one loan at 15.0% at December 31, 2024. Loans are individually monitored to determine net realizable value based on an evaluation of recoverability. There was $5,125,585 and $2,265,790 received as return of principal for the years ended December 31, 2024 and 2023, respectively. The Foundation has loan commitments of approximately $10,100,000 and $15,368,500 as of December 31, 2024 and 2023, respectively.

Loans are scheduled for collection as of December 31, 2024, as follows:

Years Ending December 31	
2025	$ 12,984,778
2026	16,356,648
2027	15,487,454
2028	9,596,059
2029	10,048,548
2030 and beyond	26,670,966
Subtotal	91,144,453
Less allowance	(10,582,878)
Net	$ 80,561,575

Management has reviewed the collectability of loans and has recorded a credit loan loss allowance of $10,582,878 and $9,143,143 as of December 31, 2024 and 2023, respectively. The Foundation establishes a credit loan loss allowance in accordance with the risk rating assigned to the PRI. The risk rating is based on a combination of financial and organizational factors used to evaluate the collectability of individual loans and is evaluated annually unless more frequent monitoring is required.

Equity PRIs—The Foundation's equity portfolio includes direct equity investments as well as investments in equity funds. The equity investments are for charitable support of entities within program strategies and are valued at NAV or a measurement alternative. The measurement alternative used for certain equity investments recognizes the cost of the investment as an asset, adjusts for changes resulting from observable price changes for identical or similar investments of the same issuer and evaluates the investment annually for impairment.

Unrealized and realized gains or losses on equity investments are included within PRI income on the statements of activities. The value of equity investments for the years ended December 31, 2024 and 2023 are $16,774,777 and $17,936,662, respectively.

The Foundation has unfunded equity commitments of approximately $3,727,489 and $3,718,392 as of December 31, 2024 and 2023, respectively.

Guarantee PRIs—The Foundation has entered into 34 and 30 third-party loan guarantee agreements totaling $215,513,000 and $180,381,000 as of December 31, 2024 and 2023, respectively. Loss exposure related to the guarantee agreements is $177,368,000 and $146,821,000 as of December 31, 2024 and 2023, respectively. Losses incurred on guarantee agreements were $269,998 and $24,381 for the years ended December 31, 2024 and 2023, respectively. The Foundation has recorded a contingent liability as the sum of the net present value of the guarantees and the minimum amount of probable loss. The Foundation recorded a contingency of $2,532,454 and $2,464,150 as of December 31, 2024 and 2023, respectively. Contingent liabilities are included in accounts payable and other liabilities.

6. GRANTS PAYABLE

Grants payable represent the present value of grants using a 5.25% and 5.02% discount rate, as of December 31, 2024 and 2023, respectively. The discount rate is based on the present value of discounted cash flows using the annualized return on the three-month U.S. Treasury bill index. The Foundation made grant payments of approximately $170,000,000 and $164,800,000 in 2024 and 2023, respectively.

The Foundation's future grant commitments, which are scheduled for payment in future years as of December 31, 2024, are as follows:

Years Ending December 31	
2025	$66,636,618
2026	22,986,833
2027	2,510,000
2028	30,000
2029	-
2030 and beyond	1,200,000
Subtotal	93,363,451
Discount	(6,293,803)
Net	$87,069,648

7. EXCISE TAX REQUIREMENTS

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Code, but is subject to a 1.39% federal excise tax on net investment income, including realized gains, as defined in the Code. The deferred excise tax provision is calculated based on projected gains that assume complete liquidation of all assets. The current and deferred portions of the excise tax provision for 2024 were approximately $1,406,000 and $1,160,000, respectively. The current and deferred portions of the excise tax provision for 2023 were approximately $3,892,000 and $(291,000), respectively. Cash payments for federal excise taxes were $3,250,000 and $2,500,000 for the years ended December 31, 2024 and 2023, respectively. The prepaid federal excise taxes were $2,681,000 and $507,000 as of December 31, 2024 and 2023, respectively. The unrelated business income tax expense for 2024 and 2023 was $263,000 and $269,000, respectively. The excise tax provision and unrelated business income tax expense are included in net investment income. The prepaid unrelated business taxes were $572,000 and $847,000 as of December 31, 2024 and 2023, respectively. The Foundation recorded a deferred tax asset of $379,000 and $444,000 related to unrelated business income net operating loss carry forwards as of December 31, 2024 and 2023, respectively. Prepaid and deferred tax asset positions are included in other assets.

8. OTHER POSTEMPLOYMENT BENEFITS

The Foundation is subject to the provisions of FASB-issued ASC 715, *Compensation—Retirement Benefits*, which requires recognition of the overfunded or underfunded status of the other postemployment benefit plan as an asset or liability in the statements of financial position and recognition of changes in the funded status in the year in which the changes occur. The funded status of the plan is measured as the difference between the fair value of plan assets and the benefit obligation.

The Foundation provides certain health care and life insurance benefits for retired employees. The Foundation's employees may become eligible for these postemployment employee benefits. Actuarial assumptions and participant data changes are reported in other postemployment adjustments in the statement of activities.

The other postemployment benefit plan-funded status and amounts recognized in the Foundation's statements of financial position and statements of activities as of and for the years ended December 31, 2024 and 2023, are as follows:

	Postemployment Employee Benefits	
	2024	**2023**
Fair value of plan assets	$ -	$ -
Benefit obligation	(7,167,366)	(7,828,226)
Funded status of the plan	$ (7,167,366)	$ (7,828,226)
Accrued benefit liability recognized in the statement of financial position—January 1	$ (7,828,226)	$ (9,406,573)
Service cost	$ 46,490	$ 69,870
Interest cost	363,616	454,857
Prior-service cost amortization	317,513	(454,170)
Amortization of gains	(557,580)	(258,680)
Benefit cost recognized in the statements of activities	$ 170,039	$ (188,123)
Actuarial gain recognized in the statements of activities	$ (609,316)	$ (1,150,296)
Employer contributions	$ 221,583	$ 239,928
Benefits paid	$ (221,583)	$ (239,928)
Benefit obligation—December 31	$ (7,167,366)	$ (7,828,226)

The actuarial gain of approximately $609,000 for December 31, 2024 can be attributed to gains of $683,000 due to the change in the discount rate from 4.80% at December 31, 2023 to 5.49% at December 31, 2024, $317,000 due to amortization of prior service costs, $186,000 due to changes in the benefit accrual and $52,000 of changes in census data, offset by $558,000 due to amortized gains and $71,000 of accrued health retirement account balance.

The actuarial gain of approximately $1,150,000 for December 31, 2023 can be attributed to losses of $197,000 due to the change in the discount rate from 4.99% at December 31, 2022 to 4.80% at December 31, 2023, $454,000 due to amortization of prior service costs, $259,000 due to amortized gains, and $58,000 of accrued health retirement account balance, offset by $254,000 due to changes in the benefit accrual, $1,817,000 of accrued health retirement account utilization adjustments and $47,000 of changes in census data.

Assumptions and Dates Used for Liability	Postemployment Employee Benefits 2024	2023
Discount rate	5.49 %	4.80 %
Compensation increase rate	4.00	4.00
Measurement date	December 31	
Assumptions Used to Determine Expense		
Discount rate	4.80 %	4.99 %
Compensation increase rate	4.00	4.00
Health care cost trend rate assumptions:		
Initial trend rate—pre/post Medicare	N/A	N/A
Ultimate trend rate—pre/post Medicare	N/A	N/A
Year ultimate trend is reached—pre/post Medicare	N/A	N/A

Future Expected Benefit Payments

2025	$ 431,384
2026	371,946
2027	377,037
2028	400,257
2029	403,817
2030–2034	2,269,134

9. ANALYSIS OF EXPENSES

The Foundation's grant and administrative expenses have been allocated between program and supporting activities. Grantmaking activities of the Foundation involving reviewing proposals, awarding, monitoring and evaluating grants as well as the actual payment of grants have been allocated to the program function. All other administrative expenses related to managing the operations of the foundation have been allocated to the supporting activities function. Certain categories of expenses that are incurred for the Foundation as a whole and are attributable to one or more functions are allocated based on either management estimates of time and effort or building occupancy square footage.

The Foundation's functional expenses, displayed by natural expense classification, for the years ended December 31, 2024 and 2023, are as follows:

	2024—Allocation of Expenses		
	Program Activities	Supporting Activities	Total Expenses
Salary, benefits and payroll taxes	$ 19,884,730	$6,770,039	$ 26,654,769
Professional service fees	3,149,312	385,088	3,534,400
Travel, conferences and meetings	1,689,008	276,072	1,965,080
Sponsored convenings	4,718,101	155,962	4,874,063
Depreciation	797,503	580,416	1,377,919
Occupancy	762,802	309,354	1,072,156
Legal, accounting and tax fees	138,951	117,748	256,699
PRI credit loan loss expense	2,771,978	-	2,771,978
Other expenses	1,316,860	1,339,891	2,656,751
Subtotal	35,229,245	9,934,570	45,163,815
Grants—net	156,430,549	-	156,430,549
Total	$191,659,794	$9,934,570	$201,594,364

	2023—Allocation of Expenses		
	Program Activities	Supporting Activities	Total Expenses
Salary, benefits and payroll taxes	$ 18,297,279	$6,192,487	$ 24,489,766
Professional service fees	3,511,524	818,008	4,329,532
Travel, conferences and meetings	1,673,321	362,492	2,035,813
Sponsored convenings	903,007	15,790	918,797
Depreciation	800,646	582,704	1,383,350
Occupancy	701,821	295,329	997,150
Legal, accounting and tax fees	249,847	130,620	380,467
PRI credit loan loss expense	2,303,188	-	2,303,188
Other expenses	1,358,531	1,214,533	2,573,064
Subtotal	29,799,164	9,611,963	39,411,127
Grants—net	185,027,660	-	185,027,660
Total	$214,826,824	$9,611,963	$224,438,787

10. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets that are readily available within one year of December 31, 2024, to meet general expenditures include:

Cash	$ 2,264,019
Actively traded investments	302,374,625
Investments measured at NAV	780,930,475
Total financial assets	$1,085,569,119

The Foundation must annually pay out a minimum amount of 5% of the average fair value of its investment assets for the preceding year for charitable and administrative purposes in accordance with private foundation Internal Revenue Code requirements. The Foundation structures its financial assets to manage liquidity in a manner to meet this distribution requirement. The Foundation invests in various short-term investments, securities and alternatives which are available and liquid within one year. Additionally, as more fully described in Note 2, the Foundation has lines of credit available for immediate or unanticipated liquidity needs.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated by the Foundation through June 5, 2025, the date these financial statements were available to be issued and determined that there are no subsequent events requiring adjustment to, or disclosure in, the financial statements.

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