

NEW BRAUNFELS COMMUNITY FOUNDATION

Audited Financial Statements

December 31, 2024

ADKF, P.C.
Certified Public Accountants

NEW BRAUNFELS COMMUNITY FOUNDATION
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Braunfels Community Foundation
New Braunfels, Texas

Opinion

We have audited the accompanying financial statements of New Braunfels Community Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, 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 New Braunfels Community Foundation as of December 31, 2024, and the results of its activities, functional expenses, and 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, 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.

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.

ADKF, P.C.
San Antonio, Texas
June 20, 2025

NEW BRAUNFELS COMMUNITY FOUNDATION
Statement of Financial Position
December 31, 2024

ASSETS

Current Assets:

Cash and cash equivalents:

Available for operations

\$ 226,484

Restricted

727,910

Total cash and cash equivalents

954,394

Prepaid expenses

9,010

Total current assets

963,404

Investments, at fair value:

Securities, CDs and money market funds

15,354,951

Oil and gas interests

34,868

Investment in partnership interest

1,592

Total investments

15,391,411

Furniture and Equipment, net

5,000

Total Assets

\$ 16,359,815

LIABILITIES AND NET ASSETS

Liabilities:

Funds held as agency endowments

\$ 3,156,528

Net Assets:

Without donor restrictions

258,322

With donor restrictions:

Endowment funds

12,944,965

Total net assets

13,203,287

Total Liabilities and Net Assets

\$ 16,359,815

See notes to audited financial statements.

NEW BRAUNFELS COMMUNITY FOUNDATION
Statement of Activities
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 87,383	\$ 2,439,766	\$ 2,527,149
Investment earnings, net	1,813	1,123,075	1,124,888
Administrative fee revenue	226,910	-	226,910
In-kind contributions	5,520	-	5,520
Total revenue and support	<u>321,626</u>	<u>3,562,841</u>	<u>3,884,467</u>
Expenses			
Program services	1,944,614	-	1,944,614
Management and general	330,341	-	330,341
Total expenses	<u>2,274,955</u>	<u>-</u>	<u>2,274,955</u>
Change in Net Assets	(1,953,329)	3,562,841	1,609,512
Net assets released from restriction	1,970,552	(1,970,552)	-
Net assets at beginning of year	<u>241,099</u>	<u>11,352,676</u>	<u>11,593,775</u>
Net Assets at End of Year	<u>\$ 258,322</u>	<u>\$ 12,944,965</u>	<u>\$ 13,203,287</u>

See notes to audited financial statements.

NEW BRAUNFELS COMMUNITY FOUNDATION
Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services	Management and General	Fundraising	Total
Grants, donations and scholarships	\$ 1,786,312	\$ -	\$ -	\$ 1,786,312
Personnel	91,200	91,200	-	182,400
Management fees	-	178,192	-	178,192
Events	16,319	8,451	-	24,770
Supplies	14,088	7,948	-	22,036
Benefits	9,691	9,691	-	19,382
Professional fees	-	16,590	-	16,590
Advertising	15,127	-	-	15,127
Dues	-	5,443	-	5,443
Credit card fees	5,321	-	-	5,321
Meetings and conferences	2,283	2,283	-	4,566
Travel and transportation	1,859	1,859	-	3,718
Occupancy	1,800	1,800	-	3,600
Insurance	-	3,586	-	3,586
Telephone	614	614	-	1,228
Depreciation	-	2,684	-	2,684
	<u>\$ 1,944,614</u>	<u>\$ 330,341</u>	<u>\$ -</u>	<u>\$ 2,274,955</u>

See notes to audited financial statements.

NEW BRAUNFELS COMMUNITY FOUNDATION
Statement of Cash Flows
Year Ended December 31, 2024

Operating Activities

Change in net assets	\$ 1,609,512
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,684
Investment earnings, net	(1,124,888)
Change in operating assets and liabilities:	
Prepaid expenses	2,382
Accounts payable	(8,395)
Net cash provided by operating activities	<u>481,295</u>

Investing Activities

Funds held as agency endowments	555,293
Net investment activity	(1,077,163)
Net investment in partnerships activity	(4,991)
Net cash (used) by investing activities	<u>(526,861)</u>

Net change in cash and cash equivalents	(45,566)
Cash and cash equivalents at beginning of year	<u>999,960</u>

Cash and Cash Equivalents at End of Year \$ 954,394

Supplemental Disclosures

Interest paid in cash	\$ -
Income taxes paid in cash	-

See notes to audited financial statements.

NEW BRAUNFELS COMMUNITY FOUNDATION
Notes to Audited Financial Statements
December 31, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities: The New Braunfels Area Community Foundation (the Foundation), doing business under the assumed name *New Braunfels Community Foundation*, was incorporated in 2012 in the State of Texas as a not-for-profit corporation. The Foundation was organized to create a local community foundation that offers individuals, businesses and families a professional and efficient way to match philanthropic efforts with the needs of the greater New Braunfels, Texas area.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions. Grants and contributions gifted for recurring programs are generally not considered “restricted” under GAAP, though for internal reporting the Foundation tracks such grants and contributions to verify the disbursement matches the intent.

With Donor Restrictions: Net assets subject to donor-imposed stipulations that are more restrictive than the Foundation’s mission and purpose or which were given to the Foundation for specific purposes or charitable causes. Some donor-imposed restrictions are temporary in nature, such as pledges that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition: The Foundation’s revenue is primarily generated from contributions, investment earnings and administrative fees. The Foundation recognizes contributions and grants as revenue when cash, securities, an unconditional promise to give, or a notification of a beneficial interest are 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 met.

Contributions to the Foundation are recorded in separate accounting funds (Funds), and each Fund is used exclusively for the charitable purpose(s) designated by the donor. Management has the responsibility for both investing the Fund and distribution of income and/or principal from each Fund for its designated charitable purposes, and the Board of Directors provides oversight of Management.

Contributions are reported as without or with donor restriction, depending on the existence and/or nature of any restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction depending on the nature of the restriction. When a restriction expires, the net assets are reclassified to net assets without donor restriction. Non-cash contributions are recorded at their fair market value at the date of contribution.

Changes in fair value for investments for investments are recognized as gains or losses in the period in which they occur and are reported net of expenses in the statement of activities.

Administrative fee revenue is recognized as collected.

NEW BRAUNFELS COMMUNITY FOUNDATION
Notes to Audited Financial Statements
December 31, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as with donor restrictions support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Functional Allocation of Expenses: The costs of providing the services and other activities are summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising: Advertising and marketing costs are expensed as incurred and were not significant in 2024.

Cash and Cash Equivalents: Cash and cash equivalents consist of cash on hand, demand deposits held by financial institutions, money market accounts and any equivalent securities with a maturity of three months or less.

Investments: Investments are reported at fair value as determined by quoted market prices. For alternative investments, the Foundation uses the net asset value (NAV) as a practical expedient to estimate fair value, based either on the NAV reported by the investee fund or adjusted as necessary based on information provided by external investment managers. Changes in fair value are recognized as unrealized gains or losses in the period in which they occur. Realized gains and losses, along with interest, dividends, and investment-related expenses, are reported as investment return, net in the accompanying statement of activities.

Furniture and Equipment: Furniture and equipment are valued at historical cost. Expenditures for betterments that materially extend the useful life of an asset are capitalized. The Foundation provides for depreciation at amounts calculated to amortize the costs of the assets using the straight-line method over their estimated useful lives (generally three to seven years). The costs of maintenance and repairs are charged to operations as incurred.

Income Taxes: The Foundation is a not-for-profit Foundation exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. Donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law. The Foundation is not subject to Texas margin tax. Management is not aware of any tax positions that would have a significant impact on its financial position. Its federal tax returns for the last four years remain subject to examination.

Donated Services and Materials: The Foundation receives donated office space and office supplies from the McKenna Foundation. Donated office space was valued at \$3,600 for the year ending December 31, 2024. Donated space is valued at the fair value of similar properties available in commercial real estate listings. Donated office supplies were valued at \$1,920 for the year ending December 31, 2024. Office supplies are valued using current rates for similar supplies. There were no donor-imposed restrictions associated with the donated supplies and office space.

NEW BRAUNFELS COMMUNITY FOUNDATION
Notes to Audited Financial Statements
December 31, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Concentrations of Credit Risk: Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and investments. The Foundation maintains cash deposits and investments with major financial institutions which, from time-to-time, may exceed federal insured limits. At December 31, 2024, the Foundation's uninsured cash balances totaled approximately \$669,000. The Foundation periodically assesses the financial condition of the institutions and believes the risk of any loss is minimal. Investments are made by investment managers engaged by the Foundation, and the investments are monitored by the Foundation's management and Board. Although there is risk associated with market fluctuations, the Foundation believes the investment policy is prudent for its long-term welfare and its beneficiaries.

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events: Subsequent events have been evaluated by management through the date of the independent auditor's report. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

Fiduciary Duty and Variance Power: The Foundation has a fiduciary duty to comply with the charitable purposes expressed by a donor, but the Board of Directors has the power to vary the charitable purpose of a Fund if the Foundation determines that changes in conditions have made the donor's restrictions on the stated charitable purpose unnecessary, undesirable, incapable of fulfillment or inconsistent with the needs of the community. The Foundation's powers in this regard cannot be exercised arbitrarily. When, and if the Board of Directors exercises its authority to vary the charitable purposes of a Fund, it must apply the assets of the Fund to the "most nearly related charitable purposes" in its judgement that will effectively accomplish the original intent of the donor.

Types of Funds: The Foundation receives contributions that are to be used exclusively for charitable purposes. The donor may have designated one or more specific charitable purposes for all future distributions from the contribution. These Funds are classified by charitable purpose as:

- Donor Advised Funds – Distributions are made from donor advisement and subsequent Board approval
- Designated Funds – Distributions are restricted by the donor to specific charities
- Discretion / Special Project – Distributions are restricted by the donor to a specified charitable purpose / project
- Scholarship Funds – Distributions are restricted to scholarships
- Field of Interest Funds – Distributions are restricted by the donor to a specified charitable purpose.

NEW BRAUNFELS COMMUNITY FOUNDATION
Notes to Audited Financial Statements
December 31, 2024

NOTE B – INVESTMENT EARNINGS

Investment earnings, net of fees, is comprised of the following for the year ended December 31, 2024:

Interest and dividend income	\$ 331,857
Fees	(23,948)
Realized and unrealized gains on investments	<u>816,979</u>
Investment earnings, net	<u><u>\$ 1,124,888</u></u>

NOTE C – PROPERTY AND EQUIPMENT

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

Furniture	\$ 5,000
Equipment	<u>17,991</u>
Total furniture and equipment	22,991
Less: accumulated depreciation	<u>(17,991)</u>
Furniture and equipment, net	<u><u>\$ 5,000</u></u>

NOTE D – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions totaled \$12,944,965 at December 31, 2024 and consists of endowment funds. See Note F for detail of these funds by type.

NOTE E – FAIR VALUE MEASUREMENTS

In accordance with U. S. GAAP, the Foundation utilizes a fair value hierarchy for inputs that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most 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 independent sources. Unobservable inputs are inputs that reflect the Management’s assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

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

NEW BRAUNFELS COMMUNITY FOUNDATION
Notes to Audited Financial Statements
December 31, 2024

NOTE E – FAIR VALUE MEASUREMENTS - continued

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets or liabilities in inactive markets
- inputs other than quoted prices that are observable for the asset or liability
- inputs that are derived principally from or corroborated by observable market data by correlation
- if a contractual term, the level 2 input must be observable for substantially the full term

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Financial assets and liabilities to be classified based on the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels. The following table presents the financial assets and liabilities that were accounted for at fair value on a recurring basis by level within the fair value hierarchy:

	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
<i>December 31, 2024</i>				
Cash, deposits, MMFs	\$ 659,039	\$ -	\$ -	\$ 659,039
Fixed income securities	4,313,699	-	-	4,313,699
Equity funds	7,760,159	-	-	7,760,159
Exchanged traded funds	1,419,157	-	-	1,419,157
Oil and gas interests	-	-	34,868	34,868
Partnership interests	-	-	1,592	1,592
Investments, at fair value	<u>\$ 14,152,054</u>	<u>\$ -</u>	<u>\$ 36,460</u>	14,188,514
Alternative investments, at NAV				<u>1,202,897</u>
Total investments				<u>\$ 15,391,411</u>

There have been no changes in methodologies used to compute fair value, nor transfers between levels. Fair market value of investments and assets limited as to use is determined as follows:

Cash, Deposits, and Money Market Funds (MMFs): Valued at their carrying amounts, which approximate fair value due to the short-term maturity of these instruments.

Fixed Income Securities and Equity Funds: Valued using quoted prices in active markets, when available. If not actively traded, these investments may be valued using NAV as a practical expedient when the investment does not have a readily determinable fair value.

Exchange Traded Funds: Valued using quoted prices in active markets.

NEW BRAUNFELS COMMUNITY FOUNDATION
Notes to Audited Financial Statements
December 31, 2024

NOTE E – FAIR VALUE MEASUREMENTS - continued

Oil & Gas and Partnership Interests: Valued at fair value based on industry conditions at year end.

Partnership Interests: Valued at fair value based on best available data at year end.

Alternative Investments: Valued at the NAV as a practical expedient, based on the fund’s reported NAV as of the measurement date.

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

As of December 31, 2024, the Foundation held an investment in the AB Multi-Manager Alternative Fund with a fair value of \$1,202,897, measured using the NAV as a practical expedient. The table below presents the general liquidity terms of the underlying portfolios by strategy. Actual redemption terms may vary across individual funds. There are no unfunded capital commitments related to this investment.

<u>Investment Strategy</u>	<u>Redemption Frequency*</u>	<u>Lock-up Period**</u>	<u>Redemption Notice Period</u>
Multi-Strategy	Quarterly	Up to 2 years	45–90 days
Long/Short Equity	Varies (Quarterly to Annual)	Up to 3 years	30–120 days
Credit/Distressed	Quarterly	Up to 1 year	30–90 days
Event Driven	Quarterly	Up to 18 months	60–90 days

*Redemption frequency reflects the most common terms but may vary by underlying fund.

**Some underlying funds within each strategy may be subject to initial or rolling lock-up periods.

NEW BRAUNFELS COMMUNITY FOUNDATION
Notes to Audited Financial Statements
December 31, 2024

NOTE F – ENDOWMENTS

The Board of Directors has interpreted the Texas Prudent Management of Institutional Funds Act (the Act), 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 donor restricted net assets (a) the original value of gifts held in perpetuity, (b) the original value of subsequent gifts to be held in perpetuity, and (c) accumulations made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is restricted until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by the Act.

In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the Foundation

In contrast to endowed funds that can only make grants from income earned from the principle, non-endowed funds can be used in their entirety for grants, depending on the terms in the fund agreement. The Foundation classified as net assets with donor restrictions all non-endowed funds whose donor restricted the expenditures from the fund to either a specific charitable purpose, specified time, or a specifically identified charitable organization. Those funds that do not contain a purpose restriction are classified as net assets without donor restrictions.

The Foundation has adopted investment and spending policies, which are recommended by the investment committee and approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of those endowment assets over the long-term that might otherwise be eroded by inflation. The Foundation's spending and investment policies work together to achieve this objective. The long-term return objective is to obtain a total rate of return that exceeds investment fees and inflation as measured by the Consumer Price Index and annual charitable expenditures. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation has in place an Investment Committee that monitors the performance of the Foundation's investment managers.

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds for grant making and administration. The spending policy, subject to requests for variances, is to distribute an amount equal to 3.5% of the fund balance of the prior month of the request. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through investment return.

NEW BRAUNFELS COMMUNITY FOUNDATION
Notes to Audited Financial Statements
December 31, 2024

NOTE F – ENDOWMENTS – continued

Changes in endowment net assets, all of which are *with donor restrictions*, are as follows for the year ended December 31, 2024:

Endowment funds, beginning of year	\$ 11,352,676
Interest and dividends	331,419
Realized and unrealized gains, net	791,656
Contributions	2,439,766
Amounts appropriated for expenditure	<u>(1,970,552)</u>
Endowment funds, end of year	<u>\$ 12,944,965</u>

Endowments are subject to the following designations at December 31, 2024:

Donor advised	\$ 7,697,016
Designated	2,039,858
Field of interest	1,486,257
Special projects	187,264
Scholarships	<u>1,534,570</u>
Total endowment funds	<u>\$ 12,944,965</u>

NOTE G – FUNDS HELD AS AGENCY ENDOWMENTS

The Financial Accounting Standards Board (FASB) has established standards for transactions in which a foundation may accept a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both to a beneficiary named by the donor. FASB specifically requires that if a not-for-profit organization establishes a fund at a foundation with its own funds and specifies itself as the beneficiary of that fund, the foundation must account for the transfer of such assets as a liability. The foundation maintains variance power and legal ownership of agency liability funds and as such, continues to report the funds as assets of the foundation. However, in accordance with FASB, a liability has been established for the full value of such funds.

The New Braunfels Community Foundation refers to such funds as funds held as agency endowments.

NEW BRAUNFELS COMMUNITY FOUNDATION
Notes to Audited Financial Statements
December 31, 2024

NOTE G – FUNDS HELD AS AGENCY ENDOWMENTS - continued

The Foundation holds 24 agency endowment funds. The following table summarizes the combined activity in the agency endowment funds for the year ended December 31, 2024:

Agency endowment funds at the beginning of the year	\$ 2,601,235
Contributions and transfers	434,350
Investment income	75,824
Realized and unrealized gains, net	218,026
Grants	(126,700)
Administrative fees	(39,918)
Investment expenses	<u>(6,289)</u>
Agency endowment funds at the end of year	<u>\$ 3,156,528</u>

NOTE H – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Foundation has approximately \$226,000 of financial assets available within one year of the balance sheet date to meet its cash needs for general expenditures. This consists of unrestricted cash. The Foundation's liquidity policy states that 2.0% of the value of investments are to be held in cash and cash equivalents to meet expenditures requirements. On occasion, the Foundation receives donations for general operations from donors. The McKenna Foundation donates the use of office space to the Foundation.