THE TYLER JUNIOR COLLEGE FOUNDATION

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
AUGUST 31, 2024 AND 2023

THE TYLER JUNIOR COLLEGE FOUNDATION
AUGUST 31, 2024 AND 2023
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Tyler Junior College Foundation
Tyler, Texas

Opinion
We have audited the accompanying financial statements of the Tyler Junior College Foundation (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of August 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Foundation as of August 31, 2024 and 2023, 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, 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.

PROTHRO, WILHELMI AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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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.

Prothro, Wilhelmi & Company, PLLC

PROTHRO, WILHELMI, AND COMPANY, PLLC

Tyler, Texas
October 24, 2024

THE TYLER JUNIOR COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AS OF AUGUST 31, 2024 AND 2023

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,480,552	$ 2,671,246
Pledges receivable, net of allowance	563,577	405,439
Deferred expenses	8,002	8,429
Deferred construction costs	1,924,000	2,090,000
Deferred scholarships	664,166	733,830
Total current assets	4,640,297	5,908,944
Non-current assets:		
Pledges receivable, net of discount	780,150	1,656,304
Investments:		
Marketable securities	102,488,247	87,539,454
Funds held-in-trust	146,824	139,335
Annuity arbitrage	994,062	987,068
Charitable gift annuities	351,621	348,368
Real estate and mineral interests	587,364	545,200
Other investments	43,824	44,492
Total investments	104,611,942	89,603,917
Total non-current assets	105,392,092	91,260,221
Total assets	$ 110,032,389	$ 97,169,165
LIABILITIES AND NET ASSETS		
Current liabilities:		
Due to Tyler Junior College	$ 2,588,166	$ 2,823,830
Accounts payable	42,527	48,067
Accrued interest	14,689	22,499
Deferred revenue	251,200	74,580
Total current liabilities	2,896,582	2,968,976
Long-term liabilities:		
Line of credit	1,150,000	1,510,000
Total long-term liabilities	1,150,000	1,510,000
Total liabilities	4,046,582	4,478,976
Net assets:		
Without donor restrictions	33,432,761	20,080,255
With donor restrictions	72,553,046	72,609,934
Total net assets	105,985,807	92,690,189
Total liabilities and net assets	$ 110,032,389	$ 97,169,165

See accompanying notes and independent auditor’s report.

THE TYLER JUNIOR COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE			
Contributions of cash and other financial assets	$ 100,554	$ 2,119,436	$ 2,219,990
Contributions of nonfinancial assets	31,647	29,009	60,656
Special events	126,224	-	126,224
Unrealized gain on investments	11,630,530	45,416	11,675,946
Realized gain	1,612,317	-	1,612,317
Investment income	2,226,799	166,535	2,393,334
Donor transfers in (out)	(1,359,528)	1,359,528	-
Total support and revenue	14,368,543	3,719,924	18,088,467
Net assets released from donor restrictions:			
Satisfaction of program restrictions	3,776,812	(3,776,812)	-
Total support, revenue, and net assets released from restrictions	18,145,355	(56,888)	18,088,467
EXPENSES			
Program	3,895,441	-	3,895,441
General and administrative	513,350	-	513,350
Fundraising	384,058	-	384,058
Total expenses	4,792,849	-	4,792,849
Change in net assets	13,352,506	(56,888)	13,295,618
NET ASSETS			
Balance, beginning of year	20,080,255	72,609,934	92,690,189
Balance, end of year	$ 33,432,761	$ 72,553,046	$ 105,985,807

See accompanying notes and independent auditor’s report.

THE TYLER JUNIOR COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE			
Contributions of cash and other financial assets	$ 177,119	$ 4,171,896	$ 4,349,015
Contributions of nonfinancial assets	20,290	152,311	172,601
Special events	121,343	-	121,343
Unrealized gain (loss) on investments	5,758,118	(103,990)	5,654,128
Realized gain	47,628	-	47,628
Investment income	1,957,766	212,403	2,170,169
Donor transfers in (out)	(3,656,465)	3,656,465	-
Total support and revenue	4,425,799	8,089,085	12,514,884
Net assets released from donor restrictions:			
Satisfaction of program restrictions	4,952,506	(4,952,506)	-
Total support, revenue, and net assets released from restrictions	9,378,305	3,136,579	12,514,884
EXPENSES			
Program	5,378,851	-	5,378,851
General and administrative	490,342	-	490,342
Fundraising	174,002	-	174,002
Total expenses	6,043,195	-	6,043,195
Change in net assets	3,335,110	3,136,579	6,471,689
NET ASSETS			
Balance, beginning of year	16,745,145	69,473,355	86,218,500
Balance, end of year	$ 20,080,255	$ 72,609,934	$ 92,690,189

See accompanying notes and independent auditor’s report.

THE TYLER JUNIOR COLLEGE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2024

	Program	General & Administrative	Fundraising	Total Expenses
Accounting and professional services	$ -	$ 81,654	$ 88,434	$ 170,088
Brokerage fees	-	406,309	-	406,309
Contract services	-	12,130	-	12,130
Special events	-	-	58,797	58,797
Insurance	-	6,385	-	6,385
Interest	-	-	92,173	92,173
Other awards	41,560	-	-	41,560
Other costs	-	4,086	-	4,086
Donor recognition	-	-	144,654	144,654
Real estate taxes	-	2,786	-	2,786
Scholarships	3,081,086	-	-	3,081,086
Support of Tyler Junior College	772,795	-	-	772,795
Total Expenses	$ 3,895,441	$ 513,350	$ 384,058	$ 4,792,849

THE TYLER JUNIOR COLLEGE FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2023

	Program	General & Administrative	Fundraising	Total Expenses
Accounting and professional services	$ -	$ 80,788	$ -	$ 80,788
Brokerage fees	-	380,855	-	380,855
Contract services	-	11,474	-	11,474
Special events	-	-	49,316	49,316
Insurance	-	6,384	-	6,384
Interest	-	-	121,486	121,486
Other awards	31,779	-	-	31,779
Other costs	-	2,863	-	2,863
Public relations and promotion	-	-	3,200	3,200
Real estate taxes	-	7,978	-	7,978
Scholarships	3,282,990	-	-	3,282,990
Support of Tyler Junior College	2,064,082	-	-	2,064,082
Total Expenses	$ 5,378,851	$ 490,342	$ 174,002	$ 6,043,195

See accompanying notes and independent auditor's report.

THE TYLER JUNIOR COLLEGE FOUNDATION
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 13,295,618	$ 6,471,689
Contributions restricted by donors for permanent endowment	(791,053)	(2,973,878)
Contributions of nonfinancial assets	(60,656)	(172,601)
Realized and unrealized loss (gain) on investments	(13,288,263)	(5,701,756)
(Appreciation) depreciation in value of real estate and minerals	(42,164)	303,747
Bad debt expense	(14,653)	(32,783)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Pledges receivable	732,669	1,639,111
Deferred expense	427	(7,113)
Deferred construction costs	166,000	(1,702,169)
Deferred scholarships	69,664	131,346
Annuity arbitrage	(6,994)	(5,091)
Charitable gift annuities	(3,253)	(18,853)
Other assets	668	(126)
Funds held in trust	(7,489)	74,872
Increase (decrease) in:		
Due to Tyler Junior College	(235,664)	1,570,823
Accounts payable	(5,540)	727
Accrued interest	(7,810)	7,155
Deferred revenue	176,620	(632)
Net cash used in operating activities	(21,873)	(415,532)
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	17,580,603	12,387,215
Purchase of investments	(19,180,477)	(13,130,134)
Net cash used in investing activities	(1,599,874)	(742,919)
CASH FLOW FROM FINANCING ACTIVITIES:		
Contributions received for permanent endowment	791,053	2,973,878
Payments on construction line of credit	(360,000)	(890,000)
Net cash provided by financing activities	431,053	2,083,878
Net increase (decrease) in cash and cash equivalents	(1,190,694)	925,427
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	2,671,246	1,745,819
CASH AND CASH EQUIVALENTS, AT END OF YEAR	$ 1,480,552	$ 2,671,246
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 99,983	$ 114,331

See accompanying notes and independent auditor’s report.

THE TYLER JUNIOR COLLEGE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF ACTIVITIES

The Tyler Junior College Foundation ("the Foundation") is a nonprofit corporation organized under the Texas Nonprofit Corporation Act. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. The purpose of the Foundation is to strengthen the higher educational resources of Texas by encouraging a program of benefactions to Tyler Junior College ("TJC").

BASIS OF ACCOUNTING

The Foundation's financial statements are presented in accordance with Accounting Standards Codification (ASC) No. 958-205, *Not-for-Profit Entities, Presentation of Financial Statements.* Under ASC No. 958, the Foundation is required to report information regarding its financial position and activities by class.

- Net Assets without Donor Restrictions are amounts currently available at the discretion of the Board for use in the Foundation's operations and those resources invested in equipment or real estate.
- Net Assets with Donor Restrictions are stipulated by donors for specific operation purposes or for the acquisition of equipment.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents principally include cash and money market investments not held by trustees. For the purposes of presentation in the statement of cash flows, the Foundation considers cash equivalents to be short-term, highly liquid instruments that are readily convertible to cash and have original maturities of three months or less.

For the years ended August 31, 2024 and 2023, all cash and cash equivalents are without donor restrictions.

PLEDGES RECEIVABLE

Unconditional promises to give are recognized as contribution revenue when pledged. Conditional promises to give are recognized when the conditions on which they depend are substantially met. It is the Foundation's internal policy that only those pledges with signed, multi-year agreements above $10,000 are recorded as receivables. Contributions other than cash are recorded at their estimated fair value.

The allowance for uncollectible amounts is based on management's judgment, including factors such as prior collection history, type of contribution, nature of fundraising activity, and expectations about future economic conditions that may affect collectability. Currently, the Foundation maintains the allowance for uncollectible amounts at two percent of the discounted pledge receivable. Pledges receivable are discounted to net present value based upon an appropriate discount rate determined by management. Bad debt expense and the accretion of net present value affects net assets without donor restrictions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

DEFERRED EXPENSES, SCHOLARSHIPS, AND CONSTRUCTION COSTS

Deferred expenses are comprised of golf tournament costs paid prior to the period for which it relates. The golf tournament is an annual fundraising event held for the purpose of raising money for scholarships for TJC students. Scholarships and construction costs to be paid to TJC that relate to future periods are recognized as deferred scholarships and deferred construction costs, respectively, and are offset by an equal liability to TJC.

MARKETABLE SECURITIES

All the Foundation's investments in marketable securities are with Goldman Sachs. Investments in marketable securities with readily determinable fair values are stated at fair value. Realized gains or losses on sales of investment securities are based upon the cost of the specific security sold. Unrealized gains and losses are included in the change in net assets. Income, realized, and unrealized gains and losses on investments of endowment and similar funds are reported as follows:

- As changes in net assets with donor restrictions if the terms of the gift require that they be added to the principal of a permanent endowment fund or if the terms of the gift impose restrictions on the use of income; or,
- As changes in net assets without donor restrictions in all other cases.

FUNDS HELD-IN-TRUST

At the beginning of fiscal year 2023, the Foundation was the beneficiary of two trusts. During the fiscal year, one trust was terminated and liquidated. The final liquidation distribution was made in the current fiscal year to close out the estimated contingent funds that were held when the trust terminated. The assets were invested into the investment pool. The remaining trust is recorded at fair value, and the underlying assets are included in the fair value measurement in Note 12. The income and related gains and losses are without donor restriction.

LIFE INSURANCE CONTRACTS

The Foundation is the primary beneficiary for three life insurance contracts. The Foundation records these life insurance contracts at their cash surrender value. One of the three life insurance contracts was structured as a charitable gift annuity by the donor to provide more favorable future payouts. The other two policies comprise other investments on the accompanying statements of financial position.

ANNUITY ARBITRAGE

In December 2019, the Foundation designated $1 million to establish sustained cash flows for the Promise Program by entering into an annuity arbitrage. An annuity arbitrage pairs an annuity with a life insurance policy to establish sustained cash flows that are not attached to the market and its related risks.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

ANNUITY ARBITRAGE – continued

The strategy employed to create an effective annuity arbitrage is to purchase an annuity with the highest payout available for principal allocated for the arbitrage. To offset the high cost of the annuity, a life insurance policy is also purchased with an equal or greater payout than the principal utilized to purchase the annuity. To achieve the maximum return, the highest annuity payout possible and the lowest life insurance premium possible are negotiated. The net effect of the annuity payout and the life insurance premium establishes sustained cash flows for the life of the annuitant. The principal invested in the annuity will be restored at the death of the annuitant by the payout of the life insurance policy. In effect, the arbitrage operates like a synthetic bond that matures at the death of the annuitant. The Foundation expects the annuity arbitrage to return four percent annually for the life of the annuitant.

REAL ESTATE AND MINERAL INTERESTS

Real estate donated to the Foundation is stated at fair market value at the time of the gift, and real estate purchased by the Foundation is stated at cost. Depreciation of the Foundation’s real estate is not currently necessary because the Foundation’s real estate portfolio consists solely of land. All land held at August 31, 2024 is considered a part of net assets without donor restrictions.

Mineral interests have been donated to the Foundation for the purpose of growing the endowments. These mineral interests are managed and valued by Argent Mineral Management. The valuation of these interests is based upon a multiple of net revenues. Any income from these interests is restricted by the donors to grow the endowments.

ALTERNATIVE INVESTMENTS

The Foundation’s board has elected to diversify the portfolio by investing in strategic alternative investments, including private equity investments focused on real estate and infrastructure. Alternative investments are recorded at net asset value based on the most recent capital statement value, plus or minus net contributions and distribution to the investment since the date of the last capital statement.

DEFERRED REVENUE

Deferred revenue is comprised of golf tournament revenue and grant funds received prior to the period for which it relates. The golf tournament is the annual fundraising event held for the purpose of raising money for scholarships for TJC students. Further, the grant funds are for upgrades to TJC athletic equipment.

MARGIN LOAN

In January 2022, the Foundation formalized an agreement with Goldman Sachs to open a margin loan account with an original principal balance of $3,250,000 for general construction purposes, which is reported on the statements of financial position as a line-of-credit. This margin loan has a variable interest rate that has fluctuated between 1.14% and 6.49%. As of August 31, 2024, $1,150,000 was outstanding on the margin loan.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

PROMISE PROGRAM

In September 2016, the Foundation announced a scholarship program as an incentive for students in high school to attend college after graduation. The Promise Program is a six-year comprehensive program that spans from ninth grade through the first two years of college. The Promise Program encourages students within the TJC tax district to perform well academically in high school and college, while limiting the number of missed school days and promoting community service. Students who fulfill the Promise requirements receive support and encouragement to obtain a college degree or certificate from TJC.

The Promise Program covers tuition and fees for up to two years through a combination of federal grants to students, Foundation scholarships, and the TJC Promise. Scholarship funding specific to the Promise Program is awarded through a last-in model after federal and other Foundation scholarships are applied to tuition and fees. For the year ended August 31, 2024, total Foundation scholarships of $1,033,455 were awarded for students participating in the Promise Program. Actuarial projections indicate approximately $1.14 million will be spent on Promise Program scholarships for the year ending August 31, 2025.

TJC NOW

TJC NOW provides support to TJC students facing emergency and immediate needs. The program operates on a case-by-case basis, offering financial assistance to students who encounter unexpected challenges that could impact their education. Funds remain available to address these urgent needs, ensuring that students can receive timely support when necessary.

CONTRIBUTIONS

Contributions received or receivable are recorded as with or without donor restrictions depending on the existence and nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions.

REVENUE RECOGNITION

The Foundation recognizes revenue according to the Financial Accounting Standard Board's ("FASB") Accounting Standards Codification ("ASC") Topic 606 Revenue Recognition ("ASC 606"). ASC 606 provides guidelines for presenting and disclosing revenue from contracts with customers, including revenue that is expected to be recognized. In addition, the Foundation has adopted ASU No. 2014-09, "Revenue from Contracts with Customers," which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The Foundation also adopted ASU No. 2018-08 which clarifies the items addressed in ASU No. 2014-09.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

REVENUE RECOGNITION - continued

Revenue from contributions, which apart from any bifurcation required due to exchange-like portions for the contribution, are excluded from the application of ASU No. 2014-09. The Foundation revenues that constitute a contract under ASC 606 are revenues for special events and corporate naming rights. Refer to Note 17.

NAMING RIGHTS

The Foundation recognizes revenue from the sale of corporate naming rights when the performance obligations of having the project completed and publicly named are met. Corporate naming rights are generally paid annually over an agreed-upon period of time. The corporate naming rights typically last for a defined term, after which the corporate donor has the first right of refusal to extend its contract for the naming rights.

Buildings, plazas, or other projects named after individuals or private foundations are not considered naming rights and are, instead, considered philanthropic commemorations. Because the private donor does not receive commensurate value for their donation, the revenue is considered a contribution and is recognized as receivable upon formal pledge.

CONTRIBUTED NONFINANCIAL ASSETS

The Foundation records various types of contributions of nonfinancial assets. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals processing those skills, and would typically need to be purchased if not provided by donation. Non-specialized, unpaid volunteers conduct a portion of the Foundation’s activities. The value of this contributed time is not reflected in the accompanying financial statements, since it does not meet the criteria for recognition under generally accepted accounting principles. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as contributed nonfinancial assets are offset by like amounts included in expenses as support to TJC or additions to real estate. See Note 13 for further detail regarding contributed nonfinancial assets.

USE OF ESTIMATES

The preparation of the financial statements in conformity with 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 support and revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

FEDERAL INCOME TAX STATUS

The Foundation is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified as other than a private foundation; therefore, no provision for income taxes has been made in the financial statements, but the Foundation is required to file an annual information tax return. The Foundation is also required to review various tax positions it has taken with respect to its exempt status and to determine whether in fact it is a tax-exempt entity. The Foundation must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax-exempt entity, the Foundation must assess whether it has any tax positions associated with unrelated business income subject to income tax. The Foundation does not expect its positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Foundation's accounting records.

The Foundation files US Federal Form 990 for informational purposes. Although exempt from Federal income taxes, the Foundation is subject to examination by tax authorities for a period of three years after the due date of the Foundation's Federal information return. There were no uncertain tax positions for which the Foundation believes a liability should be recorded as of August 31, 2024 and 2023.

RECENTLY ADOPTED ACCOUNTING STANDARDS

Effective September 1, 2023, the Foundation adopted Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments–Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The ASU replaces the incurred loss impairment methodology with a current expected credit losses model for financial assets measured at amortized cost. The Foundation's pledges receivable are considered non-exchange transactions and are therefore not subject to this ASU. Additionally, the Foundation does not hold any financial assets that are within the scope of the standard. The adoption of this standard did not have a material impact on the financial statements.

NOTE 2 – RECLASSIFICATIONS

Certain reclassifications have been made to prior year financial statements to conform to classifications used in the current year. These reclassifications had no impact on net assets or changes in net assets.

NOTE 3 – AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of August 31, 2024 and 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of August 31, 2024 and 2023, respectively:

Availability of Financial Assets:	**2024**	**2023**
Total assets - per Statements of Financial Position	$ 110,032,389	$ 97,169,165
Less amounts not available for general use due to contractual or donor-imposed restrictions within one year of August 31, 2024 and 2023, respectively:	(4,324,418)	(4,503,862)
Financial assets, at fiscal year end	105,707,971	92,665,303
Less those unavailable for general expenditures within one year, due to:		
Restrictions by donor	(72,553,046)	(72,609,934)
Charitable gift annuity	(351,621)	(348,368)
Pledges receivable due in more than one year	(780,150)	(1,656,304)
Board designations	(3,000,000)	(3,000,000)
Financial assets available to meet general expenditures within one year	$ 29,023,154	$ 15,050,697

The table below distinguishes net assets without donor restrictions available for discretionary spending from financial assets available to meet general expenditures within one year. While the former reflects funds potentially available for specific purposes, the latter focuses on resources available for immediate spending.

Net Assets Available for Discretionary Spending	**2024**	**2023**
Net assets without donor restrictions	$ 33,432,761	$ 20,080,255
Accumulated earnings and market appreciation for endowed funds designated for scholarships, staff awards, student and campus enrichment programs, alumni, or capital projects	(26,775,869)	(15,614,527)
Net assets without donor restrictions, available for discretionary spending, at fiscal year end	$ 6,656,892	$ 4,465,728

The Foundation monitors the spendable balances and ensures that these funds are used in alignment with their intended purposes.

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable, net, is summarized as follows as of August 31, 2024 and 2023:

	2024	2023
Pledges due within one year	$ 591,000	$ 447,515
Pledges due in one to five years	932,500	1,890,061
	1,523,500	2,337,576
Discount at present value at 6.799%	(152,350)	(233,757)
	1,371,150	2,103,819
Allowance for uncollectible pledges	(27,423)	(42,076)
Discounted pledges receivable, net	$ 1,343,727	$ 2,061,743

NOTE 5 – MARKETABLE SECURITIES

Marketable securities are reported at fair value, which is determined using the market valuations provided. The methods used to measure fair value may produce an amount 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.

Marketable securities, reported at fair market value at August 31, 2024 and 2023 include the following:

	2024	2023
Money market	$ 1,607,509	$ 1,060,711
Common stock	5,476,762	4,879,969
Mutual funds	56,718,060	47,155,259
Exchange traded funds	34,125	-
Corporate bonds	20,490,920	19,882,880
Federal bonds	16,673,558	12,986,637
Alternative investments	1,487,313	1,573,998
	$ 102,488,247	$ 87,539,454

NOTE 6 – REAL ESTATE AND MINERAL INTERESTS

Real estate and mineral interests amounted to $587,364 and $545,200 at August 31, 2024 and 2023, respectively. Real estate held for future use has been recorded at cost or at appraised value if contributed and consists of numerous parcels of land.

NOTE 7 – RESTRICTIONS ON NET ASSETS

The Foundation's net assets are comprised of the following:

	2024	2023
Net assets (deficits) without donor restrictions:		
Undesignated	$ 1,240,210	$ 1,712,764
Endowment, net of board designations	28,958,022	15,132,962
Real estate	234,529	234,529
Board designations	3,000,000	3,000,000
Total net assets without donor restrictions	33,432,761	20,080,255
Net assets (deficits) with donor restrictions for:		
Scholarships (includes marketable securities, funds held-in-trust, and oil and gas properties)	67,302,332	67,854,065
Student and campus enrichment	4,448,401	4,314,231
Alumni funds	26,664	25,373
Performing arts complex	(118,612)	(275,896)
Band and Belles complex	630,731	718,180
Staff awards	269,825	269,775
Accumulated losses on endowment funds	(6,295)	(295,795)
Total net assets with donor restrictions	72,553,046	72,609,933
Total net assets	$ 105,985,807	$ 92,690,188

NOTE 8 – ENDOWMENTS

The Foundation's endowments consist of funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

NOTE 8 – ENDOWMENTS - continued

The Foundation's governing board 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 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 net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Funds that are donor restricted, but not permanently endowed, are held in restriction until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the duration and preservation of the fund and the purposes of the Foundation and the donor restricted endowment fund in deciding to appropriate or accumulate donor-restricted endowment funds.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature are to be reported in net assets with donor restrictions. These deficiencies result from unfavorable market fluctuations and continued appropriation for certain programs that were deemed prudent by the Board of Directors.

Investment Return Objectives, Risk Parameters, and Strategies
The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to provide income for the benefit of TJC at a consistent level as adjusted for inflation annually but preserve principal.

To satisfy its long-term 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 targets a diversified asset allocation with fixed income and equity-based investments to achieve its long-term return objectives within prudent risk constraints. Target asset allocations are set in its investment policy.

Spending Policy
The Foundation has set a spending cap of 4.07% and a floor of 0.00% of its endowment funds' periodic average market value. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow.

NOTE 8 – ENDOWMENTS - continued

This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

From time to time, certain donor restricted 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.

Endowment net asset composition by type of fund as of August 31, 2024 is as follows:

Endowment funds without donor restriction	$	28,958,022
Board designated endowment funds		3,000,000
Endowment funds with donor restriction		72,553,046
Total endowment funds	$	104,511,068

Endowment net asset composition by type of fund as of August 31, 2023 is as follows:

Endowment funds without donor restriction	$	15,132,961
Board designated endowment funds		3,000,000
Endowment funds with donor restriction		72,609,934
Total endowment funds	$	90,742,895

At August 31, 2023, forty-six funds with original gift values of $8,282,839, fair values of $7,987,044, and deficiencies of $295,795 were reported in net assets with donor restrictions. During the year ended August 31, 2023, the Foundation appropriated $233,356 from underwater endowment funds.

At August 31, 2024, two funds with original gift values of $583,914, fair values of $577,620, and deficiencies of $6,295 were reported in net assets with donor restrictions. During the year ended August 31, 2024, the Foundation did not appropriate funds from underwater endowment funds.

Generally, recently established endowment funds are at a greater risk of descending into underwater status in a downward market environment because they have not had the opportunity to grow over time. The underwater endowment funds at August 31, 2024 are recently-established endowment funds.

NOTE 8 – ENDOWMENTS - continued

Changes in endowment net assets as of August 31, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance (9/1/23)	$ 18,132,961	$ 72,609,934	$ 90,742,895
Contributions	258,425	2,148,445	2,406,870
Investment return	3,839,116	166,535	4,005,651
Net appreciation (depreciation)	11,630,530	45,416	11,675,946
Expenditures	(1,016,037)	(3,776,812)	(4,792,849)
Other changes	(886,973)	1,359,528	472,555
Ending balance (8/31/24)	$ 31,958,022	$ 72,553,046	$ 104,511,068

Changes in endowment net assets as of August 31, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance (9/1/22)	$ 13,782,730	$ 69,473,355	$ 83,256,085
Contributions	318,752	4,324,207	4,642,959
Investment return	2,005,394	212,403	2,217,797
Net appreciation (depreciation)	5,758,118	(103,990)	5,654,128
Expenditures	(1,090,689)	(4,952,506)	(6,043,195)
Other changes	(2,641,344)	3,656,465	1,015,121
Ending balance (8/31/23)	$ 18,132,961	$ 72,609,934	$ 90,742,895

NOTE 9 – INVESTMENT INCOME

Investment income, unrealized gains (losses), and realized gains (losses) on investments recognized during the years ended 2024 and 2023 were as follows:

	2024		
	Investment income (loss)	Unrealized gain (loss)	Realized gain (loss)
Brokerage account	$ 2,111,937	$ 11,636,389	$ 1,619,581
Other	281,397	39,557	(7,264)
Total	$ 2,393,334	$ 11,675,946	$ 1,612,317

NOTE 9 – INVESTMENT INCOME - continued

	2023		
	Investment income (loss)	Unrealized gain (loss)	Realized gain (loss)
Brokerage account	$ 1,798,734	$ 5,902,760	$ (87,810)
Other	371,435	(248,632)	135,438
Total	$ 2,170,169	$ 5,654,128	$ 47,628

Charitable gift annuities of $351,621 and $348,368 for 2024 and 2023, respectively, are reported at surrender value.

Funds held in trust are investments held by credible financial institutions. Under terms of the trusts, all distributions from the trusts go to the TJC Foundation for scholarships.

Other investment income includes oil and gas royalties of $70,567 and $62,134 for 2024 and 2023, respectively.

NOTE 10 – RELATED PARTY TRANSACTIONS

The Foundation expended approximately $3,895,441 and $5,378,851 to TJC for scholarships, support, and awards in 2024 and 2023, respectively. TJC provides substantially all administrative staff and supplies to the Foundation at no cost. The Foundation incurs no payroll expense because it is managed by personnel employed and paid by TJC. The Foundation's obligation to TJC was $2,588,166 and $2,823,830 at August 31, 2024 and 2023, respectively.

NOTE 11 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk include cash deposited in banks of $1,479,514 at August 31, 2024.

For the Foundation's demand deposits held with various banks, $979,176 was in excess of Federal Deposit Insurance Corporation (FDIC) coverage. Risks related to amounts in excess of FDIC coverage are mitigated by maintaining deposits in only well-capitalized financial institutions.

NOTE 12 – FAIR VALUE MEASUREMENTS

The Foundation adopted FASB Accounting Standards Codification Topic 820, "Fair Value Measurements" (Topic 820). Topic 820 requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements. These strata included:

NOTE 12 – FAIR VALUE MEASUREMENTS - continued

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),
- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and
- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Foundation-specific data. These unobservable assumptions reflect the Foundation's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models, and similar techniques, but also may include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

A description of the valuation methodologies used for assets measured as fair value as of August 31, 2024 and 2023 follows:

- Money market – valued at a net asset value ("NAV") of one dollar per share on an open market.
- Common stock – valued at the closing price reported on the active market in which the individual securities are traded.
- Mutual funds – valued at the NAV of shares held at year end. Mutual funds are measured at daily NAV with open market availability.
- Corporate bonds – valued based on yields currently available on comparable securities of issuers with similar credit ratings.
- Federal bonds – valued based on yields currently available on comparable securities of issuers with similar credit ratings.
- Oil and gas properties – valued at a multiple of five times the trailing 12-month net revenue from producing properties. Non-producing properties are not included in the estimation.
- Real estate – valued at the cost at time of purchase or, if contributed, at appraised value at time of donation.
- Life insurance contracts – valued at cash surrender value, which approximates fair value.

The Foundation uses net asset value per unit or share, as provided by external investment managers, as the practical expedient estimate of the fair value of its alternative investments and mutual funds. Accordingly, such values may differ from values that would have been used had an active market for the investments existed. Alternative investments currently held and measured using net asset value per unit are not eligible for redemption and, accordingly, have no requirement for a redemption notice period. Mutual fund investments, however, are redeemable on demand and do not require a redemption notice period.

NOTE 12 – FAIR VALUE MEASUREMENTS - continued

The Foundation's assets measured on a recurring basis at August 31, 2024 and 2023 are reported at fair value in the accompanying financial statements as follows:

	2024				
		Fair Value Measurements at the End of the Reporting Period Using			
	Total	(Level 1)	(Level 2)	(Level 3)	NAV
Money market	$ 1,611,580	$ 1,611,580	$ -	$ -	$ -
Common stock	5,606,621	5,606,621	-	-	-
Exchange traded funds	34,125	34,125	-	-	-
Corporate bonds	20,490,920	-	20,490,920	-	-
Federal bonds	16,673,558	-	16,673,558	-	-
Oil and gas properties	352,835	-	-	352,835	-
Real estate	234,529	-	-	234,529	-
Life insurance contracts	1,389,507	-	-	1,389,507	-
Total investments within fair value heirarchy	46,393,675	7,252,326	37,164,478	1,976,871	-
Investments measured at net asset value:					
Mutual funds	56,730,954	-	-	-	56,730,954
Alternative investments	1,487,313	-	-	-	1,487,313
Total investments measured at net asset value	58,218,267	-	-	-	58,218,267
Total investments	$ 104,611,942	$ 7,252,326	$ 37,164,478	$ 1,976,871	$ 58,218,267

	2023				
		Fair Value Measurements at the End of the Reporting Period Using			
	Total	(Level 1)	(Level 2)	(Level 3)	NAV
Money market	$ 1,062,728	$ 1,062,728	$ -	$ -	$ -
Common stock	5,000,310	5,000,310	-	-	-
Corporate bonds	19,882,880	-	19,882,880	-	-
Federal bonds	12,986,637	-	12,986,637	-	-
Oil and gas properties	310,671	-	-	310,671	-
Real estate	234,529	-	-	234,529	-
Life insurance contracts	1,379,928	-	-	1,379,928	-
Total investments within fair value heirarchy	40,857,683	6,063,038	32,869,517	1,925,128	-
Investments measured at net asset value:					
Mutual funds	47,172,236	-	-	-	47,172,236
Alternative investments	1,573,998	-	-	-	1,573,998
Total investments measured at net asset value	48,746,234	-	-	-	48,746,234
Total investments	$ 89,603,917	$ 6,063,038	$ 32,869,517	$ 1,925,128	$ 48,746,234

NOTE 12 – FAIR VALUE MEASUREMENTS - continued

Investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	2024	2023
Beginning balance	$ 1,925,128	$ 2,204,903
Gains (losses) realized and unrealized	51,743	(279,775)
Purchases, issuances, and settlements	-	-
Ending balance	$ 1,976,871	$ 1,925,128

NOTE 13 – CONTRIBUTED NONFINANCIAL ASSETS

The Foundation recognized contributed nonfinancial assets within revenue, which has included supplies, food and beverage, professional services, and land. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The Foundation’s policy for contributed nonfinancial assets is to take each contribution on a case-by-case basis to key management for a decision based on its discretion, unless otherwise restricted by the donor or specified by the board of directors.

Contributed nonfinancial assets are generally utilized for a specific programmatic purpose or liquidated and invested into the endowment. Gifts of land or other real estate may be held by the Foundation or transferred to TJC if there is a specific use for the land.

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NOTE 13 – CONTRIBUTED NONFINANCIAL ASSETS – continued

For the year ended August 31, 2024, contributed nonfinancial assets recognized within the statement of activities included:

Asset Category	Revenue Recognized	Utilization in Program/Activities	Donor Restriction	Valuation Techniques and Inputs
Supplies	2,158	Golf Tournament	Donors restricted for program use	Valued based on the estimated fair value of the contributed nonfinancial asset.
Food and Beverage	6,246	Golf Tournament	Donors restricted for program use	Valued based on the estimated fair value of the contributed nonfinancial asset.
Supplies	7,000	Diagnostic Medical Sonography Program	Donors restricted for program use	Valued based on the estimated fair value of the contributed nonfinancial asset.
Supplies	1,500	Softball Program	Donors restricted for program use	Valued based on the estimated fair value of the contributed nonfinancial asset.
Supplies	90	Nutcracker Ballet	Donors restricted for program use	Valued based on the estimated fair value of the contributed nonfinancial asset.
Supplies	10,000	Biology Program	Donors restricted for program use	Valued based on the estimated fair value of the contributed nonfinancial asset.
Supplies	200	Tri-My-Best Triathalon	Donors restricted for program use	Valued based on the estimated fair value of the contributed nonfinancial asset.
Supplies	14,787	General Support	No associated donor restriction	Valued based on the estimated fair value of the contributed nonfinancial asset.
Professional Services	18,675	General Support	No associated donor restriction	Valued based on the estimated fair value of the contributed nonfinancial asset.
	$ 60,656			

NOTE 13 – CONTRIBUTED NONFINANCIAL ASSETS – continued

For the year ended August 31, 2023, contributed nonfinancial assets recognized within the statement of activities included:

Asset Category	Revenue Recognized	Utilization in Program/Activities	Donor Restriction	Valuation Techniques and Inputs
Supplies	1,547	Golf Tournament	Donors restricted for program use	Valued based on the estimated fair value of the contributed nonfinancial asset.
Food and Beverage	1,976	Golf Tournament	Donors restricted for program use	Valued based on the estimated fair value of the contributed nonfinancial asset.
Supplies	1,358	HVAC/Refrigeration Program	Donors restricted for program use	Valued based on the estimated fair value of the contributed nonfinancial asset.
Supplies	66,480	Ophthalmic Medical Assisting Program	Donors restricted for program use	Valued based on the estimated fair value of the contributed nonfinancial asset.
Supplies	1,300	Theater Program	Donors restricted for program use	Valued based on the estimated fair value of the contributed nonfinancial asset.
Supplies	56,000	Respiratory Care Program	Donors restricted for program use	Valued based on the estimated fair value of the contributed nonfinancial asset.
Supplies	23,250	Surveying and Mapping Program	Donors restricted for program use	Valued based on the estimated fair value of the contributed nonfinancial asset.
Supplies	400	Tri-My-Best Triathalon	Donors restricted for program use	Valued based on the estimated fair value of the contributed nonfinancial asset.
Supplies	790	General Support	No associated donor restriction	Valued based on the estimated fair value of the contributed nonfinancial asset.
Professional Services	19,500	General Support	No associated donor restriction	Valued based on the estimated fair value of the contributed nonfinancial asset.
	$ 172,601			

NOTE 14 – JOINT COST ALLOCATION

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function; therefore, the expenses are allocated on the basis of estimates of time, effort, or other reasonable bases.

NOTE 15 – BOARD DESIGNATED NET ASSETS

In prior years, the Foundation's governing board voted and approved to designate, from net assets without donor restrictions, $3,000,000 to be used in support of the Promise Program. These funds designated by the board will remain designated for the purpose described unless the board obtains a majority vote to remove the designation from these funds or designate these funds for another purpose.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

As of August 31, 2024, the Foundation has made commitments to two alternative investment funds as part of its investment strategy, both facilitated through Goldman Sachs:

E&F Private Equity Managers
The Foundation has committed $2,000,000 to E&F Private Equity Managers, a private equity fund focused on long-term capital growth through diversified investments in private companies across various sectors. As of August 31, 2024, there have been no capital calls on this commitment. The timing of future capital calls is uncertain and will depend on the fund's investment activity.

West Street Offshore Infrastructure
The Foundation committed $1,000,000 to West Street Offshore Infrastructure, a real estate investment trust ("REIT") that focuses on infrastructure-related assets, primarily in the offshore energy and logistics sectors. As of August 31, 2024, $550,000 remains outstanding on this commitment. The timing of future capital calls is contingent on the REIT's investment activities and infrastructure projects.

These commitments represent contractual obligations for the Foundation, and future capital calls will be funded from existing cash reserves and investments. The Foundation monitors its liquidity to ensure it can meet these commitments as they come due.

NOTE 17 – REVENUE RECOGNITION

The timing of revenue recognition, billings, and cash collections results in notes and/or accounts receivable ("contract assets") and deferred revenues ("contract liabilities") on the Statements of Financial Position. Amounts are billed in accordance with agreed-upon contracted amounts and terms. The current balance of accounts receivable is for contributions, not earned revenue, therefore, this amount is not subject to the standard. Further, grants received are considered contributions and are not subject to the standard.

The Foundation hosts and promotes special events within the community. Special events income is referred to as fundraising on the Statements of Activities. Revenue generated from these events is recognized upon the successful conclusion of the event (point in time recognition). The balance in deferred revenue is due to annual golf tournament collections and grant funds that had yet to be recognized.

Corporate naming rights revenue is recognized when the sole performance obligation of naming the facility occurs (point in time recognition).

The beginning and ending contract balances were as follows:

	2022	2023	2024
Deferred revenue	$ 75,212	$ 74,580	$ 251,200

Due to the nature of the special events, all contract liabilities outstanding at the beginning of the fiscal year were recognized as revenue during the fiscal year.

NOTE 18 – SUBSEQUENT EVENTS

In accordance with FASB Accounting Standards Codification Topic 740 “Subsequent Events,” the Foundation evaluated events and transactions that occurred after the statement of financial position date, but before the financial statements were made available for issuance for potential recognition or disclosure in the financial statements.

The Foundation evaluated events related to significant areas through October 24, 2024 and noted no such subsequent events to be disclosed in the notes to the financial statements.