

Cooper Foundation
Lincoln, Nebraska

December 31, 2023 and 2022

Financial Statements
and
Independent Accountant's Review Report



CPAs & Consultants | Wealth Management

Cooper Foundation

Years ended December 31, 2023 and 2022

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INDEPENDENT ACCOUNTANT’S REVIEW REPORT

The Board of Directors
Cooper Foundation
Lincoln, Nebraska

We have reviewed the accompanying financial statements of the Cooper Foundation which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Accountant’s Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Cooper Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant’s Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter with Respect to Change of Accounting Methods

As discussed in Note K to the financial statements, Cooper Foundation adopted new accounting guidance ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)* in 2023. Our conclusion is not modified with respect to this matter.

Lincoln, Nebraska
March 29, 2024

Cooper Foundation

STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents (note A)	\$ 266,859	\$ 51,584
Prepaid excise taxes	6,170	2,481
Prepaid expenses	16,384	11,942
Property and equipment (notes A and D)	4,492	6,955
Operating lease right-of-use asset (notes A and H)	329,879	366,671
Investments (notes A, B and J)	<u>25,180,238</u>	<u>22,316,961</u>
Total assets	<u>\$ 25,804,022</u>	<u>\$ 22,756,594</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Grants payable (notes A and E)	\$ 173,081	\$ 315,819
Accounts payable and accrued expenses	25,973	25,602
Operating lease obligations (notes A and H)	<u>336,071</u>	<u>369,935</u>
Total liabilities	<u>535,125</u>	<u>711,356</u>
NET ASSETS (notes A and F)		
With donor restrictions		
Time-restricted for future periods	20,268,897	17,045,238
Perpetual in nature	<u>5,000,000</u>	<u>5,000,000</u>
Total net assets	<u>25,268,897</u>	<u>22,045,238</u>
Total liabilities and net assets	<u>\$ 25,804,022</u>	<u>\$ 22,756,594</u>

See accompanying notes to financial statements and independent accountant's review report.

Cooper Foundation

STATEMENTS OF ACTIVITIES

Years ended December 31,

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Investment return (loss), net (note B)	\$ -	\$ 4,188,524	\$ 4,188,524	\$ -	\$ (6,673,121)	\$ (6,673,121)
Net assets released from restrictions	<u>964,865</u>	<u>(964,865)</u>	<u>-</u>	<u>1,217,412</u>	<u>(1,217,412)</u>	<u>-</u>
Total revenue and support	<u>964,865</u>	<u>3,223,659</u>	<u>4,188,524</u>	<u>1,217,412</u>	<u>(7,890,533)</u>	<u>(6,673,121)</u>
EXPENSES						
Program	763,709	-	763,709	1,014,879	-	1,014,879
Administrative	<u>201,156</u>	<u>-</u>	<u>201,156</u>	<u>202,533</u>	<u>-</u>	<u>202,533</u>
Total expenses	<u>964,865</u>	<u>-</u>	<u>964,865</u>	<u>1,217,412</u>	<u>-</u>	<u>1,217,412</u>
Increase (decrease) in net assets	-	3,223,659	3,223,659	-	(7,890,533)	(7,890,533)
Net assets at beginning of year	<u>-</u>	<u>22,045,238</u>	<u>22,045,238</u>	<u>-</u>	<u>29,935,771</u>	<u>29,935,771</u>
Net assets at end of year	<u>\$ -</u>	<u>\$ 25,268,897</u>	<u>\$ 25,268,897</u>	<u>\$ -</u>	<u>\$ 22,045,238</u>	<u>\$ 22,045,238</u>

See accompanying notes to financial statements and independent accountant's review report.

Cooper Foundation

STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2023

	Program Services	Administrative Services	Total
Grants	\$ 515,722	\$ -	\$ 515,722
Salaries and benefits	180,854	119,708	300,562
Payroll taxes	10,617	7,090	17,707
Rent	30,269	20,035	50,304
Travel and entertainment	7,795	4,001	11,796
Technology	4,200	7,736	11,936
Repairs and maintenance	-	1,000	1,000
Trustees' fees	-	13,000	13,000
Depreciation	1,482	981	2,463
Insurance	-	4,307	4,307
Professional services	-	15,508	15,508
Communications	8,604	-	8,604
Dues and publications	1,774	1,868	3,642
Supplies	-	1,608	1,608
Telephone and internet	2,392	1,583	3,975
Federal excise tax expense (note G)	-	2,731	2,731
Total expenses	<u>\$ 763,709</u>	<u>\$ 201,156</u>	<u>\$ 964,865</u>

Year ended December 31, 2022

	Program Services	Administrative Services	Total
Grants	\$ 782,600	\$ -	\$ 782,600
Salaries and benefits	170,277	115,173	285,450
Payroll taxes	10,094	6,785	16,879
Rent	30,329	20,218	50,547
Travel and entertainment	5,025	1,662	6,687
Technology	3,850	6,088	9,938
Repairs and maintenance	-	900	900
Trustees' fees	-	15,400	15,400
Depreciation	2,054	1,370	3,424
Insurance	-	5,328	5,328
Professional services	-	14,247	14,247
Communications	4,474	-	4,474
Dues and publications	3,850	559	4,409
Supplies	-	1,934	1,934
Telephone and internet	2,326	1,550	3,876
Federal excise tax expense (note G)	-	11,319	11,319
Total expenses	<u>\$ 1,014,879</u>	<u>\$ 202,533</u>	<u>\$ 1,217,412</u>

See accompanying notes to financial statements and independent accountant's review report.

Cooper Foundation

STATEMENTS OF CASH FLOWS

December 31,

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Cash paid to employees and vendors	\$ (482,984)	\$ (462,962)
Dividends and interest received	683,984	826,229
Excise taxes paid	(6,420)	(60,772)
Grants paid	<u>(658,462)</u>	<u>(944,744)</u>
Net cash used by operating activities	<u>(463,882)</u>	<u>(642,249)</u>
Cash flows from investing activities		
Proceeds from sales of investments	7,081,322	4,505,526
Purchase of investments	(5,726,430)	(3,045,815)
Reinvested interest and dividends on investments	<u>(675,735)</u>	<u>(823,971)</u>
Net cash provided by investing activities	<u>679,157</u>	<u>635,740</u>
Net increase (decrease) in cash and cash equivalents	215,275	(6,509)
Cash and cash equivalents, beginning of year	<u>51,584</u>	<u>58,093</u>
Cash and cash equivalents, end of year	<u>\$ 266,859</u>	<u>\$ 51,584</u>
Reconciliation of the increase (decrease) in net assets to net cash used by operating activities		
Increase (decrease) in net assets	\$ 3,223,659	\$ (7,890,533)
Adjustments to reconcile the increase (decrease) in net assets to net cash used by operating activities		
Depreciation	2,463	3,424
Reduction in the carrying amount of right-of-use assets	36,791	36,113
Net realized and unrealized (gains) losses on investments	(3,542,433)	7,459,178
Decrease in assets		
Prepaid excise taxes	(3,689)	(2,481)
Prepaid expenses	(4,442)	(6,965)
Increase (decrease) in liabilities		
Grants payable	(142,738)	(162,144)
Accounts payable and accrued expenses	371	980
Excise taxes payable	-	(46,972)
Operating lease obligations	<u>(33,864)</u>	<u>(32,849)</u>
Net cash used by operating activities	<u>\$ (463,882)</u>	<u>\$ (642,249)</u>
Supplemental disclosure of cash flow information		
Right-of-use assets obtained in exchange for lease liabilities upon ASC 842 implementation	<u>\$ -</u>	<u>\$ 402,784</u>

See accompanying notes to financial statements and independent accountant's review report.

Cooper Foundation

NOTES TO FINANCIAL STATEMENTS

Cooper Foundation (the Foundation) is a not-for-profit organization whose mission and principal activities are to provide grants for programs which further education, human services, the arts, humanities, community improvement, and the environment in Lincoln, Lancaster County, or Nebraska. The Foundation's revenues and other support are derived principally from investment income.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting. The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents. For purposes of the statements of cash flows, the Foundation considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents are measured at amortized cost, thus, evaluated for expected credit losses. Based on management's review of historical data in addition to current conditions and forecasts, the Organization has not recognized an expected credit loss.

Investments. Investments in marketable securities, including equity and debt securities, with readily determinable fair values are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the statements of activities.

Investment return is reflected in the statements of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Fair Value Measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation utilizes a framework to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described 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.

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 or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

See independent accountant's review report

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment and Depreciation. Property and equipment are carried at cost, if purchased, and at fair market value at the date of contribution, if received by donation, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives computed primarily on the straight-line method. Furniture and fixtures are depreciated over estimated useful lives from 3 to 10 years. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. It is the Foundation's policy to capitalize additions which have an estimated useful life of more than one year unless the cost is insignificant.

Grants. Grants are recognized as expenses in the period made and as decreases of assets or increases of liabilities depending on the form of the benefits given. Grants that are not expected to be paid within one year are reported at the present value of estimated future cash flows. The resulting discount is amortized as a component of grant expense using the interest method.

Net Asset Classification. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-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 or grantor restrictions.

With donor restrictions. Net assets subject to donor-restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported in the statements of activities as net assets released from restrictions.

Revenue Recognition. The following is a description of the Foundation's principal sources of revenue:

Contributions. Contributions are recognized when a donor makes a promise to give that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Foundation has not received any conditional contributions.

Cooper Foundation

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Leases. At inception, the Foundation determines if a contract is or includes a lease arrangement. The Foundation's lease commitments include office space. The following describes the Foundation's accounting policies related to its leasing arrangements:

As lessee

Leased assets represent the right to control the use of an identified asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. The Foundation recognizes a right-of-use asset and related liability at the commencement date, generally based on the present value of lease payments over the lease term using the Foundation's risk-free rate. Leases with an initial term of 12 months or less, including month to month leases, are not recorded on the balance sheet and are expensed on a straight-line basis.

Operating Leases

Operating lease assets and liabilities are recognized separately on the Foundation's balance sheet. The Foundation recognizes a single lease expense on a straight-line basis over the lease term. Non-lease components including common area maintenance are expensed as incurred. The Foundation considers all of its office space leases to be operating leases.

Functionalized Expenses. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, payroll taxes, rent, depreciation, and telephone and internet which are allocated on the basis of estimates of time and effort.

Income Taxes. The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. As such, income earned in the performance of the Foundation's exempt purpose is not subject to income tax. Any income earned through unrelated business activities is subject to income tax at normal corporate rates. For the years ended December 31, 2023 and 2022, the Foundation had no tax liability on unrelated business activity. The Foundation is classified as a private foundation as defined in Section 509(a) of the Internal Revenue Code. As a private foundation, the Foundation is also subject to excise tax on net investment income. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Foundation's federal Returns of Private Foundation (990PF) for December 31, 2023, 2022, and 2021 are subject to examination by the IRS, generally three years after they were filed.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

See independent accountant's review report

Cooper Foundation

NOTES TO FINANCIAL STATEMENTS

NOTE B - INVESTMENTS AND INVESTMENT RETURN

Investments consist of the following:

	2023		2022	
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>
Mutual funds	<u>\$ 23,576,211</u>	<u>\$ 25,180,238</u>	<u>\$ 25,561,309</u>	<u>\$ 22,316,961</u>
Gross unrealized gain (loss)		<u>\$ 1,604,027</u>		<u>\$ (3,244,348)</u>

Investment return, net consists of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 683,984	\$ 826,229
Investment expenses	(37,893)	(40,172)
Net realized and unrealized gains (losses) on investments reported at fair value	<u>3,542,433</u>	<u>(7,459,178)</u>
	<u>\$ 4,188,524</u>	<u>\$ (6,673,121)</u>

NOTE C - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement financial position date, comprise the following:

Financial assets at year end:

Cash and cash equivalents	\$ 266,859	\$ 51,584
Investments	<u>25,180,238</u>	<u>22,316,961</u>
Total financial assets	<u>25,447,097</u>	<u>22,368,545</u>
Donor imposed restrictions		
Perpetual endowment fund required to be retained permanently	5,000,000	5,000,000
Thompson Family Fund	<u>754,084</u>	<u>634,599</u>
Total donor imposed restrictions	<u>5,754,084</u>	<u>5,634,599</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 19,693,013</u>	<u>\$ 16,733,946</u>

The Foundation's endowment funds consist entirely of donor restricted funds. Certain funds are required to be retained in perpetuity, while others are restricted for specific purposes, including general operating expenditures within the limits of the Foundation's spending policy. Funds not available for general expenditure have been removed in the table above.

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Cooper Foundation

NOTES TO FINANCIAL STATEMENTS

NOTE C - LIQUIDITY AND AVAILABILITY - CONTINUED

At December 31, 2023 and 2022, the donor-restricted endowment which is time-restricted for future periods is \$19,514,814 and \$16,410,639, respectively. Although the Foundation does not intend to spend from this donor-restricted endowment, other than amounts appropriated for general expenditure as part of its annual budget and appropriation process, these amounts could be made available if necessary.

As part of the Foundation's liquidity management plan, the Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consists of:	<u>2023</u>	<u>2022</u>
Land	\$ 60	\$ 60
Furniture and fixtures	109,268	109,268
Leasehold improvements	<u>8,186</u>	<u>8,186</u>
	117,514	117,514
Less accumulated depreciation and amortization	<u>(113,022)</u>	<u>(110,559)</u>
	<u>\$ 4,492</u>	<u>\$ 6,955</u>

The financial statements include depreciation expense of \$2,463 and \$3,424 for the years ended December 31, 2023 and 2022, respectively.

NOTE E - GRANTS PAYABLE

Grants payable activity consisted of the following:

Beginning of year	\$ 315,819	\$ 477,964
Grants paid	(658,462)	(944,744)
New grants promised, net of grants rescinded	514,464	790,544
Change in unamortized discount	<u>1,260</u>	<u>(7,945)</u>
	<u>\$ 173,081</u>	<u>\$ 315,819</u>

Grants payable at December 31, 2023 are scheduled for payment as follows:

2024	\$ 89,000
2025	74,000
2026	<u>24,000</u>
	187,000
Unamortized discount	<u>(13,919)</u>
	<u>\$ 173,081</u>

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Cooper Foundation

NOTES TO FINANCIAL STATEMENTS

NOTE F - ENDOWMENTS AND NET ASSETS

The Foundation has interpreted the Nebraska Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. The Foundation is governed subject to the Governing Documents of the Foundation and most contributions are subject to the terms of the Governing Documents, including the Foundation's payout policy. In accordance with UPMIFA, 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 Foundation 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 Foundation
- 7) The investment policies of the Foundation

The Foundation's endowment consists of an individual donor-restricted fund, comprised of \$5,000,000 of net assets with donor restrictions, perpetual in nature, at December 31, 2023 and 2022, and \$20,268,897 and \$17,045,238 of net assets with donor restrictions, time-restricted for future periods at December 31, 2023 and 2022, respectively.

The composition of net assets with donor restriction by type of endowment fund as of December 31, 2023 and 2022 consisted of:

	<u>2023</u>	<u>2022</u>
Perpetual in nature - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Time-restricted for future periods - portion of perpetual endowment funds subject to a time restriction under UPMIFA		
Thompson Family Fund	754,084	634,599
Without purpose restrictions	<u>19,514,813</u>	<u>16,410,639</u>
	<u>20,268,897</u>	<u>17,045,238</u>
	<u>\$ 25,268,897</u>	<u>\$ 22,045,238</u>

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. The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

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Cooper Foundation

NOTES TO FINANCIAL STATEMENTS

NOTE F - ENDOWMENTS AND NET ASSETS - CONTINUED

Changes in endowment net assets with donor restrictions for the year ended December 31, 2023 are as follows:

	Time-restricted for Future Periods	Perpetual in Nature	Total
Balance December 31, 2022	\$ 17,045,238	\$ 5,000,000	\$ 22,045,238
Investment earnings, net	4,188,524	-	4,188,524
Earnings appropriated for expenditure	(964,865)	-	(964,865)
Balance December 31, 2023	<u>\$ 20,268,897</u>	<u>\$ 5,000,000</u>	<u>\$ 25,268,897</u>

Changes in endowment net assets with donor restrictions for the year ended December 31, 2022 are as follows:

	Time-restricted for Future Periods	Perpetual in Nature	Total
Balance December 31, 2021	\$ 24,935,771	\$ 5,000,000	\$ 29,935,771
Investment losses, net	(6,673,121)	-	(6,673,121)
Earnings appropriated for expenditure	(1,217,412)	-	(1,217,412)
Balance December 31, 2022	<u>\$ 17,045,238</u>	<u>\$ 5,000,000</u>	<u>\$ 22,045,238</u>

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for grants and other expenses supported by its endowment while seeking to maintain the purchasing power of endowment assets. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity as specified by the donor. Under the Foundation's investment policy, endowment assets are invested in a manner which is intended to produce results that exceed the performance of the capital markets in which the funds are invested. The Foundation expects its endowment funds to provide an average rate of return of approximately 10% annually, over time. 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. The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation's spending policy calls for appropriating 5% of the endowment assets five-year running average for expenditure on grants and other expenses supported by the endowment annually. 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 at an average of 5% annually. This is consistent with the Foundation's objective to maintain purchasing power of endowment assets held in perpetuity as well as to provide additional real growth through investment return.

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Cooper Foundation

NOTES TO FINANCIAL STATEMENTS

NOTE G - FEDERAL EXCISE TAXES

The Foundation is subject to a 1.39% excise tax on net investment income, including realized gains. Federal excise tax expenses totaled \$2,731 and \$11,319 for the years ended December 31, 2023 and 2022, respectively.

NOTE H - OPERATING LEASE

As Lessee

The Foundation leases its office space under a non-cancelable operating lease, which was most recently renewed for an additional ten years commencing March 1, 2022. Under the terms of the lease, monthly payments are \$3,677 beginning March 1, 2022, \$3,748 beginning March 1, 2023, \$3,819 beginning March 1, 2024, \$3,891 beginning March 1, 2025, \$3,962 beginning March 1, 2026, \$4,034 beginning March 1, 2027, \$4,105 beginning March 1, 2028, \$4,177 beginning March 1, 2029, \$4,248 beginning March 1, 2030, and \$4,320 beginning March 1, 2031. The Foundation shall receive one month free rent every March for the life of the lease and shall have two consecutive five year renewal options. The renewal options have not been recognized in the related right to use asset and operating lease obligation. The Foundation is responsible for a pro-rata share of increases in direct building operating expenses over the lease term.

Operating lease expenses for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Operating lease expense	\$ 44,013	\$ 44,013
Non-lease components	-	\$ 706
	<u>\$ 44,013</u>	<u>\$ 44,719</u>

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for operating leases as of December 31, 2023, and a reconciliation to operating lease obligations reported on the balance sheet:

<u>Year ending December 31,</u>	
2024	\$ 41,871
2025	42,658
2026	43,444
2027	44,230
2028	45,017
Thereafter	<u>148,408</u>
Total minimum lease payments	365,628
Less: Present value discount	<u>(29,557)</u>
Operating lease obligations	<u>\$ 336,071</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE H - OPERATING LEASE - CONTINUED

Average operating lease terms and discount rate at December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Weighted average remaining lease term (years):	8.08	9.08
Weighted average discount rate	2.05%	2.05%

The following summarizes cash paid for operating lease liabilities and other non-cash information for the year ended December 31, 2023 and 2022:

Cash paid for amounts included in the measurement of operating lease liabilities - operating cash flows	\$ 41,085	\$ 40,748
Right of use assets obtained in exchange for operating lease obligations upon implementation of ASC 842	\$ -	\$ 402,784

NOTE I - PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The Foundation has a simplified employee pension plan covering substantially all employees. The Board of Trustees annually determines the amount, if any, of the Foundation's contributions to the plan. The Foundation contributed \$50,338 and \$45,440 to the retirement plan for the years ended December 31, 2023 and 2022, respectively.

NOTE J - FAIR VALUE OF ASSETS AND LIABILITIES

The following is a description of the valuation methodology used for assets and liabilities measured at fair value. There have been no changes in the methodology used during the years ended December 31, 2023 and 2022.

Mutual funds: Valued at the observable net asset value (NAV) of shares held by the Foundation at year end.

The preceding method described 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 method is 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.

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NOTES TO FINANCIAL STATEMENTS

NOTE J - FAIR VALUE OF ASSETS AND LIABILITIES – CONTINUED

The following table sets forth the balances of assets measured at fair value on a recurring basis at December 31, 2023 and 2022.

<u>December 31, 2023</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds				
Small value	\$ 2,337,922	\$ 2,337,922	\$ -	\$ -
Small growth	2,371,957	2,371,957	-	-
Foreign small/mid growth	1,894,063	1,894,063	-	-
Foreign large blend	2,590,649	2,590,649	-	-
Foreign large growth	2,497,470	2,497,470	-	-
Large value	2,497,332	2,497,332	-	-
Large growth	2,586,248	2,586,248	-	-
Mid cap value	2,265,232	2,265,232	-	-
Mid cap growth	2,295,975	2,295,975	-	-
Aggressive allocation	1,554,270	1,554,270	-	-
Emerging markets	2,289,120	2,289,120	-	-
Total	<u>\$ 25,180,238</u>	<u>\$ 25,180,238</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2022</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual funds				
Small value	\$ 2,031,573	\$ 2,031,573	\$ -	\$ -
Small growth	1,872,510	1,872,510	-	-
Foreign small/mid growth	1,773,152	1,773,152	-	-
Foreign large blend	2,509,968	2,509,968	-	-
Foreign large growth	2,335,615	2,335,615	-	-
Large value	2,303,479	2,303,479	-	-
Large growth	1,980,120	1,980,120	-	-
Mid cap value	2,046,401	2,046,401	-	-
Mid cap growth	1,964,852	1,964,852	-	-
Aggressive allocation	1,349,923	1,349,923	-	-
Emerging markets	2,149,368	2,149,368	-	-
Total	<u>\$ 22,316,961</u>	<u>\$ 22,316,961</u>	<u>\$ -</u>	<u>\$ -</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE K – NEW ACCOUNTING STANDARDS

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. ASU 2016-13 significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. The FASB has subsequently issued additional, clarifying standards to address issues arising from implementation of the new current expected credit loss standard. ASU 2016-13 and all subsequently issued amendments, collectively "ASC 326," is effective for annual reporting periods beginning after December 15, 2022. Financial assets held by the Foundation that are subject to the guidance in FASB ASC 326 were cash and cash equivalents.

On January 1, 2023, the Foundation adopted ASC 326. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only. The Foundation's accounting policies in note A have been updated to reflect the impact of the standard.

NOTE L - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, the date the financial statements were available to be issued.