THE SCHOLARSHIP FOUNDATION OF ST. LOUIS

AUDITED FINANCIAL STATEMENTS

Year Ended December 31, 2023
(With Comparative Totals for 2022)

THE SCHOLARSHIP FOUNDATION OF ST. LOUIS

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INDEPENDENT ACCOUNTANT'S AUDIT REPORT

To the Board of Directors
The Scholarship Foundation of St. Louis

Opinion

We have audited the accompanying financial statements of The Scholarship Foundation of St. Louis (the Foundation) (a Missouri not-for-profit corporation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities 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 the Foundation as of December 31, 2023, and the results of its operations 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.

Prior Period Financial Statements

The 2022 financial statements were reviewed by us, and our report thereon, dated March 8, 2023, stated we were not aware of any material modifications that should be made to those financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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.

Summarized Comparative Information

We previously reviewed the Foundation's 2022 financial statements and, in our conclusion, dated March 8, 2023, stated that based on our review, we were not aware of any material modifications that should be made to the 2022 financial statements in order for them to be in accordance with GAAP. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2022, for it to be consistent with the reviewed financial statements from which it has been derived.

UHY LLP

St. Louis, Missouri
May 13, 2024

THE SCHOLARSHIP FOUNDATION OF ST. LOUIS
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 (With Comparative Totals for 2022)

	December 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS		
Cash	**$ 3,343,150**	$ 1,698,619
Unconditional promises-to-give	**333,682**	40,385
Student loan receivables, net	**2,627,731**	2,095,000
Investments in money market funds	**1,612,013**	1,370,222
Prepaid expenses and other assets	**76,377**	65,845
Total current assets	**7,992,953**	5,270,071
LONG-TERM ASSETS		
Restricted funds for Future Forward Program	**98,656**	102,783
Unconditional promises-to-give, net	**31,492**	29,160
Student loan receivables, net	**16,688,319**	21,791,689
Right of use assets	**539,307**	703,745
Investments	**20,860,255**	18,440,819
Property and equipment, net	**194,473**	128,165
Total long-term assets	**38,412,502**	41,196,361
Total assets	**$ 46,405,455**	$ 46,466,432
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	**$ 161,905**	$ 142,510
Unconditional promises-to-give for Future Forward Program	**98,656**	102,783
Current portion of operating lease liabilities	**161,368**	171,239
Contract liabilities	**915,440**	577,241
Total current liabilities	**1,337,369**	993,773
LONG-TERM LIABILITIES		
Operating lease liabilites	**392,119**	544,690
Contract liabilities	**1,471,604**	1,439,579
Total liabilities	**3,201,092**	2,978,042
NET ASSETS		
Without donor restrictions		
Undesignated	**9,245,974**	5,663,203
Board designated program reserves	**1,593,710**	1,924,056
Board designated emergency reserves	**615,000**	614,900
Net investment in student loans	**18,703,265**	23,207,590
	30,157,949	31,409,749
With donor restrictions	**13,046,414**	12,078,641
Total net assets	**43,204,363**	43,488,390
Total liabilities and net assets	**$ 46,405,455**	$ 46,466,432

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

THE SCHOLARSHIP FOUNDATION OF ST. LOUIS
STATEMENTS OF ACTIVITIES
Year Ended December 31, 2023 (With Comparative Totals for 2022)

	Years Ended December 31,			
	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	(Comparative Totals Only)
PUBLIC SUPPORT AND REVENUE				
Public support				
Contributions and grants	$ 6,065,849	$ 2,197,223	$ 8,263,072	$ 5,710,347
	6,065,849	2,197,223	8,263,072	5,710,347
Revenue				
Net investment return				
Interest and dividends	463,770	255,203	718,973	460,593
(Losses) gains on investments and restricted funds	1,059,536	553,036	1,612,572	(2,508,929)
Investment advisory fees	(52,526)	(20,195)	(72,721)	(39,517)
	1,470,780	788,044	2,258,824	(2,087,853)
Interest income not charged on student loans	1,120,268	-	1,120,268	1,218,737
Collection fees and other	105,837	1,935	107,772	95,300
	2,696,885	789,979	3,486,864	(773,816)
Net assets released from restrictions	2,019,429	(2,019,429)	-	-
Total public support and revenue	10,782,163	967,773	11,749,936	4,936,531
EXPENSES				
Program services	7,978,428	-	7,978,428	7,908,815
Supporting services				
Management and general	515,267	-	515,267	507,722
Fundraising	634,528	-	634,528	434,217
Total expenses	9,128,223	-	9,128,223	8,850,754
CHANGES IN NET ASSETS	1,653,940	967,773	2,621,713	(3,914,223)
Cumulative effect of change in accounting principles	2,905,740	-	2,905,740	-
NET ASSETS, Beginning	31,409,749	12,078,641	43,488,390	47,402,613
NET ASSETS, Ending	$ 30,157,949	$ 13,046,414	$ 43,204,363	$ 43,488,390

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

THE SCHOLARSHIP FOUNDATION OF ST. LOUIS
STATEMENT OF CASH FLOWS
Year Ended December 31, 2023 (With Comparative Totals for 2022)

	Years Ended December 31, 2023	2022
OPERATING ACTIVITIES		
Changes in net assets	**$ 2,621,713**	$ (3,914,223)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Loss on sale of property and equipment	**378**	4,582
Loss (gain) on investments and restricted funds	**(1,612,572)**	2,508,929
Depreciation	**36,491**	26,455
Provision for credit losses	**683,816**	1,544,721
Permanently restricted gifts for endowment	**(33,750)**	(150,450)
Reduction in the carrying amount of right-of-use assets	**1,996**	17,014
Changes in		
Unconditional promises-to-give	**(295,629)**	66,280
Student loan receivables		
New loans awarded	**(1,256,500)**	(1,375,390)
Loans repaid	**2,237,583**	2,272,995
Prepaid expenses and other assets	**(10,532)**	(20,487)
Accounts payable and accrued expenses	**19,395**	40,254
Unconditional promises-to-give for Future Forward Program	**(4,127)**	(22,884)
Contract liabilties	**370,224**	616,805
Net cash provided by operating activities	**2,758,486**	1,614,601
INVESTING ACTIVITIES		
Proceeds from sale of investments	**47,058,695**	26,636,682
Purchases of investments	**(48,107,350)**	(28,809,804)
Purchases of property and equipment	**(103,177)**	(20,409)
Restricted funds for Future Forward Program	**4,127**	13,514
Net cash used by investing activities	**(1,147,705)**	(2,180,017)
FINANCING ACTIVITIES		
Proceeds from gifts restricted for endowment	**33,750**	150,450
Net cash provided by financing activities	**33,750**	150,450
NET (DECREASE) INCREASE IN CASH	**1,644,531**	(414,966)
CASH, Beginning	**1,698,619**	2,113,585
CASH, Ending	**$ 3,343,150**	$ 1,698,619
SUPPLEMENTAL DISCLOSURES		
Right of use assets obtained in exchange for operating lease liabilities	**$ -**	$ 865,993

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

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding The Scholarship Foundation of St. Louis' (the Foundation) financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

History and Business Activity

The Foundation is a not-for-profit organization founded in 1920. The Foundation provides access to post-secondary education to members of the community who otherwise would not have the financial means to fulfill their educational goals. This mission is accomplished by awarding interest-free loans and grants to students, as well as providing guidance and planning assistance.

Approximately 14,250 students have been awarded more than $88,530,900 in interest-free loans and more than $25,322,800 in grants since the Foundation was established. One in seven donors is a former Foundation student.

Basis of Accounting and Comparative Totals

The Foundation prepares its financial statements on the accrual method of accounting.

The financial statements include certain prior year summarized comparative information in total but not by net asset categories. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Financial Statement Presentation

The Foundation's resources are classified for accounting and reporting purposes into two asset categories according to externally (donor) imposed restrictions. A description of the two net asset categories is as follows:

> **Net Assets Without Donor Restrictions** - Includes resources available for support of program services and operations, which have no donor-imposed restrictions (unrestricted). All contributions are considered to be available for unrestricted use and available unless specifically restricted by the donor.

NOTE 1 — Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

Net Assets Without Donor Restrictions (Continued)

The Foundation's net assets without donor restrictions are presented in the accompanying statement of financial position as follows:

- Undesignated: represents resources available for current program services and operations
- Board designated program reserves: represents resources set aside for specific program needs (primarily loans and grants) as determined by the governing board
- Board designated emergency reserves: represents resources that the governing board has designated unrestricted net assets to be reserved for:

  a) operating expenses,
  b) program commitments to renewing students with certain offsets, and
  c) repair, maintenance and capital expenditures.

- Investment in student loans: represents outstanding student loan receivables

Net Assets With Donor Restrictions - Represents those net assets whose use has been limited by donor-imposed stipulations. 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 and the income from such resources can be spent for program related expenses. 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.

Cash

Cash includes checking and depository accounts.

The Foundation from time to time during the year may have bank balances in excess of its insured limits. Management has deemed this as a normal business risk.

Unconditional Promises-to-Give

Unconditional promises-to-give are recognized as contributions in the period the promises are received. Contributions expected to be received in future years are discounted to their present value and presented as long-term assets. At December 31, 2023 and 2022, management considers contributions receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

NOTE 1 — Summary of Significant Accounting Policies (Continued)

Conditional Promises-to-Give

In 2011, the Foundation was notified of its interest in a charitable lead annuity trust related to a bequest made in 2009. The terms of the trust provide for the Foundation to receive 15 annual distributions of $300,000 per year; however, the terms of the trust provide the third-party trustee with variance power after the first two years of payments to the Foundation. As a result, the Foundation's interest in future annual distribution is uncertain, and accordingly, the Foundation has not recognized an asset based on this annual condition. The estimated net present value of the conditional promises-to-give of the final prorated distribution of $152,264 is approximately $150,000 at December 31, 2023 (using a discount rate of 4.79% based on a 1 year U.S. Treasury note).

The Foundation has various conditional grant agreements with commitments for future funding. Since these grant agreements are conditional commitments with barriers, the future funding commitments are not reflected in the accompanying financial statements.

Student Loan Receivables

The Foundation provides interest-free loans to students for post-secondary education. Loans are awarded twice a year with a maximum award of $11,000 per year for a student and lifetime maximum loan of $55,000.

Student loans are stated at cost when awarded. The student is obligated to start repaying loans upon graduation after twelve months of grace period or approved deferment period. No interest is charged or accrued on loans while a student is actively enrolled in school or during the scheduled or approved repayment period.

Historically, repayment of loans was scheduled over a period of 5 years. However, during the year ended December 31, 2021, the Foundation modified its repayment policy in order to achieve more equitable outcomes for its borrowers. Under the new policy, each borrowers' monthly repayment amount is determined by their anticipated earnings 2 years post-graduation and 15% of their estimated discretionary income. Then, the total loan amount is divided by the monthly repayment amount to determine the number of months needed to repay.

Allowance for Credit Losses (ACL)

The allowance for credit losses is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. The amount of the ACL represents management's best estimate of current expected credit losses on loans considering available information, from internal and external sources, relevant to assessing the collectability of the loans' contractual terms.

The ACL is estimated based on expected credit losses considering the Foundation's historical losses, existing economic conditions, and the financial stability of students repaying loans using the loss rate method. Loans are analyzed both as a pool and on an individualized basis. Individualized loans are assigned a specific allocation based on their status of in repayment or in collections while pooled loans are applied at a loss rate that is comprised of expected loan loss and historical loss rates.

NOTE 1 — Summary of Significant Accounting Policies (Continued)

Allowance for Credit Losses (ACL) (Continued)

If any student loan installment becomes delinquent and new contractual terms are not reached, the accounts are turned over to a collection agency and the entire balance owed shall immediately become due and payable. The balance owed shall bear interest at a rate equal to the lesser of ten percent (10%) per year or the highest lawful rate. In addition, the debtor is liable for all costs of collection including reasonable attorney’s fees. Interest income on student loans is recognized only to the extent cash payments are received. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

Investments

Investments consist of mutual funds and money market funds. Additionally, the money market funds with maturities less than one year are classified as current investments, whereas those with maturities greater than one year are classified as long-term investments. Investments are presented in the financial statements at fair value. The fair value of substantially all securities is determined by quoted market prices. The estimated fair value of securities for which there are no quoted market prices is based on similar types of securities that are traded in the market. Gains or losses on securities are based on the average cost method.

Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Foundation determines the fair values of its financial instruments based on the fair value hierarchy established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Financial instruments are valued based on quoted prices in active markets for identical assets or liabilities.

Level 2: Financial instruments are valued using quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data of substantially the full term of the assets or liabilities.

Level 3: Financial instruments are valued using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable and when determination of the fair value requires significant management judgment or estimation.

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Declines in the fair value of individual investments below their cost that are other-than-temporary result in write-downs of the individual securities to their fair value. The related write-downs are included in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. There were no such losses for the years ended December 31, 2023 and 2022.

Restricted Funds for Future Forward Program

Restricted funds represent investments that are restricted for the Future Forward Program.

Leases

The Foundation determines if an arrangement is a lease at inception by determining whether the agreement conveys the right to control the use of the identified asset for a period of time, whether the Foundation has the right to obtain substantially all of the economic benefits from use of the identified asset, and the right to direct the use of the asset. Lease liabilities are recognized at the commencement date based upon the present value of the remaining future minimum lease payments over the lease term using the rate implicit in the lease or risk free rate. The risk free rate is defined as the daily treasury par yield curve rate for a period of time that approximates the lease term. The Foundation's lease terms include options to renew or terminate the lease when it is reasonably certain that it will exercise the option.

The lease right-of-use assets are initially measured at the carrying amount of the lease liability and adjusted for any prepaid or accrued lease payments, remaining balance of lease incentives received, unamortized initial direct costs, or impairment charges relating to the right-of-use-asset. Certain leases contain escalation clauses, which are factored into the right-of-use asset where appropriate. Lease expense for minimum lease payments are recognized on straight-line basis over the lease term.

The Foundation has lease agreements with lease and non-lease components. For all leases, these components are accounted for as a single lease component.

Variable lease expenses, including payments based upon changes in a rate or index, such as consumer price indexes, usage of the leased asset, utilities, real estate taxes, insurance and variable common area maintenance are expensed as incurred. The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Purchases of property and equipment with values of $2,500 or more are capitalized, while all other purchases are recorded as expense in the year purchased. Property and equipment are recorded at cost, if purchased, or at estimated fair market value on the date of receipt, if donated. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Foundation reviews the carrying value of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There was no impairment for the years ended December 31, 2023 and 2022.

Depreciation is computed using the straight line method over the estimated useful lives of the assets as follows:

	Years
Leasehold Improvements	Term of Lease
Equipment	5 - 7
Furniture and Fixtures	5 - 7

Unconditional Promises-to-Give for Future Forward Program (Liabilities)

Unconditional promises-to-give for Future Forward Program (Section 529 College Savings accounts) are recorded as liabilities and expenses in the period the promises are made.

Contract liabilities

Contract liabilities (deferred revenue) represents cash received from non-exchange grants and contracts that include conditions (specific measurement requirements) and have refundable provisions prior to performance by the Foundation.

Annuity Trusts, Gift Annuities, and Beneficial Interests in Trusts

As disclosed in Note 1 (conditional promises-to-give), the Foundation recognized $300,000 of public support bequest revenue from a charitable lead annuity trust for each of the years ended December 31, 2023 and 2022, respectively.

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Grants

Contributions are considered to be available for the general programs of the Foundation unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released to net assets without donor restriction and reported in the statement activities as net assets released from restrictions. Donor restricted contributions are recorded in the net asset with donor restriction class for restrictions expiring during the fiscal year, and then transferred to net assets without donor restrictions. The Foundation reports certain restricted contributions as net assets without donor restriction when the restriction is fulfilled in the same time period in which the contribution is received.

Grants are generally recognized as revenue in the period that specific services are performed. However, certain grants may qualify as contributions, and accordingly, they are recognized as public support when made.

Grants and Student Loans Awarded

Grants are recognized as expense based on actual award and/or date of promise.

The Foundation provides interest-free loans to qualified students for post-secondary education. The outstanding loans are presented on the Statement of Financial Position as student loan receivables.

Noncash Interest Income and Grant Expense

The Foundation records imputed interest income on student loans. To determine a comparable rate, the Foundation used a 12-year average rate consistent with the Federal Student Aid Direct Subsidized Loan rate, plus the Disbursement Fee rate for new loan disbursements. The 12-year average rate was 4.1% and 4.4% at December 31, 2023 and 2022, respectively. The loan disbursement rate was 1.1% at December 31, 2023 and 2022, respectively. As a result, noncash interest income and grant expense - forgone interest not charged on student loans of $1,120,268 and $1,218,737 was recognized for the years ended December 31, 2023 and 2022, respectively, in the statement of activities.

Income Taxes

The Foundation is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS.

For income tax reporting, the Foundation reports on the modified cash basis, which includes reporting student loan receivables as “interest-free” and “fee-free” grant expense and student loan repayments as program revenue. For financial reporting, the Foundation reports these student loan transactions as components of the asset “student loans receivable.” In addition, the noncash transactions for interest income on student loans and grants - forgone interest are recorded for financial statement purposes but not for income tax purposes. As a result, there are significant differences in reporting these items.

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments and Credit Risk

The Foundation manages deposit concentration risk by placing cash, and money market accounts, with financial institutions believed by the Foundation to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with student loan receivables and promises-to-give is considered to be limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by the Foundation and the Finance and Planning Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation and the Finance and Planning Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

Functional Expenses

The Foundation allocates expenses on a functional basis among program and supporting services. Expenses that can be directly associated with a specific program are allocated directly according to their functional expense classification. Other expenses that are common to several functions are allocated by various statistical bases, including time estimates for personnel to allocate compensation, payroll taxes and employee benefits.

Donated Securities

The Foundation has a policy to immediately sell donated securities from donors and utilize those resources for unrestricted activities unless restricted by the donor for long-term purposes. The Foundation recognized donated securities of $479,443 and $434,488 during the years ended December 31, 2023 and 2022, respectively.

Recently Adopted Accounting Pronouncements

Effective January 1, 2023, the Company adopted accounting standards update ASU 2016-13 *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaced the incurred loss methodology with an expected loss methodology, using a modified retrospective approach. As a result of the adoption, the Company recorded a transition adjustment, which included an $2,905,740 increase to the allowance for credit losses for student loan receivables and a decrease of $2,905,740 to net assets without donor restrictions as of January 1, 2023, which represents the cumulative effect of adopting ASU 2016-13.

Subsequent Events

The Foundation has performed a review of events subsequent to the statement of financial position date through May 13, 2024, the date the financial statements were available to be issued.

NOTE 2 — 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 of financial position date, comprise the following:

	December 31,	
	2023	2022
Cash	$ 692,727	$ 1,698,619
Unconditional Promises-to-Give	333,682	40,385
Student Loan Receivables	2,627,731	2,095,000
Investments in Money Markets	1,612,013	1,370,222
Endowment Spending-Rate Distributions and Appropriations	203,151	201,633
	5,469,304	5,405,859
Less Certain Board Designated Funds	678,000	1,108,500
	$ 4,791,304	$ 4,297,359

The Foundation's endowment funds consist of donor-restricted endowments. Income from endowments is restricted for donor imposed purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As part of the Foundation's liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market funds. Occasionally, the Board of Directors designates a portion of any operating surplus to its program and emergency reserves.

NOTE 3 — RESTRICTED FUNDS FOR FUTURE FORWARD PROGRAM

Restricted funds consist of the $98,656 and $102,783 as of December 31, 2023 and 2022, respectively.

The Future Forward Program (a 529 College Saving Plan) was launched during 2014 to establish college saving accounts for students attending two local middle schools and a youth agency. As of December 31, 2023, the Foundation has funded a total of $181,200 to open the student saving accounts with MOST - Missouri's 529 College Saving Plan. These funds include cumulative investments gains of $31,383 and are net of cumulative disbursements to qualified students of $113,927 as of December 31, 2023. The Foundation is the owner of these accounts with the student listed as the beneficiary. The Foundation has conditionally pledged additional funding up to $900 per student based on certain criteria as defined in the Future Forward Program. These funds are invested in the Vanguard Conservative Growth Portfolio fund (mutual fund, level 1 fair value - Note 6) and had an unrealized gain of $5,149 and loss of $9,370 for the years ended December 31, 2023 and 2022, respectively.

NOTE 4 — STUDENT LOAN RECEIVABLES

Student loan receivables consist of the following:

	December 31, 2023	December 31, 2022
Students in School - Amounts Not Due (*)	$ 7,479,115	$ 9,699,198
Students in Repayment		
Current or less than 30 days past due	10,765,442	10,425,830
30 - 89 days past due	49,594	33,409
90 days past due	26,915	23,054
In collections	5,917,379	6,359,275
	16,759,330	16,841,568
Total student loan receivables	24,238,445	26,540,766
Less current expected credit losses	4,922,395	2,654,077
Net student loan receivables	19,316,050	23,886,689
Less Current Portion (Estimated Repayments in 2024 and 2023)	2,627,731	2,095,000
Long-Term Student Loan Receivables (Estimated Repayments Beyond 2024 and 2023)	$ 16,688,319	$ 21,791,689

(*) Including grace period.

Changes in the allowance for credit losses are as follows:

	As of and for the Years Ended December 31, 2023	2022
Balance, Beginning	$ 2,654,077	$ 1,680,575
Provision for current expected credit losses	683,816	1,544,721
Recoveries on loans	20,538	22,006
Implementation of accounting pronouncement adjustment	2,905,739	-
Less loans written off	(1,341,775)	(593,225)
Balance, Ending	$ 4,922,395	$ 2,654,077

NOTE 4 — STUDENT LOAN RECEIVABLES (Continued)

The following table presents the balance in the allowance for credit losses and the recorded student loan receivables by classification and based on impairment method at December 31, 2023 and 2022. Loans individually evaluated for impairment include loans that are in collection. Loans collectively evaluated for impairment include loans with an in school or in repayment status.

	December 31, 2023	December 31, 2022
Allowance for credit losses:		
Individually evaluated for impairment	$ (2,628,188)	$ (1,592,446)
Collectively evaluated for impairment	(2,294,208)	(1,061,631)
Balance, end of year	(4,922,396)	(2,654,077)
Loan outstanding, net of allowance		
Individually evaluated for impairment	$ 3,289,191	$ 4,766,829
Collectively evaluated for impairment	16,026,859	19,119,860
Balance, end of year	$ 19,316,050	$ 23,886,689

The following table presents the student loan receivables segregated by risk category as of December 31, 2023.

	December 31, 2023				
	Student Loans Amortized Cost Basis by Origination Year				
	2023	**2022**	**2021**	**Prior**	**Total**
Student Loans					
In School	$1,285,500	$1,215,740	$1,157,965	$ 3,819,910	$ 7,479,115
In Repayment	12,750	124,665	694,218	10,010,317	10,841,950
In Collections	-	-	77,379	5,840,001	5,917,380
Subtotal	1,298,250	1,340,405	1,929,561	19,670,228	$ 24,238,445
Current period charge-offs	-	-	6,000	1,335,775	$ 1,341,775

NOTE 4 — STUDENT LOAN RECEIVABLES (Continued)

The following table provides information about the credit risk of student loans using the Foundation's internal review process. Student loans are generally not due and payable while a student is enrolled in school and during a one-year grace period following graduation. These loan balances are classified as low risk. Loans that are not yet in repayment or are in repayment and being paid on schedule are also classified as low risk. When a student loan is in repayment status and a portion of the debtor's loan balance becomes past due, communication between the Foundation and debtor may result in extension or deferment of the debt. This group of debtors is considered average risk as there is a detailed review of the debtor's current financial condition and ongoing communication between the Foundation and the debtor. When communication with the debtor ceases or there is a further deterioration of the debtor's performance in meeting loan repayment obligations, the loan balance is referred to an external professional collection firm. The loan balance in collections is subject to a specific allowance calculation, although some accounts in this category may exhibit a strong repayment track record. The Foundation continues to monitor accounts in collections for improvement or further deterioration.

	December 31,	
	2023	2022
Student Loans		
Pooled loans – average or low risk	$ 18,321,065	$ 20,181,491
Specific - in collection	5,917,380	6,359,275
	$ 24,238,445	$ 26,540,766

NOTE 5 — UNCONDITIONAL PROMISES-TO-GIVE

Unconditional promises-to-give consist of the following:

	December 31,	
	2023	2022
Pledges Due in Less Than One Year	$ 333,682	$ 40,385
Pledges Due in 2024	33,000	178,908
Discount to Record Promises-to-Give at Present	(1,508)	(2,687)
Pledges - Long-Term	31,492	29,160
Total Pledges	$ 365,174	$ 69,545

A discount rate of 4.79 and 4.0 percent was used to record promises-to-give at the present value of the future cash flows at December 31, 2023 and 2022, respectively.

NOTE 6 — INVESTMENTS

Investments consist of the following:

	December 31, 2023	December 31, 2022
Mutual Funds		
iShares Core SP 500 ETF	$ 4,505,484	$ -
iShares Core Aggregate Bond ETF	4,085,825	-
Norther Equity Index Funds	2,523,077	-
Dimensional Fund Advisors (DFA) Short-Duration Real	-	2,690,864
Vanguard Core Bond Fund Admiral Shares	-	5,010,555
Vanguard Total Stock Market	-	3,254,799
All other mutual funds	9,745,869	7,484,600
	20,860,255	18,440,818
Money Market Funds	1,612,013	1,370,222
	22,472,268	19,811,040
Less Short-Term Investments	1,612,013	1,370,222
	$ 20,860,255	$ 18,440,818

Investments are classified as follows:

	December 31, 2023	December 31, 2022
Those With Donor Restrictions		
Specified purposes	$ 1,170,831	$ 1,214,344
Endowment funds	8,132,648	7,135,340
	9,303,479	8,349,684
Those Without Donor Restrictions	13,168,789	11,461,356
	$ 22,472,268	$ 19,811,040

NOTE 7 — FAIR VALUE MEASUREMENTS

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

- *Mutual funds*: Valued at the daily closing price reported by the fund, which is the quoted publicly traded net asset value (NAV) of shares.
- *Money market funds*: Valued at quoted prices in markets that are not active which the individual securities are traded.
- *Annuities payable:* Valued at the present value of expected future payments to the beneficiary.

NOTE 7 — FAIR VALUE MEASUREMENTS (Continued)

The following are the major categories of assets and liabilities measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Fair Value	Fair Value
	December 31, 2023				December 31, 2022
Assets-Investments					
Mutual funds					
Equities	$ 10,632,913	$ -	$ -	$ 10,632,913	$ 8,102,700
Fixed income	10,227,342	-	-	10,227,342	10,338,118
	20,860,255	-	-	20,860,255	18,440,818
Money market funds	1,612,013	-	-	1,612,013	1,370,222
2023 Totals	$ 22,472,268	$ -	$ -	$ 22,472,268	
2022 Totals	$ 19,811,040	$ -	$ -	$ -	$ 19,811,040
Assets-Restricted Funds					
2023	$ 98,656	$ -	$ -	$ 98,656	
2022	$ 102,783	$ -	$ -		$ 102,783

NOTE 8 — PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	December 31, 2023	2022
Leasehold Improvements	$ 47,888	$ 47,888
Equipment	257,608	163,275
Furniture and Fixtures	53,369	50,046
	358,865	261,209
Less Accumulated Depreciation	164,392	133,044
	$ 194,473	$ 128,165

Depreciation expense for the years ended December 31, 2023 and 2022 was $36,491 and $26,455, respectively.

NOTE 9 — NOTE PAYABLE - PPP LOAN

On April 16, 2020, the Foundation received a Paycheck Protection Program (PPP) loan of $194,500 under the Coronavirus Aid, Relief, and Economic Security Act. This loan, which is in the form a promissory note dated April 16, 2020, is between the Foundation and Commerce Bank, and the satisfaction of conditions of the loan are subject to review by the Small Business Administration (SBA). The PPP loan bears interest at a rate of 1.0% per annum.

NOTE 9 — NOTE PAYABLE - PPP LOAN (Continued)

In July 2021, the SBA remitted $196,915, including interest, to Commerce Bank for forgiveness of all amounts due under the PPP loan. Related forgiveness income is included in public support and revenue for the year ended December 31, 2021.

According to the rules of the SBA, the Foundation is required to retain PPP loan documentation for six years and permit authorized representatives of the SBA to access such files upon request. Should the SBA conduct such a review and reject all or some of the Foundation's judgments pertaining to satisfying PPP loan eligibility or forgiveness conditions, the Foundation may be required to adjust previously reported amounts and disclosures in the financial statements.

NOTE 10 — NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

	December 31,	
	2023	2022
Subject to Expenditure for Specified Purpose		
Other program restrictions		
Advising	$ 292,158	$ 18,552
Advocacy	23,694	151,623
Grants	3,271,304	3,352,010
Loans	1,712,160	1,730,000
Miscellaneous	5,696	13,519
Program	74,000	74,000
	5,379,012	5,339,704
Deedee Becker Fund - loans to nursing students (*)	1,367,987	1,319,584
	6,746,999	6,659,288
Subject to the Passage of Time	366,683	73,848
Endowment Funds (Note 10)		
Subject to the Foundation's spending policy and appropriation		
12 separate funds	2,521,038	2,487,282
Earnings allocated to the Deedee Becker Fund		
1 separate fund	1,993,442	1,993,442
	4,514,480	4,480,274
Accumulated investment gains	1,418,252	864,781
	5,932,732	5,345,505
	$ 13,046,414	$ 12,078,641

* Includes net student loan receivables of $612,782 and $679,099 as of December 31, 2023 and 2022, respectively.

NOTE 10 — NET ASSETS WITH DONOR RESTRICTIONS - (Continued)

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes or by occurrence of other events specified by donors as follows for the year ended December 31, 2023:

Purpose Restrictions	$ 1,788,627
Time Restrictions	55,395
Endowment Appropriations	175,407
Total restrictions released	$ 2,019,429

NOTE 11 — ENDOWMENT

The Foundation's endowment consists of twelve funds established by donors to provide for program purposes (Note 9). Net assets associated with endowment funds are classified and reported based on the existence or absence of donor restrictions.

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the 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 restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with SPMIFA, 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

Return Objectives and Risk Parameters

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 or for a donor specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the appropriate index while assuring a moderate level of investment risk. Therefore, the Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 5.0% annually. Actual returns in any given year may vary from this amount.

NOTE 11 — ENDOWMENT - (Continued)

Strategies Employed for Achieving Objectives

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 targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds, for grant making and administration. The Foundation has a spending policy to distribute each year a percentage of the endowment funds' historical cost. The spending rate is determined based on market conditions, endowment valuation, and total return (using both income and net capital appreciation) for the prior 12 quarters. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets and consistency with programs and commitments to students over a long-term period. During the years ended December 31, 2023 and 2022, the spend formula was based on 4.5% of the historical cost.

Endowment net asset composition by type of fund is as follows:

	December 31, 2023	December 31, 2022
Donor Restricted Funds - Managed by the Foundation		
Original donor restricted gift amount	$ 4,514,480	$ 4,480,724
Accumulated investment gains	1,418,252	864,781
	$ 5,932,732	$ 5,345,505

Changes in endowment net assets are as follows:

	As of and for the Years Ended December 31, 2023	As of and for the Years Ended December 31, 2022
Endowment Net Assets		
Beginning of year	$ 5,345,505	$ 6,077,771
Gifts	33,750	150,450
Interest and dividends	235,078	170,057
Gains (losses) on investments	514,001	(863,052)
Investment advisory fees	(20,195)	(11,339)
Appropriated for expenditure based on spending rate policy	(175,407)	(178,382)
End of year	$ 5,932,732	$ 5,345,505

NOTE 12 — LEASES

The Foundation has operating leases for offices, equipment, and copiers. The Foundation's leases have remaining lease terms that range from less than one year to leases that mature through 2027 and contain provisions to renew the leases for additional terms of one to five years.

The components of lease costs are as follows:

	Years Ending December 31, 2023	Years Ending December 31, 2022
Operating lease expense	$ 173,234	$ 173,234
Short-term lease expense	2,148	1,776
Variable lease expense	4,402	3,937
	$ 179,784	$ 178,947

The weighted average remaining lease term of third party operating leases was 3.43 and 4.37 as of December 31, 2023 and 2022, respectively. The weighted average discount rate of third party operating leases was 1.37% as of December 31, 2023 and 2022.

Minimum future lease payments under operating leases described above as of December 31 are as follows:

Year Ending December 31,	
2024	$ 167,919
2025	158,549
2026	160,016
2027	80,564
Total undiscounted cash flows	567,048
Less: present value discount	13,561
Total lease liabilities	553,487
Current portion	161,368
Long-term portion	$ 392,119

Rent expense for ongoing operations, including common area maintenance, was $153,566 for the years ended December 31, 2023 and 2022, and is included in occupancy in the functional expense allocation.

Equipment rental expense was $19,668 for the years ended December 31, 2023 and 2022, and is included in occupancy in the functional expense allocation.

NOTE 13 — DEFERRED COMPENSATION 403(b) PLAN

The Foundation offers a 403(b) deferred compensation plan for all eligible employees upon their first day of employment. Beginning October 1, 2022, the Foundation matches the employee deferred amount immediately. The match is 50% of employee contributions up to 6% of salary. The Foundation contributed a total of $42,177 and $29,318 to the plan for the years ended December 31, 2023 and 2022, respectively.

NOTE 14 — MAJOR PUBLIC SUPPORT

The Foundation received $ 4,089,891 from three donors and $1,214,000 from one donor of its gifts and grants representing 50% and 21% during the years ended December 31, 2023 and 2022, respectively.

NOTE 15 — COMMITMENTS

As disclosed in Note 1, the Foundation provides interest-free loans and grant awards to students for post-secondary education. The Foundation has approved the following student loans and grant awards:

Year Ending December 31,	Student Loans	Grant Awards
2024	$ 1,300,000	$ 5,500,000
2025	1,300,000	5,580,000
	$ 2,600,000	$ 11,080,000

NOTE 16 — FUNCTIONAL EXPENSE ALLOCATION

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 wages, benefits, payroll taxes, professional services, office expenses, information technology, and other, which are allocated on the basis of time and effort.

	Years Ended December 31,				
	2023				2022
		Supporting Services			
	Program Services	Management and General	Fund Raising	Total	(Comparative Totals Only)
Functional Expenses - Financial Reporting					
Compensation, Including Payroll Taxes and Employee Benefits	$ 1,122,834	$ 320,352	$ 472,281	$ 1,915,467	$ 1,570,029
Collection Fees	138,870	-	-	138,870	112,364
Community Programs	45,151	-	-	45,151	41,849
Information Technology	67,348	32,356	27,955	127,659	129,695
Meetings and Conferences	43,525	12,598	5,494	61,617	57,709
Occupancy	108,597	30,711	45,696	185,004	182,923
Other Items	87,233	36,088	69,244	192,565	173,078
Professional Fees	29,501	83,162	13,858	126,521	153,034
Provision for Uncollectible Loans	683,816	-	-	683,816	1,544,721
Grants - Forgone Interest Not Charged on Student Loans #	1,120,268	-	-	1,120,268	1,218,737
Grants Awarded	4,531,285	-	-	4,531,285	3,666,615
TOTAL EXPENSES – 2023	$ 7,978,428	$ 515,267	$ 634,528	$ 9,128,223	
TOTAL EXPENSES – 2022	$ 7,908,815	$ 507,722	$ 434,217		$ 8,850,754
Functional Expenses – Income Tax Reporting (IRS Form 990)					
Expenses Per Financial Reporting	$ 7,978,428	$ 515,267	$ 634,528	$ 9,128,223	$ 8,850,754
Grants - Loans Made to Students	1,256,500	-	-	1,256,500	1,375,390
Investment Advisory Fees (Included in Revenues)	-	72,721	-	72,721	39,517
Grants - Forgone Interest Not Charged on Student Loans #	(1,120,268)	-	-	(1,120,268)	(1,218,737)
TOTAL EXPENSES - 2023	$ 8,114,660	$ 587,988	$ 634,528	$ 9,337,176	
PERCENTAGE - 2023	89.2%	6.0%	4.8%	100.0%	
TOTAL EXPENSES - 2022	$ 8,065,468	$ 547,239	$ 434,217		$ 9,046,924
PERCENTAGE - 2022	89.2%	6.0%	4.8%		100.0%

Refer to Note 1 on page 10.