JOHN T. VUCUREVICH FOUNDATION

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2024 AND 2023

KETEL THORSTENSON
CPAs · ADVISORS

JOHN T. VUCUREVICH FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
John T. Vucurevich Foundation
Rapid City, South Dakota

Qualified Opinion

We have audited the accompanying financial statements of John T. Vucurevich Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024 and 2023, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As more fully disclosed in Notes 1 and 3 to the financial statements, the Foundation did not consolidate United Bancorporation, a personal holding company in which the Foundation was a majority stockholder in 2023, but instead accounted for the investment under the equity method of accounting. During the year ended December 31, 2023, United Bancorporation ceased operations, and had no remaining assets or liabilities; however, revenues & expenses occurred. In our opinion, this is not in accordance with accounting principles generally accepted in the United States of America. If consolidation were to occur, the income from equity in earnings on the statements of activities as of December 31, 2023 would no longer be reported. In lieu of this, all revenues and expenses of United Bancorporation (as shown in Note 3) would be reported individually in the Organization's financial statements. In addition, any intercompany transactions, to include payment of liquidating dividends, would be eliminated in consolidation.

We conducted our audits 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 audits. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 were 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 there 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 a fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 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 other internal control matters that we identified during the audit.

Ketel Thorstenson, LLP

KETEL THORSTENSON, LLP
Certified Public Accountants

June 26, 2025

JOHN T. VUCUREVICH FOUNDATION

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 4,671,483	$ 8,928,774
Prepaid Expenses and Other Assets	20,783	12,466
Total Current Assets	4,692,266	8,941,240
Investments		
Marketable Investment Securities	179,267,017	160,627,003
Property and Equipment		
Leasehold Improvements	91,122	91,122
Furniture and Equipment	127,861	127,861
	218,983	218,983
Less Accumulated Depreciation	218,983	218,983
	-	-
Other Assets		
Operating Lease Right-of-Use Asset	4,882	33,991
Investments Held in Trust	1,190,733	1,025,917
	1,195,615	1,059,908
TOTAL ASSETS	$ 185,154,898	$ 170,628,151
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable and Accrued Expenses	$ 23,754	$ 20,248
Operating Lease Liability -- Current Portion	5,027	29,833
Federal Excise Tax Payable	3,667	3,448
Grants Payable -- Current Portion	250,000	250,000
Total Current Liabilities	282,448	303,529
Other Liabilities		
Operating Lease Liability -- Net of Current Portion	-	5,027
Grants Payable -- Net of Current Portion	1,813,750	2,006,250
Amounts Held in Trust for Others	1,190,733	1,025,917
Deferred Excise Tax Liability	460,290	269,352
	3,464,773	3,306,546
Net Assets		
Board Designated - Inflation Adjusted Corpus	172,037,987	167,208,899
Undesignated (Deficit)	9,369,690	(190,823)
Total Net Assets Without Donor Restrictions	181,407,677	167,018,076
TOTAL LIABILITIES AND NET ASSETS	$ 185,154,898	$ 170,628,151

The accompanying notes are an integral part of these statements.

JOHN T. VUCUREVICH FOUNDATION

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

	2024	2023
Revenues		
Investment Return - Marketable Investment Securities		
Interest and Dividends	$ 6,365,500	$ 4,822,360
Net Unrealized Gain on Investments	13,736,572	17,223,632
Net Realized Gain on Sales of Investments	3,693,415	1,286,194
External and Internal Direct Investment Expenses	(371,922)	(329,817)
	23,423,565	23,002,369
Earnings from Unconsolidated Subsidiary		
Decrease from Equity in Earnings	-	(2,313,603)
Liquidating Dividends	-	2,386,331
	-	72,728
	23,423,565	23,075,097
Expenses		
Program	8,398,574	6,387,437
General and Administrative	309,671	315,791
	8,708,245	6,703,228
Increase in Net Assets Without Donor Restrictions Before Federal Excise Tax	14,715,320	16,371,869
Federal Excise Tax Expense on Net Investment Income	325,719	321,711
Increase in Net Assets Without Donor Restrictions	14,389,601	16,050,158
Net Assets Without Donor Restrictions -- Beginning of Year	167,018,076	150,967,918
Net Assets Without Donor Restrictions -- End of Year	$ 181,407,677	$ 167,018,076

The accompanying notes are an integral part of these statements.

JOHN T. VUCUREVICH FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program	General and Administration	Total
Grants Paid to Other Organizations	$ 7,272,370	$ -	$ 7,272,370
Direct Charitable Activities:			
Professional Fees	203,799	-	203,799
Education and Training	127,086	-	127,086
Other	64,319	-	64,319
Travel and Meetings	34,312	-	34,312
Insurance	821	-	821
	430,337	-	430,337
Salaries	348,190	140,370	488,560
Employee Benefits	142,195	58,224	200,419
Director Fees	109,523	36,508	146,031
Lease	34,628	11,543	46,171
Professional Fees	-	42,582	42,582
Office	30,354	10,118	40,472
Service and Maintenance Contracts	10,700	3,567	14,267
Travel and Meetings	7,295	2,432	9,727
Education and Training	5,262	1,754	7,016
Dues and Subscriptions	3,967	1,322	5,289
Insurance	3,753	1,251	5,004
Total Expenses	$ 8,398,574	$ 309,671	$ 8,708,245

The accompanying notes are an integral part of this statement.

JOHN T. VUCUREVICH FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program	General and Administration	Total
Grants Paid to Other Organizations	$ 5,288,233	$ -	$ 5,288,233
Direct Charitable Activities:			
Professional Fees	204,551	-	204,551
Education and Training	124,783	-	124,783
Other	32,016	-	32,016
Travel and Meetings	34,388	-	34,388
Insurance	693	-	693
	396,431	-	396,431
Salaries	345,795	129,831	475,626
Employee Benefits	134,512	50,302	184,814
Director Fees	87,482	29,161	116,643
Lease	33,765	11,255	45,020
Professional Fees	-	61,501	61,501
Office	37,777	12,593	50,370
Service and Maintenance Contracts	13,133	4,378	17,511
Travel and Meetings	22,067	7,356	29,423
Education and Training	20,026	6,675	26,701
Dues and Subscriptions	3,917	1,306	5,223
Insurance	3,386	1,129	4,515
Depreciation	913	304	1,217
Total Expenses	$ 6,387,437	$ 315,791	$ 6,703,228

The accompanying notes are an integral part of this statement.

JOHN T. VUCUREVICH FOUNDATION

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

	2024	2023
Cash Flows From Operating Activities		
Increase in Net Assets	$ 14,389,601	$ 16,050,158
Adjustments to Reconcile Increase in Net Assets to Net Cash Flows Used in Operating Activities:		
Depreciation	-	1,352
Net Realized Gain on Sales of Investments	(3,693,415)	(1,286,194)
Net Unrealized Gain on Investments	(13,736,572)	(17,223,632)
Deferred Federal Excise Tax	190,938	207,250
Decrease in Equity in Earnings of Unconsolidated Subsidiary	-	2,313,603
Net Change of Present Value Discount	(57,500)	(100,428)
Working Capital Changes Increasing (Decreasing) Cash:		
Prepaid Expenses and Other Assets	(8,317)	14,928
Federal Excise Tax Receivable	-	996
Accounts Payable and Accrued Expenses	3,506	(6,176)
Federal Excise Tax Payable	219	3,448
Grants Payable	(135,000)	(673,602)
Operating Lease Asset and Liability	(724)	151
Net Cash Flows Used in Operating Activities	(3,047,264)	(698,146)
Cash Flows From Investing Activities		
Purchase of Investments	(16,169,412)	(10,348,408)
Proceeds from Sale of Investments	14,959,385	18,700,027
Net Cash Flows Provided By (Used in) Investing Activities	(1,210,027)	8,351,619
Change in Cash and Cash Equivalents	(4,257,291)	7,653,473
Cash and Cash Equivalents -- Beginning of Year	8,928,774	1,275,301
Cash and Cash Equivalents-- End of Year	$ 4,671,483	$ 8,928,774
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for Excise Taxes	$ 138,229	$ 110,018
Cash Paid for Amounts Included in Measurement of Lease Liabilities		
Operating Cash Flows from Operating Leases	30,029	29,155

The accompanying notes are an integral part of these statements.

JOHN T. VUCUREVICH FOUNDATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

(1) Nature of Business and Summary of Significant Accounting Policies

Nature of Operations

John T. Vucurevich Foundation (the Foundation) is a not-for-profit corporation formed under the laws of South Dakota. The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the Code), and is classified as a private foundation under Section 509(a) of the Code. In accordance with Internal Revenue Service regulations, the Foundation is generally required to distribute at least five percent of its investable assets each year. The Foundation awards grants to charitable organizations committed to helping low-income families access quality early learning, affordable housing, pathways to economic mobility, and meet their basic needs within South Dakota with preference given to the West River Area of South Dakota and in particular the Black Hills Region. The Foundation also engages with the community to build partnerships and promote positive change through its advocacy, research and funding to create lasting impacts in these priority areas.

In addition, since 1993, the John T. Vucurevich Foundation has sponsored speaking events called "An Evening With...." The Foundation has hosted numerous national and international speakers who have vision for the future; promote understanding and awareness in the world; and who may be an inspiration to the people of Rapid City, South Dakota and the surrounding area. The Foundation seeks speakers of national and international reputation, who have made significant contributions in their respective fields to come to Rapid City to share their ideas.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting, which includes recognition of revenues and expenses as earned or incurred.

Financial Statement Presentation

The financial position and activities of the Foundation are reported in the following net asset categories:

Net Assets with Donor Restrictions – Net assets of the Foundation that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). 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. 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. The Foundation has no Net Assets with Donor Restrictions at either December 31, 2024 or 2023.

Net Assets without Donor Restrictions – Net assets of the Foundation that are not subject to donor-imposed restrictions and are available for general operations. In addition, the Board of Directors may designate net assets without donor restrictions for specific purposes.

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 the amounts and disclosures reported in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and Cash Equivalents include money market funds held in brokerage accounts, as well as cash held in checking accounts.

JOHN T. VUCUREVICH FOUNDATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

(1) Nature of Business and Summary of Significant Accounting Policies

Investments

Investments consist of marketable investment securities and closely held stock. The Foundation accounts for its marketable investment securities at fair market value with changes in the fair market value accounted for in the Statements of Activities. These investments are presented in the financial statements at the quoted market value of the securities. Realized gains and losses from sales of investments are determined on a specific identity basis. Unrealized gains and losses are recognized in the Statements of Activities to the extent of the change in aggregate market value of investments at the end of each accounting period. Net investment return (loss) is reported in the Statements of Activities and consists of interest and dividend income, realized and unrealized gains and losses, and external and direct internal investment expenses, to include estimated time spent monitoring external investment managers.

Market volatility of equity-based investments may substantially impact the value of such investments at any given time. Market risks include global events which could impact the value of investment securities, such as a pandemic or international conflict. It is possible that the value of the Foundation’s investments has changed significantly since December 31, 2024.

The Foundation also owned 89.6 percent of the outstanding Class A and Class B common stock of United Bancorporation, a personal holding company, at December 31, 2023. The personal holding company ceased conducting operations at December 31, 2023 and was fully liquidated.

The common stock is valued using the equity method of accounting under which the Foundation’s share of the net income of United Bancorporation is recognized as income in the Foundation’s Statements of Activities and added to the investment account, which is not in accordance with generally accepted accounting principles. The Foundation’s dividends received from United Bancorporation follows the nature of distribution approach for the classification of distributions received from equity method investees in the Statements of Cash Flows. In accordance with this approach, distributions received are classified based on the nature of the investee's activity that resulted in the distribution. As such, returns on investments are classified as operating activities in the Statements of Cash Flows, while returns of investment are classified as investing activities.

Fair value of investments is defined as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Fair value measurements are framed in a three-level hierarchy as follows:

- Level One: Observable inputs such as quoted market prices for identical assets or liabilities in active markets
- Level Two: Inputs include quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability
- Level Three: Inputs are based on prices or valuation techniques that are unobservable

Concentration of Credit Risk

The Foundation’s cash, cash equivalents and investments are potentially exposed to concentrations of credit risk. The Foundation invests in financial instruments issued by domestic and foreign corporations, as well as the United States and foreign governments. The Foundation routinely assesses the diversification and financial strength of its investment portfolio.

JOHN T. VUCUREVICH FOUNDATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

(1) Nature of Business and Summary of Significant Accounting Policies

Property and Equipment

Property and equipment purchases in excess of $5,000 are capitalized at cost and are being depreciated over their estimated useful lives ranging from 3 to 10 years. Leasehold improvements have been capitalized at cost and are being amortized over the term of the lease.

Leases

The Foundation determines if an arrangement is or contains a lease at inception or modification of the agreement. An election has been made for all asset classes to treat any non-lease components such as maintenance, utilities, insurance and property taxes as part of the lease contract. The right-of-use asset and lease liability relates to office facilities. The Foundation's lease agreement does not contain renewal or termination clauses, material residual value guarantees, restrictions, or covenants.

For leases with terms greater than 12 months or that contain a purchase option that is reasonably certain to be exercised, a right-of-use (ROU) asset and lease liability is recognized based on the present value of the future minimum lease payments over the lease term. Leases with ROU assets below $5,000 or lease liabilities below $5,000 are not deemed material and are recognized as short-term leases. The Company has elected to use the risk-free interest rate for all asset classes to determine the lease present value when the implicit rate is not readily determinable. The initial measurement of the ROU asset also includes any initial direct costs and lease prepayments, net of lease incentives received. Leases are classified as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively.

Amounts Held in Trust for Others

The Foundation holds and administers a permanent trust fund for the benefit of another non-profit organization in accordance with a donor agreement. Accordingly, the Foundation's accompanying Statements of Activities includes no investment income or expenses related to this trust. The asset and related liability account are reflected separately in the accompanying Statements of Financial Position.

Grants Paid

Grants are recorded as an expense when approved by the board of directors, unless conditions for grant payment have not been fulfilled. Grant intentions are recorded as an expense when approved by the board of directors and payment is issued. Such conditional grants are recorded when the conditions have been substantially satisfied. Actual grant payments may be made more than one year after the initial grant approval has been made by the board of directors. Long-term grants payable are discounted to present value.

Functional Allocation of Expenses

The costs of providing various programs and supporting activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Grants paid and direct charitable activities are directly allocated to program functions. Insurance, rent, office, and depreciation expenses are allocated to functions on a square footage basis. All other expenses are allocated based on estimated time and effort. A portion of depreciation expense is allocated to direct investment expense.

Subsequent Events

The Foundation has evaluated events through June 26, 2025, the date which the financial statements were available to be issued.

JOHN T. VUCUREVICH FOUNDATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

(2) Fair Value Measurements

The following table presents the assets carried at fair value as of December 31, 2024 and 2023, on the accompanying Statements of Financial Position by fair value hierarchy.

2024	Level One	Level Two	Level Three	Total
Marketable Investment Securities:				
US Equities	$ 61,483,298	$ -	$ -	$ 61,483,298
Mixed Assets	38,361,552	-	-	38,361,552
Fixed Income	16,286,593	-	-	16,286,593
International Equities	17,425,799	-	-	17,425,799
Other Assets	12,849,076	-	-	12,849,076
Structured Notes	-	18,918,750	-	18,918,750
Emerging Markets	5,290,789	-	-	5,290,789
Alternative Investments	-	8,651,160	-	8,651,160
	151,697,107	27,569,910	-	179,267,017
Money Market Funds Included in Cash and Cash Equivalents	4,565,956	-	-	4,565,956
Investments Held in Trust	-	1,190,733	-	1,190,733
	$ 156,263,063	$ 28,760,643	$ -	$ 185,023,706
2023				
Marketable Investment Securities:				
US Equities	$ 54,394,073	$ -	$ -	$ 54,394,073
Mixed Assets	36,143,685	-	-	36,143,685
Fixed Income	16,096,399	-	-	16,096,399
International Equities	17,454,952	-	-	17,454,952
Other Assets	14,778,644	-	-	14,778,644
Structured Notes	-	16,821,660	-	16,821,660
Emerging Markets	4,937,590	-	-	4,937,590
	143,805,343	16,821,660	-	160,627,003
Money Market Funds Included in Cash and Cash Equivalents	8,876,364	-	-	8,876,364
Investments Held in Trust	-	1,025,917	-	1,025,917
	$ 152,681,707	$ 17,847,577	$ -	$ 170,529,284

The Investments Held in Trust represent an annuity investment. The underlying assets of the annuity are equities valued using an actively traded market.

The fair value for structured notes is equal to the sum of the values of the following hypothetical components: (1) a fixed-income debt component with the same maturity as the notes and (2) the derivative or derivatives underlying the economic terms of the notes. The estimated value of the notes does not represent a minimum price at which the maker would be willing to buy the notes in any secondary market (if any exists) at any time. The internal funding rate used in the determination of the estimated value of the notes may differ from the market-implied funding rate for vanilla fixed income instruments of a similar maturity issued by the maker.

The alternative investments represent a mix of equity, fixed income, and real asset investments. The underlying investments are valued using an actively traded market.

JOHN T. VUCUREVICH FOUNDATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

(3) Investment in Unconsolidated Subsidiary

The Foundation has elected not to consolidate the financial statements of United Bancorporation (Note 1) as required by non-profit consolidation guidelines. The following is a summary of financial information for United Bancorporation:

Condensed Balance Sheets:
December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	$ -	$ 640
Other Assets	-	810
TOTAL ASSETS	$ -	$ 1,450
LIABILITIES AND STOCKHOLDERS' EQUITY		
United Bancorporation's Stockholders' Equity	$ -	$ 1,450
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ -	$ 1,450

Condensed Statements of Income: (Unaudited)
For the years ended December 31, 2024 and 2023

	2024	2023
Interest and Dividend Income	$ -	$ 108,000
Recovery of Loan and Lease Losses	-	129,000
Noninterest Expense	-	(129,000)
Provision for Income Taxes	-	(25,000)
Net Income Attributable to United Bancorporation	$ -	$ 83,000

The Foundation received $-0- and $2,386,331 of liquidating dividends from United Bancorporation during the years ended December 31, 2024 and 2023, respectively.

Had United Bancorporation been consolidated as required by non-profit consolidation guidelines, the investment and related interest and earnings would have been eliminated in consolidation.

(4) Federal Excise Taxes

The Foundation is exempt from federal income taxes and classified as a private foundation under Section 501 of the Internal Revenue Code. The Foundation is subject to a 1.39 percent federal excise tax on net investment income, including realized gains, as defined by the Internal Revenue Code.

Deferred tax liabilities arise because the accrual basis is used for book purposes in the recognition of investment income, gains, and losses, but cash basis is used for tax purposes. Taxes are payable when dividends, interest, and other investment income are received in cash and when gains are realized by selling the investments. Pursuant to the plan of liquidation of United Bancorporation (Note 1), liquidating dividends are considered capital gains and can be offset by the remaining tax basis of the stock at December 31, 2018. Realized losses can be used to offset any gains realized in the same year; the excess of realized losses over realized gains cannot be carried back or carried forward to offset gains in prior or future tax years. Thus, because there are net unrealized gains on the investments held by the Foundation, the tax expense exceeds the taxes payable and results in a deferred federal excise tax liability of $460,290 and $269,352 at December 31, 2024 and 2023, respectively.

JOHN T. VUCUREVICH FOUNDATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

(4) Federal Excise Taxes

The provision for federal excise taxes consists of the following for the years ended December 31:

	2024	2023
Current Tax Expense	$ 134,781	$ 114,461
Deferred Tax Expense	190,938	207,250
	$ 325,719	$ 321,711

The deferred tax liability reported in the financial statements represents the net appreciation in investments above cost. The deferred tax liability has been recorded at a rate of 1.39 percent of the unrealized holding gains at December 31, 2024 and 2023. The Foundation believes 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. For the years ended December 31, 2024 and 2023, no significant tax interest or penalties were recorded in the Statements of Activities.

(5) Grants Payable

Grants payable at December 31, 2024, are payable in the following periods:

2025	$ 250,000
2026	250,000
2027	250,000
2028	250,000
2029	250,000
Thereafter	1,050,000
Gross Grants Payable	2,300,000
Less: Discount on Grants Payable - 2.50%	236,250
	$ 2,063,750

Grants payable has discounts of $236,250 and $293,750 at December 31, 2024 and 2023, respectively.

(6) Liquidity and Availability

The Foundation's working capital and cash flows have variations during the year attributable to volatility of the investment market. To manage liquidity, the Foundation maintains its investment portfolio at a level that will provide adequate dividend returns. The Foundation also performs quarterly cash flow projections to determine the need for investment sales to fund grant-making activities. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at December 31:

	2024	2023
Cash and Cash Equivalents	$ 4,671,483	$ 8,928,774
Operating Investments	179,267,017	160,627,003
Total Financial Assets	183,938,500	169,555,777
Less Board Designated Funds	(172,037,987)	(167,208,899)
Financial Assets Available for General Use Within One Year	$ 11,900,513	$ 2,346,878

Board designated funds were set aside in 2022 to protect the purchasing power of the original contribution to the Foundation. In the event of operational needs, funds can be undesignated, grant making can be reduced, or operations scaled back. At December 31, 2024 and 2023, the board designation of funds totals $172,037,987 and $167,208,899, respectively.

JOHN T. VUCUREVICH FOUNDATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

(7) Leases

The Foundation's lease of office facilities expires February 2025. The Foundation has renewed the lease for 12 months, which was not material to record as of December 31, 2024. The lease provides for increases in future minimum base rent of three percent on an annual basis. Additionally, the agreement requires the Foundation to pay a proportionate share of real estate taxes and insurance. These amounts are variable and, therefore, are not included in the calculation of the right of use asset and lease liability.

Total lease costs for the year ended December 31, 2024 were as follows:

	2024	2023
Operating Lease Cost	$ 29,305	$ 29,305
Variable Lease Cost	17,612	16,548
Less: Investment Expense	746	833
	$ 46,171	$ 45,020

The weighted average remaining lease terms for this lease are 0.17 years and 1.17 years for the years ended December 31, 2024 and 2023, respectively.

The weighted average discount rate for this lease is 1.04 percent for the years ended December 31, 2024 and 2023.

The future minimum lease payments under this noncancelable operating lease are as follows as of December 31, 2024:

2025	$ 5,030
Less Interest	3
Present Value of Lease Liabilities	$ 5,027