JOHN T. VUCUREVICH FOUNDATION

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2025 AND 2024

KETEL THORSTENSON
CPAs · ADVISORS

JOHN T. VUCUREVICH FOUNDATION

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the John T. Vucurevich Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2025 and 2024, 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, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2025 and 2024, and the changes 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 Opinion

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 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

July 11, 2026

JOHN T. VUCUREVICH FOUNDATION

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

ASSETS	2025	2024
Current Assets		
Cash and Cash Equivalents	$ 5,048,165	$ 4,671,483
Federal Excise Tax Receivable	487	-
Prepaid Expenses and Other Assets	13,594	20,783
Total Current Assets	5,062,246	4,692,266
Investments		
Marketable Investment Securities	199,356,992	179,267,017
Equity Method Investment in LLC	1,500,000	-
	200,856,992	179,267,017
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	5,152	4,882
Investments Held in Trust	1,246,962	1,190,733
	1,252,114	1,195,615
TOTAL ASSETS	$ 207,171,352	$ 185,154,898
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable and Accrued Expenses	$ 28,175	$ 23,754
Operating Lease Liability -- Current Portion	5,152	5,027
Federal Excise Tax Payable	-	3,667
Grants Payable -- Current Portion	250,000	250,000
Total Current Liabilities	283,327	282,448
Other Liabilities		
Grants Payable -- Net of Current Portion	1,813,750	1,813,750
Amounts Held in Trust for Others	1,246,962	1,190,733
Deferred Excise Tax Liability	742,181	460,290
	3,802,893	3,464,773
Net Assets		
Board Designated - Inflation Adjusted Corpus	-	172,037,987
Undesignated	203,085,132	9,369,690
Total Net Assets Without Donor Restrictions	203,085,132	181,407,677
TOTAL LIABILITIES AND NET ASSETS	$ 207,171,352	$ 185,154,898

The accompanying notes are an integral part of these statements.

JOHN T. VUCUREVICH FOUNDATION

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Revenues		
Investment Return - Marketable Investment Securities		
Interest and Dividends	$ 7,472,095	$ 6,365,500
Net Unrealized Gain on Investments	20,279,933	13,736,572
Net Realized Gain on Sales of Investments	4,227,082	3,693,415
External and Internal Direct Investment Expenses	(369,289)	(371,922)
	31,609,821	23,423,565
Expenses		
Program	9,199,704	8,398,574
General and Administrative	293,258	309,671
	9,492,962	8,708,245
Increase in Net Assets Without Donor Restrictions Before Federal Excise Tax	22,116,859	14,715,320
Federal Excise Tax Expense on Net Investment Income	439,404	325,719
Increase in Net Assets Without Donor Restrictions	21,677,455	14,389,601
Net Assets Without Donor Restrictions -- Beginning of Year	181,407,677	167,018,076
Net Assets Without Donor Restrictions -- End of Year	$ 203,085,132	$ 181,407,677

The accompanying notes are an integral part of these statements.

JOHN T. VUCUREVICH FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Program	General and Administration	Total
Grants Paid to Other Organizations	$ 7,926,625	$ -	$ 7,926,625
Direct Charitable Activities:			
Professional Fees	402,536	-	402,536
Education and Training	103,915	-	103,915
Other	57,911	-	57,911
Travel and Meetings	51,153	-	51,153
Insurance	616	-	616
	616,131	-	616,131
Salaries	286,529	110,949	397,478
Employee Benefits	147,970	54,799	202,769
Director Fees	91,875	30,625	122,500
Office	47,477	15,826	63,303
Professional Fees	-	53,359	53,359
Lease	36,659	12,220	48,879
Education and Training	20,794	6,932	27,726
Service and Maintenance Contracts	10,156	3,385	13,541
Travel and Meetings	7,815	2,605	10,420
Dues and Subscriptions	4,121	1,374	5,495
Insurance	3,552	1,184	4,736
Total Expenses	$ 9,199,704	$ 293,258	$ 9,492,962

The accompanying notes are an integral part of this statement.

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
Office	30,354	10,118	40,472
Professional Fees	-	42,582	42,582
Lease	34,628	11,543	46,171
Education and Training	5,262	1,754	7,016
Service and Maintenance Contracts	10,700	3,567	14,267
Travel and Meetings	7,295	2,432	9,727
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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash Flows From Operating Activities		
Increase in Net Assets	$ 21,677,455	$ 14,389,601
Adjustments to Reconcile Increase in Net Assets to Net Cash Flows Used in Operating Activities:		
Net Realized Gain on Sales of Investments	(4,227,082)	(3,693,415)
Net Unrealized Gain on Investments	(20,279,933)	(13,736,572)
Deferred Federal Excise Tax	281,891	190,938
Net Change of Present Value Discount	-	(57,500)
Working Capital Changes Increasing (Decreasing) Cash:		
Prepaid Expenses and Other Assets	7,189	(8,317)
Accounts Payable and Accrued Expenses	4,421	3,506
Federal Excise Tax Receivable/Payable	(4,154)	219
Grants Payable	-	(135,000)
Operating Lease Asset and Liability	(145)	(724)
Net Cash Flows Used in Operating Activities	(2,540,358)	(3,047,264)
Cash Flows From Investing Activities		
Purchase of Investments	(13,875,277)	(16,169,412)
Proceeds from Sale of Investments	18,292,317	14,959,385
Purchase of Investment in LLC	(1,500,000)	-
Net Cash Flows Provided By (Used in) Investing Activities	2,917,040	(1,210,027)
Change in Cash and Cash Equivalents	376,682	(4,257,291)
Cash and Cash Equivalents -- Beginning of Year	4,671,483	8,928,774
Cash and Cash Equivalents-- End of Year	$ 5,048,165	$ 4,671,483
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for Excise Taxes	$ 161,667	$ 138,229
Cash Paid for Amounts Included in Measurement of Lease Liabilities		
Operating Cash Flows from Operating Leases	31,078	30,029

The accompanying notes are an integral part of these statements.

JOHN T. VUCUREVICH FOUNDATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

(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 and incurred, respectively.

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, 2025 or 2024.

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, 2025 AND 2024

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

Investments - Securities

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 is reported in the Statements of Activities and consists of interest and dividend income, realized and unrealized gains and losses, and external and internal direct 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 alterations in domestic trade policy or international conflict. It is possible that the value of the Foundation's investments has changed significantly since December 31, 2025.

Fair value of investments is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. Fair value measurements are classified according to a three-level hierarchy based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are defined as follows:

- Level One: Observable inputs such as quoted market prices for identical assets or liabilities in active markets. These are highly liquid and actively traded instruments.
- Level Two: Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and inputs that are derived principally from or corroborated by observable market data either directly or indirectly for substantially the full term of the instrument. These are traded less frequently than exchange-traded instruments and are typically valued using third-party brokerage services.
- Level Three: Inputs are based on prices or valuation techniques that are unobservable. These typically require significant management judgment or estimation.

Investments - LLC

In 2025, the Foundation purchased a 41.95 percent Class A membership interest in Founders Park Office Building, LLC (the "LLC"), a manager-managed South Dakota limited liability company formed to construct, own, and operate an office building. As a Class A member, the Foundation made a larger initial investment in the LLC, while Class B members guarantee any debt borrowings. Any future distributions will occur under a waterfall approach, whereby Class A Members are entitled to a cumulative, non-compounded priority distribution at an annual rate of 4% on adjusted capital contributions before distributions of remaining amounts in accordance with members' sharing ratios.

The investment is carried on the equity method basis of accounting, under which the Foundation's investment is recorded at cost plus or minus equity in earnings or losses since the date of acquisition, less distributions received. As this investment is not an actively traded public security, the current fair market value is not readily determinable.

Dividends received follow 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, while returns of investments are classified as investing activities.

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, 2025 AND 2024

(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 include 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 July 11, 2026, the date which the financial statements were available to be issued.

JOHN T. VUCUREVICH FOUNDATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

(2) Investments and Fair Value Measurements

The following table presents the assets carried at fair value as of December 31, 2025 and 2024, on the accompanying Statements of Financial Position by fair value hierarchy.

December 31, 2025	Level One	Level Two	Level Three	Total
US Equities	$ 66,669,642	$ -	$ -	$ 66,669,642
Mixed Assets	39,780,857	-	-	39,780,857
International Equities	19,009,246	-	-	19,009,246
Fixed Income	14,891,552	-	-	14,891,552
Other Assets	14,547,249	-	-	14,547,249
Structured Notes	-	21,535,650	-	21,535,650
Emerging Markets	6,458,511	-	-	6,458,511
Alternative Investments	-	16,464,285	-	16,464,285
	161,357,057	37,999,935	-	199,356,992
Money Market Funds Included in Cash and Cash Equivalents	4,962,941	-	-	4,962,941
Investments Held in Trust	-	1,246,962	-	1,246,962
	$ 166,319,998	$ 39,246,897	$ -	$ 205,566,895
December 31, 2024				
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

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 for similar investments.

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

JOHN T. VUCUREVICH FOUNDATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

(3) Equity Method Investment in LLC

The Foundation purchased its 41.95 percent Class A membership interest in Founders Park Office Building, LLC (the "LLC") in 2025 for $1,500,000. As of December 31, 2025, the LLC's only activity consists of building construction in progress that is funded via construction financing, resulting in no additional share of equity to be recorded by the Foundation.

In September 2025, the Foundation entered into a lease for office space with the LLC. The lease is expected to commence when construction is complete, which is currently estimated to be August 2026. The lease requires monthly payments of $4,051 for the initial ten-year term. Three successive five-year renewal options are available at an increase of 2.50 percent per year. In addition, the Foundation is responsible for its share of building operating expenses, property taxes, insurance, and certain utilities. No right-of-use asset or lease liability is recognized at December 31, 2025, as the Foundation does not yet control the office space.

As part of the lease agreement, the Foundation entered into a construction contract in January 2026 for an interior buildout of office space with an entity related to one of the LLC members. The contract totals $659,000 and is expected to be funded through existing cash and investments. In addition, the LLC has agreed to contribute approximately $97,000 towards the build-out as a tenant allowance.

(4) Leases

The Foundation's lease of office facilities expires February 2026. The Foundation has renewed the lease for four months, which was not material to record as of December 31, 2025. The lease provides for increases in future minimum base rent of three percent for the renewed term. Additionally, the agreement requires the Foundation to pay a proportionate share of real estate taxes and insurance. These amounts are variable and are therefore not included in the calculation of the right of use asset and lease liability.

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

	2025	2024
Operating Lease Cost	$ 31,078	$ 29,305
Variable Lease Cost	19,356	17,612
Less: Investment Expense	1,555	746
	$ 48,879	$ 46,171

The weighted average remaining lease term for this lease is 0.16 years and 0.17 years for the years ended December 31, 2025 and 2024, respectively. The weighted average discount rate for this lease is 4.28 percent for the years ended December 31, 2025 and 2024.

The future minimum lease payments under this noncancelable operating lease are as follows as of December 31, 2025:

2026	$ 5,180
Less Interest	28
Present Value of Lease Liabilities	$ 5,152

JOHN T. VUCUREVICH FOUNDATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

(5) Grants Payable

Grants payable at December 31, 2025, are payable in the following periods:

2026	$	250,000
2027		250,000
2028		250,000
2029		250,000
2030		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 includes discounts totaling $236,250 at both December 31, 2025 and 2024.

(6) 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. 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 $742,181 and $460,290 at December 31, 2025 and 2024, respectively.

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

	2025		2024	
Current Tax Expense	$	157,513	$	134,781
Deferred Tax Expense		281,891		190,938
	$	439,404	$	325,719

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, 2025 and 2024. 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, 2025 and 2024, no significant tax interest or penalties were recorded in the Statements of Activities.

JOHN T. VUCUREVICH FOUNDATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

(7) 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 statement of financial position date, comprise the following at December 31:

	2025	2024
Cash and Cash Equivalents	$ 5,048,165	$ 4,671,483
Operating Investments	199,356,992	179,267,017
Total Financial Assets	204,405,157	183,938,500
Less Board Designated Funds	-	(172,037,987)
Financial Assets Available for General Use Within One Year	$ 204,405,157	$ 11,900,513

Board designated funds were set aside in 2022 to protect the purchasing power of the original contribution to the Foundation. During 2025, the board of directors determined that a formal designation was not necessary and, as such, removed the designation. In the event of operational needs, grant making can be reduced, or operations scaled back.