

**EARTH UNIVERSITY FOUNDATION, INC.**

**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**with**  
**INDEPENDENT AUDITORS' REPORT**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
EARTH University Foundation, Inc.

### ***Opinion***

We have audited the accompanying financial statements of EARTH University Foundation Inc. (a nonprofit organization) (the "Foundation"), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024, and 2023, 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date of this report.

### ***Auditors' 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 auditors' 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 GAAS 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.

In performing an audit in accordance with GAAS, 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.

Smith and Howard

Atlanta, GA  
March 25, 2025

**EARTH UNIVERSITY FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2024 AND 2023**

**ASSETS**

	<u><b>2024</b></u>	<u><b>2023</b></u>
Cash and cash equivalents (Note C)	\$ 3,927,889	\$ 2,658,531
Prepaid expenses, deposits and other receivables	49,697	33,022
Receivables from EARTH (Note I)	152,725	264,501
Receivable from EARTH Trust (Note I)	474	-
Pledges receivable, net (Note D)	2,671,970	2,791,656
Endowment pledges receivable, net (Note D)	99,249	100,268
Endowment and other investments (Note B)	80,149,063	75,033,187
Cash surrender value of life insurance (Note E)	572,416	550,131
Property and equipment, net	<u>13,955</u>	<u>29,211</u>
	<u><u>\$ 87,637,438</u></u>	<u><u>\$ 81,460,507</u></u>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable and accrued expenses	\$ 78,449	\$ 62,808
Advance from EARTH (Note I)	226,000	100,000
Scholarships payable to EARTH (Notes F and I)	<u>85,925</u>	<u>130,079</u>
	<u>390,374</u>	<u>292,887</u>

**Net Assets**

Without Donor Restrictions	1,351,960	965,643
With Donor Restrictions	<u>85,895,104</u>	<u>80,201,977</u>
	<u>87,247,064</u>	<u>81,167,620</u>
	<u><u>\$ 87,637,438</u></u>	<u><u>\$ 81,460,507</u></u>

The accompanying notes are an integral part of these financial statements.

**EARTH UNIVERSITY FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2024**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Revenues, gains and support:			
Funding from EARTH (Note I)	\$ 1,400,728	\$ -	\$ 1,400,728
Contributions and pledges	682,794	4,855,347	5,538,141
Change in cash surrender value	22,285	-	22,285
Investment gain, net	-	8,826,852	8,826,852
Net assets released from restrictions (Note H)	<u>7,989,072</u>	<u>(7,989,072)</u>	<u>-</u>
 Total revenues, gains and support	 <u>10,094,879</u>	 <u>5,693,127</u>	 <u>15,788,006</u>
Expenses:			
Scholarships and grants	8,464,967	-	8,464,967
Administrative	571,311	-	571,311
Fundraising	<u>672,284</u>	<u>-</u>	<u>672,284</u>
 Total expenses	 <u>9,708,562</u>	 <u>-</u>	 <u>9,708,562</u>
 Change in net assets	 386,317	 5,693,127	 6,079,444
Net assets, beginning of year	<u>965,643</u>	<u>80,201,977</u>	<u>81,167,620</u>
Net assets, end of year	<u><u>\$ 1,351,960</u></u>	<u><u>\$ 85,895,104</u></u>	<u><u>\$ 87,247,064</u></u>

The accompanying notes are an integral part of these financial statements.

**EARTH UNIVERSITY FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains and support:			
Funding from EARTH (Note I)	\$ 1,568,746	\$ -	\$ 1,568,746
Funding from EARTH Trust (Note I)	1,135	-	1,135
Contributions and pledges	401,809	3,885,757	4,287,566
Change in cash surrender value	(7,211)	-	(7,211)
Investment gain, net	-	9,761,724	9,761,724
Net assets released from restrictions (Note H)	<u>7,426,783</u>	<u>(7,426,783)</u>	<u>-</u>
 Total revenues, gains and support	 <u>9,391,262</u>	 <u>6,220,698</u>	 <u>15,611,960</u>
Expenses:			
Scholarships and grants	8,159,097	-	8,159,097
Administrative	550,788	-	550,788
Fundraising	<u>703,332</u>	<u>-</u>	<u>703,332</u>
 Total expenses	 <u>9,413,217</u>	 <u>-</u>	 <u>9,413,217</u>
 Change in net assets	 (21,955)	 6,220,698	 6,198,743
Net assets, beginning of year	<u>987,598</u>	<u>73,981,279</u>	<u>74,968,877</u>
Net assets, end of year	<u>\$ 965,643</u>	<u>\$ 80,201,977</u>	<u>\$ 81,167,620</u>

The accompanying notes are an integral part of these financial statements.

**EARTH UNIVERSITY FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2024**

	<b><u>Scholarships and Grants</u></b>	<b><u>Administrative</u></b>	<b><u>Fundraising</u></b>	<b><u>Total Expenses</u></b>
Salaries and benefits	\$ 255,618	\$ 331,359	\$ 579,995	\$ 1,166,972
Consulting	-	25,502	37,475	62,977
Professional services	-	150,828	-	150,828
Office expenses	14,252	45,300	33,515	93,067
Events	-	-	431	431
Travel and board meetings	2,594	11,174	20,868	34,636
Scholarships	6,094,642	-	-	6,094,642
Project and program expense	<u>2,097,861</u>	<u>7,148</u>	<u>-</u>	<u>2,105,009</u>
	<u><u>\$ 8,464,967</u></u>	<u><u>\$ 571,311</u></u>	<u><u>\$ 672,284</u></u>	<u><u>\$ 9,708,562</u></u>

The accompanying notes are an integral part of these financial statements.



**EARTH UNIVERSITY FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2023**

	<b><u>Scholarships and Grants</u></b>	<b><u>Administrative</u></b>	<b><u>Fundraising</u></b>	<b><u>Total Expenses</u></b>
Salaries and benefits	\$ 265,279	\$ 375,624	\$ 646,667	\$ 1,287,570
Consulting	-	20,501	200	20,701
Professional services	-	62,135	-	62,135
Office expenses	13,144	44,662	34,563	92,369
Events	-	-	3,703	3,703
Travel and board meetings	1,565	41,009	18,199	60,773
Scholarships	4,995,720	-	-	4,995,720
Project and program expense	<u>2,883,389</u>	<u>6,857</u>	<u>-</u>	<u>2,890,246</u>
	<u>\$ 8,159,097</u>	<u>\$ 550,788</u>	<u>\$ 703,332</u>	<u>\$ 9,413,217</u>

The accompanying notes are an integral part of these financial statements.

**EARTH UNIVERSITY FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u><b>2024</b></u>	<u><b>2023</b></u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 6,079,444	\$ 6,198,743
Adjustments to reconcile change in net assets to net cash required by operating activities:		
Depreciation and amortization	15,256	14,158
Endowment fund contributions and pledges	(41,981)	(52,032)
Realized and unrealized gain on investments	(7,056,316)	(8,114,378)
Unrealized (gain) loss in cash surrender value	(22,285)	7,211
Changes in assets and liabilities		
Increase (decrease) in:		
Prepaid expenses, deposits and other receivables	(16,675)	10,322
Receivables from EARTH	111,776	18,072
Receivable from EARTH Trust	(474)	-
Pledges receivable, net	119,686	(180,933)
Increase (decrease) in:		
Accounts payable and accrued expenses	15,641	(44,952)
Scholarships payable to EARTH	81,846	(83,196)
Payable to EARTH Trust	-	(841)
Total Adjustments	<u>(6,793,526)</u>	<u>(8,426,569)</u>
Net Cash Required by Operating Activities	<u>(714,082)</u>	<u>(2,227,826)</u>
Cash Flows From Investing Activities:		
Net sales of long-term investments	1,940,440	1,954,608
Purchases of property and equipment	-	(14,878)
Net Cash Provided by Investing Activities	<u>1,940,440</u>	<u>1,939,730</u>
Cash Flows From Financing Activities:		
Endowment contributions and pledges received	<u>43,000</u>	<u>82,000</u>
Net Cash Provided by Financing Activities	<u>43,000</u>	<u>82,000</u>
Net Change in Cash and Cash Equivalents	1,269,358	(206,096)
Cash and Cash Equivalents at Beginning of Year	<u>2,658,531</u>	<u>2,864,627</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 3,927,889</u></u>	<u><u>\$ 2,658,531</u></u>

The accompanying notes are an integral part of these financial statements.

**EARTH UNIVERSITY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE A - NATURE OF FOUNDATION**

Organizational Purpose

EARTH University Foundation, Inc. (the "Foundation") was incorporated in the state of Delaware in 1989 and relocated to Atlanta, Georgia in 1997. The Foundation is a nonprofit corporation whose purpose is to foster educational programs in teaching, research, and dissemination of knowledge about agriculture and conservation and in furtherance of the foregoing purpose, to raise and provide financial and other support for the programs of the Escuela de Agriculatural de la Region Tropical Humeda (EARTH). EARTH's stated mission is to prepare leaders with ethical values to contribute to the sustainable development and to construct a prosperous and just society. EARTH's vision is that its actions are mission-driven to alleviate poverty, promote social justice and build a future where our communities achieve sustainable and shared prosperity. EARTH accomplishes its mission and vision by implementing a value structure which includes human development, academic excellence, ethical behavior, sustainable development, social consciousness, the search for knowledge, and biodiversity conservation.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The Foundation follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP").

Presentation

Net assets, along with revenues, expenses, gains and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation.
- Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity.

**EARTH UNIVERSITY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Risks and Uncertainties

The Foundation's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, endowment and other investments and pledges receivable. At times, cash and cash equivalent balances may exceed federally insured amounts. Management believes that cash and other investments are maintained at financial institutions with high credit ratings that would, accordingly, carry a low risk of potential loss. Management continually monitors receivable balances and believes that its exposure to credit risk is limited. Endowment and other investments are exposed to various risks, such as interest rate risk, market risk and credit risk. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

Pledges Receivable

Contributions are recognized when the donor makes a pledge to give to the Foundation. Contributions restricted by the donor for the benefit of EARTH are recorded as donor restricted net assets. Pledges receivable consist of these uncollected pledges, net of an allowance for uncollectible pledges and a present value discount. The Foundation uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made.

The Foundation had two major donors that comprised 35% of pledges receivable at December 31, 2024 and one major donor that comprised of 100% of endowment pledges receivable. At December 31, 2023 the Foundation had two major donors that comprised 38% of pledges receivable at December 31, 2023 and one major donor that comprised of 100% of endowment pledges receivable.

Endowment Fund

GAAP requires the following financial statement disclosures for the Foundation:

- Classification of net assets

Endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**EARTH UNIVERSITY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Endowment Fund (Continued)

- Interpretation of Relevant Law

The Foundation has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulation to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditures by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purposes of the Foundation and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation and deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Foundation.
- (7) The investment policies of the Foundation.

- 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(s). Under this policy, as approved by the Foundation, the endowment assets are invested in a manner to attain an average annual real total return, net of investment management fees, of at least 5% over the long term.

- 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 to achieve its long-term return objectives within prudent risk constraints.

**EARTH UNIVERSITY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Endowment Fund (Continued)

- Spending Policy

The Foundation has a spending policy approved by the Foundation's Board of Trustees that is designed to ensure that the real value of both the funds and of the spending stream is maintained over time. The Foundation's spending policy states that annuities from endowed scholarship gifts are approved by the Chairman of the Board of Trustees on behalf of the board every four years as the funds become available for a new incoming student. Annuities from other endowed gifts, such as Professorships and Programs are approved by the Chairman of the Board of Trustees annually, depending on the nature of the gift. The maximum base to which the 5% rule is applied, is calculated using a rolling average of the market during the previous 36 months. The value of endowment using the average month-end values of the fund cumulatively.

- Underwater Endowment Funds

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. The Foundation's policy is to refrain from disbursement from individual endowment funds if the fund's value is 95% or less of the corpus. At December 31, 2024, the Foundation had no underwater endowments. At December 31, 2023, the Foundation had one underwater endowment. The fair value of the endowment fund underwater at December 31, 2023 was \$505,225 and had a corpus of \$520,314, resulting in the fund being underwater by \$15,092.

**EARTH UNIVERSITY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Endowment Fund (Continued)

Changes in endowment net assets for the years ended December 31, 2024 and 2023 are as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets			
December 31, 2022	\$ -	\$ 68,873,417	\$ 68,873,417
Cash contributions	-	82,000	82,000
Earnings used for scholarship and programs	-	(3,683,954)	(3,683,954)
Investment return:			
Investment income	-	1,647,346	1,647,346
Net appreciation	-	8,114,378	8,114,378
Endowment net assets			
December 31, 2023	-	75,033,187	75,033,187
Cash contributions	-	43,000	43,000
Earnings used for scholarship and programs	-	(3,767,863)	(3,767,863)
Investment return:			
Investment income	-	1,784,423	1,784,423
Net appreciation	-	7,056,316	7,056,316
Endowment net assets			
December 31, 2024	<u>\$ -</u>	<u>\$ 80,149,063</u>	<u>\$ 80,149,063</u>

Investments

Investments are carried at fair market value in accordance with GAAP. Fair value is determined from quoted market prices or market prices of similar instruments. Realized and unrealized gains and losses from investments are reflected as investment return within the Statements of Activities and Changes in Net Assets.

**EARTH UNIVERSITY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fair Values Measured on Recurring Basis

The FASB issued a pronouncement on fair value measurement defining fair value, establishing a framework for measuring fair value and expanding disclosures about fair value measurements.

FASB establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs in which little or no market data exists (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurement

*Level 1* - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;

*Level 2* - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

*Level 3* - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The table below represents fair value measurement hierarchy of the Foundation's assets at fair value as of December 31:

			<b><u>2024</u></b>			
	<b><u>Fair Value</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>NAV (a)</u></b>	
Government obligations	\$ 5,504,340	\$ -	\$ 5,504,340	\$ -	\$ -	
Equity mutual funds	46,416,505	46,416,505	-	-	-	
Fixed income						
mutual funds	16,552,284	16,552,284	-	-	-	
Alternative investments (a)	<u>11,675,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,675,934</u>	
	<u>\$ 80,149,063</u>	<u>\$ 62,968,789</u>	<u>\$ 5,504,340</u>	<u>\$ -</u>	<u>\$ 11,675,934</u>	



**EARTH UNIVERSITY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fair Values Measured on Recurring Basis (Continued)

	<u>Fair Value</u>	<u>Level 1</u>	<u>2023</u> <u>Level 2</u>	<u>Level 3</u>	<u>NAV (a)</u>
Government obligations	\$ 5,137,123	\$ -	\$ 5,137,123	\$ -	\$ -
Equity mutual funds	46,060,906	46,060,906	-	-	-
Fixed income					
mutual funds	15,842,305	15,842,305	-	-	-
Alternative investments (a)	<u>7,992,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,992,853</u>
	<u>\$ 75,033,187</u>	<u>\$ 61,903,211</u>	<u>\$ 5,137,123</u>	<u>\$ -</u>	<u>\$ 7,992,853</u>

Fair values for investments are determined by reference to quoted market prices, market transactions and other relevant information.

- (a) In accordance with GAAP, certain investments that are measured using the net asset value ("NAV") per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the carrying values disclosed in the "Endowment Fund" section of Note B.

Investments Measured at NAV per Share or Equivalent

The Foundation's investment advisor performs ongoing due diligence of the funds which includes benchmarking and comparing the results of the fund to certain applicable indices. The Foundation's investment advisor also has regular calls with management of the funds and meets periodically with the Foundation's Board of Trustees and reports the performance of funds. There were no changes in valuation techniques noted for these funds during 2024 and 2023.

Property and Equipment

Property and equipment are recorded at cost or fair value at the date of gift and is depreciated on a straight-line basis over estimated useful lives ranging from three to seven years. The Foundation follows the practice of capitalizing all equipment expenditures in excess of \$1,000.

Contributions

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. The Foundation had conditional promises to give totaling \$0 and \$100,000 at December 31, 2024 and 2023, respectively.

**EARTH UNIVERSITY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributions (Continued)

The Foundation records gifts of property and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, as well as gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Marketable securities, and other assets, are recorded at their fair market value on the date of receipt. If donated services received either create or enhance non-financial assets or require specialized skills which would need to be purchased if not donated, the value of those donated services would be recorded in accordance with GAAP. No donated services were received during the years ended December 31, 2024 and 2023.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. The Statement of Functional Expenses present the natural classification detail of expenses by function. Costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting activities benefited, based on either financial or nonfinancial data, such as headcount or estimates of time and effort incurred by personnel.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore, no provision for income taxes is required. In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. In 2007, the Foundation received approval from the IRS that it was considered to be a public charity under Section 509(a)(1) and 170 (b)(1)(a)(vi) of the Internal Revenue Code, since it receives a substantial part of its support from governmental grants and the general public. The Foundation annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Foundation takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. In the normal course of business, the Foundation is subject to examination by the federal and state taxing authorities. In general, the Foundation is no longer subject to tax examinations for the tax years ending before December 31, 2021.

**EARTH UNIVERSITY FOUNDATION, INC.**  
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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**NOTE C - CASH AND CASH EQUIVALENTS**

For the purpose of the Statement of Cash Flows, the Foundation considers all short-term liquid investments with maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of the following at December 31:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Cash without donor restrictions	\$ 932,401	\$ 328,165
Cash with donor restrictions	<u>2,995,488</u>	<u>2,330,366</u>
	<u><u>\$ 3,927,889</u></u>	<u><u>\$ 2,658,531</u></u>

**NOTE D - PLEDGES RECEIVABLE, NET**

The Foundation receives donor restricted pledges for scholarships, projects and programs that are temporarily in nature and pledges without donor restrictions, some of which are to be received over several years. The Foundation records these multi-year pledges net of a present value discount. These discounts are amortized between the date the promise to give is initially recognized and the date the cash or other contributed assets are to be received. As of December 31, 2024 and 2023, the fair value of contributions receivable is estimated by discounting the future cash flows using a rate of 4.27%.

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**NOTE D - PLEDGES RECEIVABLE, NET (Continued)**

As of December 31, pledges receivable are as follows:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Amounts receivable in less than 1 year	\$ 272,336	\$ 297,248
Amounts receivable in 1 to 5 years	<u>2,589,010</u>	<u>3,307,904</u>
	2,861,346	3,605,152
Unamortized present value of discount	(122,685)	(793,817)
Allowance for uncollectible pledges	<u>(66,691)</u>	<u>(19,679)</u>
	<u><u>\$ 2,671,970</u></u>	<u><u>\$ 2,791,656</u></u>

As of December 31, pledges receivable relating to the endowment are as follows:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Amounts receivable in less than 1 year	\$ 87,456	\$ 112,456
Amounts receivable in 1 to 5 years	<u>12,500</u>	<u>12,500</u>
	99,956	124,956
Unamortized present value of discount	-	(23,980)
Allowance for uncollectible pledges	<u>(707)</u>	<u>(708)</u>
	<u><u>\$ 99,249</u></u>	<u><u>\$ 100,268</u></u>

**NOTE E - CASH SURRENDER VALUE OF LIFE INSURANCE**

Cash surrender value of life insurance at December 31, 2024 and 2023 is \$572,416 and \$550,131, respectively. The Foundation is the owner, applicant, payer and beneficiary of two life insurance policies. The insured are two board members that made a donation to purchase the life insurance. The face value of each life insurance policy is \$1,000,000.

**EARTH UNIVERSITY FOUNDATION, INC.  
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**NOTE F - SCHOLARSHIPS PAYABLE TO EARTH**

The Foundation receives requests from EARTH for scholarship funds in order to pay students' tuition. When the donations are received and the Foundation's Chairman of the Board approves these requests on behalf of the board, they are recorded as a liability in the accompanying statement of financial position.

**NOTE G - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purpose at December 31:

	<u><b>2024</b></u>	<u><b>2023</b></u>
<b>Subject to expenditure for specified purpose:</b>		
Scholarships	\$ 2,317,396	\$ 2,197,053
Programs	195,780	115,313
Pledges receivable, which have been restricted by donors for:		
Scholarships	2,256,687	2,360,969
Programs	<u>394,618</u>	<u>377,187</u>
	<u>5,164,481</u>	<u>5,050,522</u>
<b>Subject to spending policy and appropriation:</b>		
Endowment pledge receivable, which the corpus has been restricted by the donor for:		
Scholarships	99,249	100,268
Endowment cash	482,311	18,000
Investment in perpetuity (including accumulated amounts of \$11,566,699 in 2024 and \$6,493,823 in 2023), which once appropriated, is expendable to support:		
Scholarships	71,718,505	67,139,217
Programs	7,270,124	6,806,806
General support	<u>1,160,434</u>	<u>1,087,164</u>
	<u>80,730,623</u>	<u>75,151,455</u>
 Total net assets with donor restrictions	 <u><u>\$ 85,895,104</u></u>	 <u><u>\$ 80,201,977</u></u>

**EARTH UNIVERSITY FOUNDATION, INC.**  
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**NOTE H - NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenditures satisfying the restricted purpose. Donor restricted net assets released consisted of the following during the years ended December 31:

	<u><b>2024</b></u>	<u><b>2023</b></u>
EARTH scholarships	\$ 6,130,572	\$ 4,995,720
EARTH projects and programs	<u>1,858,500</u>	<u>2,431,063</u>
	<u><b>\$ 7,989,072</b></u>	<u><b>\$ 7,426,783</b></u>

**NOTE I - RELATED PARTY TRANSACTIONS**

EARTH University and EARTH Trust reimburses the Foundation for various operating expenses and at December 31, 2024 and 2023, the Foundation was due \$152,725 and \$264,501, respectively, for such expenses. The Foundation had a payable to EARTH for scholarships as of December 31, 2024 and 2023 of \$85,925 and \$130,079, respectively. The Foundation also has a liability to EARTH for a working capital advance as of December 31, 2024 and 2023 of \$226,000 and \$100,000, respectively. The Foundation received funding from EARTH University of \$1,400,728 and \$1,568,746 during the years ended December 31, 2024 and 2023, respectively. The Foundation received funding from EARTH Trust of \$0 and \$1,135 during the years ended December 31, 2024 and 2023, respectively.

In 2024 and 2023, certain trustees serving on the Foundation board and other trustees who were affiliated with foundations donated \$175,550 and \$587,886, respectively. At December 31, 2024 and 2023, these foundations had discounted pledges receivable totaling \$232,696 and \$442,824 respectively.

A trustee of the Foundation is the chief executive officer/owner of one of the Foundation's vendors. This vendor provided services to the Foundation in the total amount of \$10,791 and \$15,370 for 2024 and 2023, respectively.

**NOTE J - RETIREMENT PLAN AND TAX DEFERRED ANNUITY PLAN**

The Foundation sponsors a defined contribution retirement plan that operates under Section 403(b) of the Internal Revenue Code. Benefits are provided through the Teachers Insurance and Annuity Association (TIAA). An employee may make contributions to this plan immediately. An employee becomes eligible for matching contributions after one year of employment with the Foundation. The Foundation matches employee traditional 403(b) contributions to the defined contribution retirement plan up to 5% of annual gross salary.

The Foundation's portion of this contribution for the years ended December 31, 2024 and 2023 totaled \$28,603 and \$40,176, respectively.

**EARTH UNIVERSITY FOUNDATION, INC.**  
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**NOTE K - LIQUIDITY AND AVAILABILITY OF RESOURCES**

For purposes of analyzing resources available to meet general expenditures for 2024, the Foundation considers cash, pledge receivables without donor restrictions and pledges receivable with donor restrictions (scholarships and programs) that will be collected and available in 2024 for activities that are ongoing and major to the Foundation. The Foundation does not include appropriated earnings from donor-restricted endowments as these funds have not been appropriated by the Board of Trustees as of December 31. Financial assets available for general expenditures, within one year as of December 31, 2024 and 2023 are as follows:

	<u><b>2024</b></u>	<u><b>2023</b></u>
Cash and cash equivalents	\$ 3,927,889	\$ 2,658,531
Receivables from EARTH	152,725	264,501
Pledges and endowment pledges receivable, net	2,771,219	2,891,924
Endowment and other investments	<u>80,149,063</u>	<u>75,033,187</u>
Financial assets, at year end	<u>87,000,896</u>	<u>80,848,143</u>
Less those unavailable for general expenditures within one year, due to :		
Pledges restricted by donor due to time	(2,618,470)	(2,738,156)
Endowment pledge receivable restricted by donor	(99,249)	(100,268)
Investments not appropriated for spending	<u>(80,149,063)</u>	<u>(75,033,187)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,134,114</u>	<u>\$ 2,976,532</u>

The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation maintains sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditures within one year. As part of Foundation's liquidity management, the Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Board of Trustees could vote to make investments available for general expenditures.

**NOTE L - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 25, 2025, which is the date the financial statements were available to be issued.