Eno Center for Transportation

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

MULLINS P.C.
A CPA firm dedicated to serving nonprofits

Independent Auditor's Report

Board of Directors
Eno Center for Transportation
Washington, D.C.

Opinion

We have audited the accompanying financial statements of Eno Center for Transportation (the Foundation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eno Center for Transportation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Board of Directors
Eno Center for Transportation

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 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.

Mullins PC

Bethesda, Maryland
March XX, 2024

Certified Public Accountants

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Eno Center for Transportation

Statement of Financial Position
December 31, 2023

Assets	
Cash and Cash Equivalents	**$ 264,637**
Investments	**7,841,974**
Accounts Receivable	**127,725**
Contributions and Grants Receivable	**217,964**
Prepaid Expenses	**25,653**
Security Deposits	**9,956**
Right of Use (ROU) Asset	**552,172**
Property and Equipment - Net	**82,731**
Total Assets	**$ 9,122,812**
Liabilities and Net Assets	
Liabilities	
Accounts Payable and Accrued Expenses	**$ 131,275**
Lease Liabilities	**743,122**
Deferred Revenue	**123,668**
Total Liabilities	**998,065**
Net Assets	
Without Donor Restrictions	
Undesignated	**221,382**
Board Designated	**7,117,808**
Total Net Assets Without Donor Restrictions	**7,339,190**
With Donor Restrictions	**785,557**
Total Net Assets	**8,124,747**
Total Liabilities and Net Assets	**$ 9,122,812**

See accompanying Notes to Financial Statements

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Eno Center for Transportation

Statement of Activities
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	**Total**
Support and Revenues			
Contributions and Grants	$ 1,235,523	$ 2,018	**$ 1,237,541**
Program Revenue:			
Registration Fees	622,253	-	**622,253**
Publications	51,563	-	**51,563**
Consulting	479,929	-	**479,929**
Other	218	-	**218**
Net Assets Released from Restrictions	50,009	(50,009)	**-**
Total Support and Revenues	2,439,495	(47,991)	**2,391,504**
Expenses			
Program Services	1,855,657	-	**1,855,657**
Supporting Services			
General and Administrative	1,010,737	-	**1,010,737**
Fundraising	191,247	-	**191,247**
Total Supporting Services	1,201,984	-	**1,201,984**
Total Expense	3,057,641	-	**3,057,641**
Change in Net Assets before Investment Income	(618,146)	(47,991)	**(666,137)**
Investment Income (Loss) - Net	1,113,134	134,846	**1,247,980**
Change in Net Assets	494,988	86,855	**581,843**
Net Assets, Beginning of Year	6,844,202	698,702	**7,542,904**
Net Assets, End of Year	$ 7,339,190	$ 785,557	**$ 8,124,747**

See accompanying Notes to Financial Statements

Eno Center for Transportation

Statement of Functional Expenses
For The Year Ended December 31, 2023

	Program Services	General and Administrative	Fundraising	**Total**
Personnel Costs	$ 1,003,774	$ 818,905	$ 105,285	**$ 1,927,964**
Professional Services	309,584	63,344	8,144	**381,072**
Meetings	280,850	18,798	60,720	**360,368**
Dues and Subscriptions	26,641	21,674	2,891	**51,206**
Travel	116,760	3,171	1,536	**121,467**
Office Expense	31,635	14,226	3,570	**49,431**
Occupancy	58,760	48,020	6,174	**112,954**
Insurance	10,346	8,455	1,086	**19,887**
Service Charges	6,645	5,431	698	**12,774**
Other	595	486	84	**1,165**
Depreciation and Amortization	10,067	8,227	1,059	**19,353**
Total	$ 1,855,657	$ 1,010,737	$ 191,247	**$ 3,057,641**

See Accompanying Notes to Financial Statements

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Eno Center for Transportation

Statement of Cash Flows
For the Year Ended December 31, 2023

Cash Flows from Operating Activities	
Increase (Decrease) in Net Assets	**$ 581,843**
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities	
Depreciation and Amortization	**19,353**
Amortization of ROU Asset	**13,607**
(Gain) Loss on Investments	**(1,074,027)**
(Increase) Decrease in Assets	
Accounts Receivable	**(32,139)**
Contributions and Grants Receivable	**(113,151)**
Prepaid Expenses	**(6,495)**
Increase (Decrease) in Liabilities	
Accounts Payable and Accrued Expenses	**896**
Deferred Revenue	**(54,076)**
Lease Liability	**(38,851)**
Net Cash Provided by (Used in) Operating Activities	**(703,040)**
Cash Flows from Investing Activities	
Purchases of Investments	**(7,414,261)**
Proceeds from Sales of Investments	**7,964,913**
Purchases of Property and Equipment	**(14,186)**
Net Cash Provided by (Used in) Investing Activities	**536,466**
Increase (Decrease) in Cash and Cash Equivalents	**(166,574)**
Cash and Cash Equivalents, Beginning of Year	**431,211**
Cash and Cash Equivalents, End of Year	**$ 264,637**

See accompanying Notes to Financial Statements

Eno Center for Transportation, Inc.
Notes to Financial Statement

December 31, 2023

1. ORGANIZATION

The Eno Transportation Foundation, Inc. (the Foundation) was incorporated under the laws of Connecticut on April 21, 1921. The Foundation was formed to seek continuous improvement in transportation and its public and private leadership in order to increase the transportation system's mobility, safety and sustainability. These activities are funded from program related revenue, derived from receipt of tuition from participants in the Foundation's leadership courses and consulting contracts, as well as contributions and grants from individuals and corporations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.

Net Assets With Donor Restrictions:

Net assets may be subject to donor-imposed stipulations that are more restrictive than the Foundation's mission and purpose. 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. Donor imposed restrictions are released when the 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. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

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 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 reporting period. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents

The Foundation considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, excluding cash and insured deposit accounts held by investment managers in the amount of $46,971 for the year ended December 31, 2023.

Investments and Fair Value

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income, which is presented net of investment expenses paid to external investment advisors, in the accompanying statement of activities.

Investments acquired by gift are recorded at their fair value at the date of the gift. The Foundation's policy is to liquidate all gifts of investments as soon as possible after receipt.

The Foundation adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for uncollectible accounts. The Foundation provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of clients to meet their obligations. Accounts receivable are considered past due based on management's determination. It is the Foundation's policy to charge off uncollectible accounts receivable when management determines the receivables will not be collected. As of December 31, 2023, an allowance for doubtful accounts was not deemed necessary.

Contributions and Grants Receivable

Contributions and grants receivable consist primarily of amounts due from other organizations. The Foundation's management periodically reviews the status of these receivables for collectability, which is assessed based on management's knowledge of and relationship with the customer and the age of the receivable. As a result of these reviews, all receivables deemed uncollectible are written off directly to bad debt expense. Management believes that the use of the direct write-off method approximates the results that would be presented if an allowance for bad debts had been recorded.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment in excess of $2,000 is capitalized and stated at cost. Property and equipment is depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. Leasehold improvements are capitalized and are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

Right of Use Asset and Lease Liability

The right of use asset and lease liability are recognized at the commencement date of the lease agreement based on the present value of lease payments over the lease term using the Foundation's estimated incremental borrowing rate or implicit rate, when readily determinable. The asset is amortized on a straight-line basis over the lease term and is reflected as occupancy expense in the accompanying financial statements. The lease liability is reduced as cash payments are made under the terms of the lease. Interest is charged to occupancy expense for the difference. Short-term operating leases, which have an initial term of twelve months or less, are not recorded on the statement of financial position.

Revenue Recognition

The Foundation receives contributions and grants from various entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. The Foundation performs an analysis of the individual contributions and grants to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed nonreciprocal or reciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.*

For contributions and grants deemed to be nonreciprocal, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Contributions and grants qualifying as contributions that are unconditional and have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Funds in in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions and grants qualifying as conditional contributions contain both a right of return to the contributor and a barrier that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Members receive an annual subscription to the Eno Transportation Weekly as part of their membership benefits. The membership dues are bifurcated amongst this benefit and recorded as publication revenue when the performance obligations are met which is when the publication is distributed. The transaction price is determined based on cost and/or sales price. The remaining amount of membership dues received are considered contributions and recognized upon receipt.

Registrations fees for seminars and courses are recorded as revenue when the performance obligation is met which is when the related event has occurred. The transaction price is determined based on cost and/or sales price.

The performance obligations for membership dues and registration fees are generally completed within the membership period or when the event occurs. Any amounts received in advance are recorded as deferred revenue within the Statement of Financial Position.

The Foundation performs consulting services under contracts with various organizations. These are considered to be exchange transactions and revenue is recognized in accordance with ASU 2014-09, *Revenue from Contracts with Customers*.

The performance obligations are based on deliverables and milestones defined within the agreements. Transaction price is determined based on progress towards satisfaction of the related performance obligations.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Foundation are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort.

Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes and Uncertain Tax Positions

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an exempt private operating foundation, as described in Section 4940(d)(2) of the IRC. As an exempt private operating foundation, the Foundation is not subject to an excise tax on its net investment income. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

For the year ended December 31, 2023, the Foundation has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

New Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326). This guidance requires the Foundation to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This standard was adopted in the current fiscal year and did not have a significant impact on the financial statements.

Subsequent Events

Management has evaluated subsequent events through March XX, 2024 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

3. CONCENTRATION OF CREDIT RISK

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of $250,000. At times during the year, the Foundation maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

4. INVESTMENT AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, the Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

4. INVESTMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Foundation has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There were no transfers between levels in the fair value hierarchy or changes in the valuation methodologies used during the year ended December 31, 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Cash and insured deposit accounts* - These balances are held in interest-bearing cash accounts with the Foundation's investment broker and valued at the face amount of currency held in the account.
- *Exchange traded funds* - Valued at the daily closing price as reported by the fund. Exchange traded funds held by the Foundation are SEC-registered investment companies that offer investors a way to pool their money in a fund that invests in stocks, bonds, or other assets. In return, investors receive an interest in the fund. These funds can be purchased or redeemed throughout the day on a national securities exchange at market prices.

The table below summarizes, by level within the fair value hierarchy, the Foundation's investments as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Cash and Insured Deposits	$ 49,658	$ -	$ -	$ 49,658
Exchange Traded Funds:				
International	1,284,104	-	-	1,284,104
Large Blend	3,275,636	-	-	3,275,636
Mid Cap Growth	427,032	-	-	427,032
Small Growth	432,305	-	-	432,305
Bond Funds	2,373,239	-	-	2,373,239
Investments	$ 7,841,974	$ -	$ -	$ 7,841,974

4. INVESTMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

Investment income (loss) consisted of the following at December 31, 2023:

Interest and Dividends - Net	$	173,953
Net Realized and Unrealized Gains (Losses)		1,074,027
Investment Income (Loss) - Net	$	1,247,980

5. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable are expected to be collected at December 31, 2023:

One Year	$	190,039
Two to Five Years		30,000
Less Discount at 4.49%		(2,075)
	$	217,964

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2023:

Furniture and Equipment	$	108,576
Leasehold Improvements		141,281
		249,857
Less Accumulated Depreciation and Amortization		(167,126)
Property and Equipment - Net	$	82,731

Depreciation and amortization expense for the year ended December 31, 2023 totaled $19,353.

7. NET ASSETS

As of December 31, 2023, net assets with door restrictions were:

	Beginning of Year	Contributions and Investment Income	Releases	**End of Year**
Purpose or Time Restrictions:				
Koch Leadership Development	$ 177,362	$ 32,844	$ -	**$ 210,206**
Professional Development Program (PDP) Internships	50,000	2,018	(9,009)	**43,009**
Micro-Mobility Project	30,000	-	(30,000)	**-**
Downey Fellowship	-	21,183	-	**21,183**
Accumulated Earnings of Endowment	65,052	80,819	(11,000)	**134,871**
Perpetual Endowment Funds:				
GAR Leadership Development Conference Scholarship	$ 176,600	-	-	**176,600**
O'Bryant - Summer Fellowship	199,688	-	-	**199,688**
	$ 698,702	$ 136,864	$ (50,009)	**$ 785,557**

As of December 31, 2023, net assets have been designated by the Board of Directors in the amount of $7,117,808.

8. ENDOWMENT

The Foundation's endowment consists of donor-restricted endowment funds and funds designated by the governing Board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those assets are time restricted until the governing Board appropriates such amounts for expenditures.

8. Endowment (Continued)

Most of those net asset also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The governing Board has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum the (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriated or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Endowment net asset composition by type of fund as of December 31, 2023:

	Without Donor Restrictions - Designated	With Donor Restrictions	Total
Donor-Restricted			
Original Gift Value	$ -	$ 376,288	$ 376,288
Accumulated Investment Earnings		134,871	134,871
Board-Designated			
Endowment Fund	7,117,808	-	7,117,808
Total Funds	$7,117,808	$ 511,159	$7,628,967

8. Endowment (Continued)

Changes in endowment net assets for the year ended December 31, 2023:

	Without Donor Restrictions - Designated	With Donor Restrictions	Total
Endowment Net Assets, Beginning of Year	$6,685,265	$ 441,340	$7,126,605
Investment Income	1,134,318	80,819	1,215,137
Contributions	15,725	-	15,725
Appropriation of Endowment Assets for Expenditure	(717,500)	(11,000)	(728,500)
Endowment Net Assets, End of Year	$7,117,808	$ 511,159	$7,628,967

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as fund of perpetual duration. These deficiencies result from unfavorable market fluctuations which occur after the appropriation for certain programs that were deemed prudent by the Board of Directors. We noted no deficiencies in endowment funds as of December 31, 2023.

Return Objectives and Risk Parameters

The Foundation has adopted an investment policy that attempts to provide for long-term growth of capital without undue exposure to risk. Endowment assets include those assets of donor restricted funds that the organization must hold in perpetuity. Under this policy, the endowment assets are invested in funds to achieve growth in principal value and income over time sufficient to preserve or increase the purchasing power of the funds, thus protecting the funds against inflation. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

8. Endowment (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a guideline of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation's goal is that the current spending policy will allow its endowment to grow at an average of 7% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

9. Retirement Plan

The Foundation maintains a defined contribution retirement plan covering substantially all full-time employees. The Foundation makes contributions on behalf of eligible employees to match up to 5% of each employee's compensation. In addition, employees may elect to defer and contribute to the Plan a portion of their compensation in amounts up to the maximum permitted by law. Contributions to the Plan during the year ended December 31, 2023 totaled $50,543 and are included in personnel costs within the accompanying Statement of Functional Expenses.

10. Lease Obligations

In December 2017, the Foundation entered into a non-cancelable operating lease for office space in Washington, D.C., through January 2029. Under the terms of the lease, the base rent is subject to annual increases of 3% and the Foundation is required to pay its share of real estate taxes.

The lease liability is recorded based on the present value of the future payments of the lease, discounted at an estimated incremental borrowing rate of 1.84%, based on comparable interest rates available to the Foundation under borrowing arrangements for a similar amount and duration of the lease (remaining term method). The Foundation has established a right of use asset equal to the remaining lease liability under the lease agreement less the deferred rent and deferred lease incentive recorded on January 1, 2022.

As of December 31, 2023, the lease liability was as follows:

2024	$	145,174
2025		149,413
2026		153,778
2027		158,274
2028		160,305
2029		53,521
Less Amount Representing Interest		(77,343)
	$	743,122

Lease expense for the year ended December 31, 2023 was $112,954.

11. Availability and Liquidity

The following represents the Foundation's financial assets at December 31, 2023:

Financial Assets at Year End:		
Cash and Cash Equivalents	$	264,637
Investments		7,841,974
Accounts Receivable		127,725
Contributions and Grants Receivable		217,964
Total Financial Assets		8,452,300
Less Amounts Not Available To Be Used Within One Year:		
Net Assets With Donor Restrictions		785,557
Less: Net Assets With Purpose Restrictions To Be Met in Less Than a Year		(50,000)
Board-Designated Funds		7,117,808
		7,853,365
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	$	598,935

The Foundation has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2023, the Foundation has financial assets equal to approximately three months of operating expenses. Additionally, the Foundation has a significant Board designated endowment portfolio in which they may draw upon in the event of need upon approval from the Board.