



# **Osteopathic Founders Foundation**

## **Independent Accountant's Review Report and Financial Statements**

December 31, 2024



**Osteopathic Founders Foundation**  
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**December 31, 2024**

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## **Independent Accountant's Review Report**

Board of Directors  
Osteopathic Founders Foundation  
Tulsa, Oklahoma

We have reviewed the accompanying financial statements of Osteopathic Founders Foundation (Foundation), which comprise the statement of financial position as of December 31, 2024 and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Foundation's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Statements***

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

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### ***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

**Forvis Mazars, LLP**

**Oklahoma City, Oklahoma  
August 14, 2025**

**Osteopathic Founders Foundation**  
**Statement of Financial Position**  
**December 31, 2024**

**ASSETS**

Cash and cash equivalents	\$ 65,085
Investments	24,972,490
Other assets	25,253
Furniture and equipment, net	11,210
Right-of-use assets	139,978
Investments held in trusts	280,777

**Total Assets**

\$ 25,494,793

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$ 27,151
Accrued liabilities	149,652
Pledges payable	27,000
Unitrust liabilities payable	111,322
Lease liabilities	153,864
Funds held for others	21,022
Deferred compensation	260,478

**Total Liabilities**

750,489

**Net Assets**

Without donor restrictions	
Undesignated	19,159,800
Designated by the board for endowment	2,385,165

Net assets without donor restrictions 21,544,965

With donor restrictions 3,199,339

**Total Net Assets**

24,744,304

**Total Liabilities and Net Assets**

\$ 25,494,793

**Osteopathic Founders Foundation**  
**Statement of Activities**  
**Year Ended December 31, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue and Support</b>			
Contributions and grants	\$ 248,867	\$ -	\$ 248,867
Program and other income	36,040	-	36,040
Interest and dividend income, net	547,222	118,109	665,331
Net realized and unrealized gain on investments	1,903,743	268,619	2,172,362
Net assets released from restrictions	<u>202,520</u>	<u>(202,520)</u>	<u>-</u>
<b>Total Revenue and Support</b>	<u>2,938,392</u>	<u>184,208</u>	<u>3,122,600</u>
<b>Expenses</b>			
Program services			
Grants, scholarships, and other	345,679	-	345,679
Emergency cardiovascular care	165,201	-	165,201
Continuing medical education	<u>128,777</u>	<u>-</u>	<u>128,777</u>
Total program services	<u>639,657</u>	<u>-</u>	<u>639,657</u>
Support services			
Management and general	210,561	-	210,561
Fundraising	<u>63,708</u>	<u>-</u>	<u>63,708</u>
Total support services	<u>274,269</u>	<u>-</u>	<u>274,269</u>
<b>Total Expenses</b>	<u>913,926</u>	<u>-</u>	<u>913,926</u>
<b>Change in Net Assets</b>	2,024,466	184,208	2,208,674
<b>Net Assets, Beginning of Year</b>	<u>19,520,499</u>	<u>3,015,131</u>	<u>22,535,630</u>
<b>Net Assets, End of Year</b>	<u>\$ 21,544,965</u>	<u>\$ 3,199,339</u>	<u>\$ 24,744,304</u>

**Osteopathic Founders Foundation  
Statement of Functional Expenses  
Year Ended December 31, 2024**

	<b>Grants, Scholarships, and Other</b>	<b>Emergency Cardiovascular Care</b>	<b>Continuing Medical Education</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Bank fees	\$ 226	\$ 1,070	\$ 112	\$ -	\$ -	\$ 1,408
Contract and outside services	1,567	3,683	23,711	1,011	-	29,972
Depreciation	862	1,366	862	517	344	3,951
Events	-	-	-	44,789	-	44,789
Grants and scholarships	216,582	-	-	-	-	216,582
Insurance	-	2,793	499	3,800	-	7,092
Legal and professional fees	-	-	-	31,345	3,483	34,828
Miscellaneous	2,192	20,481	8,785	21,933	-	53,391
Printing and postage	-	935	2,760	3,252	-	6,947
Rent	15,709	33,245	15,709	9,425	6,284	80,372
Salaries and employee benefits	106,296	94,424	70,863	70,035	53,148	394,766
Supplies	-	3,431	582	2,936	-	6,949
Unitrust distributions	-	-	-	17,600	-	17,600
Travel	2,245	3,773	4,894	3,918	449	15,279
	<u>\$ 345,679</u>	<u>\$ 165,201</u>	<u>\$ 128,777</u>	<u>\$ 210,561</u>	<u>\$ 63,708</u>	<u>\$ 913,926</u>

**Osteopathic Founders Foundation**  
**Statement of Cash Flows**  
**Year Ended December 31, 2024**

<b>Operating Activities</b>	
Change in net assets	\$ 2,208,674
Items not requiring cash	
Depreciation	3,951
Loss on beneficial interest in charitable remainder trusts	2,341
Net realized and unrealized gain on investments	(2,174,703)
Noncash lease expense	2,495
Changes in	
Other assets	(1,835)
Accounts payable and accrued liabilities	(2,667)
Pledges payable and unitrust liabilities payable	(3,180)
Deferred compensation	22,335
<b>Net Cash Provided by Operating Activities</b>	<u>57,411</u>
<b>Investing Activities</b>	
Purchase of furniture and equipment	(3,111)
Proceeds from sales of investments	688,082
Purchase of investments	<u>(850,225)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(165,254)</u>
<b>Decrease in Cash and Cash Equivalents</b>	(107,843)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>172,928</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 65,085</u></u>

## **Note 1. Nature of Operations and Summary of Significant Accounting Policies**

### ***Nature of Operations***

Osteopathic Founders Foundation (Foundation) was established in March 1943 as a tax-exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code (IRC). The mission of the Foundation is to promote general health, welfare, and education in Tulsa, Oklahoma, and the surrounding northeast Oklahoma communities through activities related to osteopathic healthcare. The Foundation earns revenues from contributions and grants from members and the community and income from investments.

### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

### ***Cash and Cash Equivalents***

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents.

Uninvested cash and cash equivalents included in investment accounts, including endowments, are not considered to be cash and cash equivalents.

At times, the Foundation's cash accounts exceed federally insured limits. At December 31, 2024, there were no funds in excess of these limits.

### ***Investments and Investment Return***

The Foundation measures securities, other than investments that qualify for the equity method of accounting, at fair value. Investments in private equity funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments.

Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the accompanying statement of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

### ***Furniture and Equipment***

Furniture and equipment acquisitions more than \$300 are stated at cost less accumulated depreciation. Accumulated depreciation was \$286,158 at December 31, 2024. Depreciation is charged to expense using the straight-line method over estimated useful lives from 3 to 20 years.

**Osteopathic Founders Foundation**  
**Notes to Financial Statements**  
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***Net Assets***

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions are 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 those resources be maintained in perpetuity.

***Contributions***

Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Gifts having donor stipulations that are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions.

***Other Assets***

Other assets are comprised of receivables arising from realized investment income that has been earned but not yet collected and prepaid expenses. Management believes all receivables reported in the accompanying statement of financial position to be fully collectible. Amounts determined to be uncollectible are charged to expense as that determination is made.

***Income Taxes***

The Foundation is exempt from income taxes under Section 501 of the IRC and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income.

The Foundation files tax returns in the U.S. federal jurisdiction.

***Pledges Payable***

The Foundation issues pledges to organizations who further the mission of the Foundation throughout the year. At the time funds are approved by the board and organizations are notified, the Foundation will record the corresponding liability.

***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. The accompanying statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general, and fundraising categories based on management's estimate of each employee's daily job functions and other methods.

***Long-Lived Asset Impairment***

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value, and

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an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the year ended December 31, 2024.

**Note 2. Investments**

Investments (including investments held in trusts) consisted of the following at December 31, 2024:

Cash and money market funds	\$ 812,261
Common stocks	16,067,857
Mutual funds	
Bond funds	1,054,234
Money market funds	912,736
U.S. fixed income	258,039
U.S. equity funds	494,061
Other	144,459
Alternative investments	<u>5,509,620</u>
	<u><u>\$ 25,253,267</u></u>

The Foundation includes its money market and cash accounts, which are held by financial advisors and available for the purchase of long-term securities, with investments in the accompanying statement of financial position.

**Note 3. Fair Value Measurements and Disclosures**

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets
- Level 3** Unobservable inputs supported by little or no market activity and significant to the fair value of the assets

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**Recurring Measurements**

The following table presents the fair value measurements of assets recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2024:

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Cash and money market funds	\$ 812,261	\$ 812,261	\$ -	\$ -
Common stocks	16,067,857	16,067,857	-	-
Mutual funds				
Bond funds	1,054,234	1,054,234	-	-
Money market funds	912,736	912,736	-	-
U.S. fixed income	258,039	258,039	-	-
U.S. equity funds	494,061	494,061	-	-
Other	144,459	144,459	-	-
	19,743,647	<u>\$ 19,743,647</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at NAV <sup>(A)</sup>	<u>5,509,620</u>			
	<u>\$ 25,253,267</u>			

(A) Certain investments that were measured at fair value using the 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 line items presented in the accompanying statement of financial position.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2024.

**Investments**

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of investments with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such investments are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the valuation hierarchy.

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**Notes to Financial Statements**  
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***Alternative Investments***

The Foundation values its alternative investments at fair value, which approximates the Foundation's pro rata interest in the net assets of the underlying alternative investments. Alternative investments are made up primarily of private equity funds that invest in underlying funds. The estimated fair values of the alternative investments are based on the underlying funds, which may include securities that do not have readily determinable values. Because of the inherent uncertainty of valuation, the estimated fair values of the alternative investments described above may differ significantly from values that would have been used had a ready market existed for the investments, and differences could be material.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Real estate funds <sup>(A)</sup>	\$ 1,536,283	\$ -	Various	Various
Multi-strategy funds <sup>(B)</sup>	\$ 982,377	\$ -	Quarterly	Various
Private equity funds <sup>(C)</sup>	\$ 2,990,959	\$ 448,000	Various	Various

Underlying strategies of the above investments are as follows:

- (A) This class includes investments in non-traded real estate investment trusts (REIT) investing in primarily stabilized commercial real estate properties. These REIT investments cannot be redeemed until a repurchase request has been submitted and approved by the fund's board of trustees. These investments include tender offers up to 2% of NAV monthly or 5% of NAV quarterly, with notice periods from 10 to 90 days.
- (B) This class includes investments in funds that pursue multiple strategies to diversify risks and reduce volatility. The funds' composite portfolios include investments in global real estate projects and private companies. Redemption of 5 to 25% of NAV per quarter through a tender offer is allowed, and tender can be issued up to 90 days prior to quarter-end based on the fund.
- (C) This class includes investments in various private equity funds, including private equity fund of funds and private credit funds. The private equity fund of funds includes funds with various investment strategies. The private credit funds include investments in a diverse group of industries, including real estate, technology, pharmaceuticals, and healthcare. Generally, these investments cannot be redeemed. Instead, the nature of the investments in this category is that distributions are received through the liquidation of underlying assets of the funds. This is expected to occur as investments are liquidated or the funds are dissolved. In limited circumstances, the Board may authorize repurchases on a quarterly basis up to 5% of the Fund's NAV.

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Notes to Financial Statements  
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**Note 4. Net Assets**

***Net Assets With Donor Restrictions***

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2024:

Subject to the passage of time	
Beneficial interest in charitable trusts	<u>\$ 169,455</u>
Endowments	
Subject to appropriation and expenditure when a specified event occurs	
Restricted by donors for	
Medical education scholarships	725,183
Community support grants	<u>1,338,721</u>
	2,063,904
Investments to be held in perpetuity, the income is expendable	<u>965,980</u>
Total endowments	<u>3,029,884</u>
	<u><u>\$ 3,199,339</u></u>

Net assets with donor restrictions are available for the support of medical education scholarships and grants and medical education provided to the community. Substantially all restrictions can be met upon actions of the Foundation in accordance with donor stipulation. Net assets with donor restrictions include an endowment fund maintained by the Foundation in perpetuity. The income from the assets not restricted by donors can be used to support the Foundation's general activities.

***Net Assets Released From Restrictions***

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Expiration of time restrictions	
Distributions (proceeds are not restricted by donors)	
Beneficial interest in charitable trusts	\$ 17,600
Satisfaction of purpose restrictions	
Medical education scholarships	<u>184,920</u>
	<u><u>\$ 202,520</u></u>

**Osteopathic Founders Foundation**  
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**Note 5. Beneficial Interest in Trusts**

The Foundation is the beneficiary under two charitable remainder unitrusts (Trusts 1 and 2) that are administered by the Foundation. Under the terms of the trusts, the Foundation has an irrevocable right to the principal and income from the trusts upon the death of the survivor recipient. For the life of the survivor recipient, the Foundation is to pay 8% of the fair market value of the trusts, valued as of the first day of each taxable year. Payments of the unitrust amounts may only be made from income, and any deficiencies will be accrued and paid in years where there is excess income over the 8% unitrust amounts.

Balances of all trust assets and liabilities are reflected in the accompanying financial statements as follows at December 31, 2024:

	<u>Trust 1</u>	<u>Trust 2</u>	<u>Total</u>
Fair market value of trust assets	\$ 139,395	\$ 141,382	\$ 280,777
Less future liability for unitrust distributions	<u>71,681</u>	<u>39,641</u>	<u>111,322</u>
Remaining beneficial interest	<u>\$ 67,714</u>	<u>\$ 101,741</u>	<u>\$ 169,455</u>

During the year ended December 31, 2024, the Foundation paid approximately \$17,600 in distributions to unitrust beneficiaries from current year investment income.

**Note 6. Deferred Compensation Plan**

The Foundation adopted a nonqualified executive deferred compensation plan (Plan). The Plan allows the participant to defer bonus compensation through contributions to the Plan. The Plan provides benefits upon death, retirement, or termination of employment. Benefits are limited to the amounts contributed to the Plan. Vesting of bonus compensation awarded prior to August 15, 2013 occurs at 10% per year from ages 60 to 64 with the remainder vesting at age 65. Bonus compensation awarded after August 15, 2013 becomes fully vested five years after the date the bonus compensation is awarded by the board. The Foundation has set aside funds for the payment of this liability of \$260,478 that are included in investments in the accompanying statement of financial position. Plan expenses of \$22,335 were recognized for the year ended December 31, 2024.

**Note 7. Endowment**

The Foundation's endowment consists of four individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by GAAP, net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's governing body has interpreted the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a

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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. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

The composition of net assets by type of endowment fund was as follows at December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 965,980	\$ 965,980
Accumulated investment gains	-	725,183	725,183
Term endowment	-	1,338,721	1,338,721
Board-designated endowment funds	<u>2,385,165</u>	<u>-</u>	<u>2,385,165</u>
 Total endowment funds	 <u>\$ 2,385,165</u>	 <u>\$ 3,029,884</u>	 <u>\$ 5,415,049</u>

Changes in endowment net assets were as follows for the year ended December 31, 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 2,164,983	\$ 2,844,515	\$ 5,009,498
Investment return	259,232	374,392	633,624
Distributions	<u>(39,050)</u>	<u>(189,023)</u>	<u>(228,073)</u>
Endowment net assets, end of year	<u>\$ 2,385,165</u>	<u>\$ 3,029,884</u>	<u>\$ 5,415,049</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies at December 31, 2024.

### ***Investment and Spending Policies***

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Foundation's policies, endowment assets are invested in a manner that is consistent with the total return or moderate portfolio theory methodologies.

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 current yield (investment income, such as dividends and interest) and capital appreciation (both realized and unrealized). 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.

The Foundation has a policy (the spending policy) of appropriating for expenditure each year a rate of 5%, with an absolute maximum of 5% of the endowment fund's average market value as of the preceding five fiscal year-ends. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow comparable to the benchmarks outlined in the investment policy. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

## **Note 8. Leases**

### ***Accounting Policies***

The Foundation determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Foundation determines lease classification as operating or finance at the lease commencement date. The Foundation has no finance leases as of December 31, 2024.

The Foundation combines lease and nonlease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office building.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Foundation has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Foundation is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Foundation has elected not to record leases with an initial term of 12 months or less on the accompanying statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

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***Nature of Leases***

The Foundation has entered into the following lease arrangements:

***Operating Lease***

The Foundation has a lease for office space that expires in 2026 and contains various rent holidays during the term. This lease contains monthly renewal options for periods after the initial term and requires the Foundation to pay all executory costs (property taxes, maintenance, and insurance). Lease payments have an escalating fee schedule including a 2% increase each year. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

***All Leases***

The Foundation has no material related-party leases. The Foundation's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

***Quantitative Disclosures***

The lease cost and other required information are as follows for the year ended December 31, 2024:

Operating lease cost	<u><u>\$ 73,032</u></u>
Other information	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 76,977
Weighted-average remaining lease term	
Operating lease	3.92 years
Weighted-average discount rate	
Operating lease	0.78%

Future minimum lease payments and reconciliation to the accompanying statement of financial position are as follows at December 31, 2024:

2025	\$ 80,254
2026	<u>74,820</u>
Future undiscounted lease payments	155,074
Less imputed interest	<u>1,210</u>
	<u><u>\$ 153,864</u></u>

**Note 9. Defined Contribution Plan**

Effective October 1, 2012, the Foundation began contributing to a defined contribution pension plan covering all employees who receive at least \$5,000 in eligible compensation for the prior year and current year. The Foundation matches employee contributions dollar for dollar not to exceed 3% of eligible compensation or the applicable limit. The Foundation's expense related to matching contributions for the year ended December 31, 2024 was approximately \$8,000.

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**Note 10. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, comprise the following within one year of December 31, 2024:

Total financial assets	\$ 25,318,352
Donor-imposed restrictions	
Endowments	(3,029,884)
Investments held in trust	<u>(280,777)</u>
	<u>(3,310,661)</u>
Internal designations	
Board-designated endowment	<u>(2,385,165)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 19,622,526</u>

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the board as an endowment. Income from donor-restricted endowments is restricted for specific purposes with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment is subject to an annual spending rate of 5% as described in Note 7. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Foundation strives to maintain liquid financial assets sufficient to cover its general expenditures. Financial assets in excess of daily cash requirements are invested in money market accounts and other short-term investments.

**Note 11. Subsequent Events**

The Foundation has evaluated subsequent events through August 14, 2025, which is the date the financial statements were available to be issued.