

ARKANSAS NATIONAL GUARD FOUNDATION, INC.

Financial Statements

Year Ended June 30, 2024

**With Summarized Financial Information
For Year Ended June 30, 2023**



PriddyHolifieldAbles^{PA}
CPAs & Advisors

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Independent Auditors' Report

Board of Directors
Arkansas National Guard Foundation, Inc.
North Little Rock, Arkansas

Opinion

We have audited the financial statements of Arkansas National Guard Foundation, Inc. (the "Foundation"), which comprise the statement of financial position as of June 30, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, 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 ("GAAS"). 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 for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and 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.

Report on Summarized Comparative Information

We have previously audited the Foundation's June 30, 2023, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Priddy Holifield Ables, PA

North Little Rock, Arkansas

September 26, 2024

ARKANSAS NATIONAL GUARD FOUNDATION, INC.
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current Assets:		
Cash	\$ 237,005	\$ 86,617
Restricted Cash	80,320	281,907
Prepaid Expenses	-	4,429
Total Current Assets	317,325	372,953
Investments – Endowment Assets	1,550,023	1,294,239
Total Assets	\$ 1,867,348	\$ 1,667,192
Liabilities and Net Assets		
Current Liabilities:		
Scholarships Payable	\$ 40,000	\$ 49,500
Due to Others	2,908	4,724
Other Payables	5,137	-
Total Current and Total Liabilities	48,045	54,224
Net Assets:		
Without Donor Restriction	439,073	143,187
With Donor Restriction	1,380,230	1,469,781
Total Net Assets	1,819,303	1,612,968
Total Liabilities and Net Assets	\$ 1,867,348	\$ 1,667,192

See Accompanying Notes

ARKANSAS NATIONAL GUARD FOUNDATION, INC.
Statement of Activities
Year Ended June 30, 2024, With Summarized Financial Information
For the Year Ended June 30, 2023

	Year Ended June 30, 2024			Year Ended June 30, 2023 Summarized Total
	Without Donor Restriction	With Donor Restriction	Total	
Revenues, Gains, and Other Support:				
Contributions	\$ 143,692	\$ 25,000	\$ 168,692	\$ 69,717
Grant	-	15,000	15,000	250,000
Investment Return	-	188,480	188,480	(26,397)
Interest and Dividend Income	5,703	84,369	90,072	96,675
Rental Income	25,000	-	25,000	37,000
Event Income	52,149	-	52,149	2,500
Miscellaneous	-	-	-	3,000
Net Assets Released from Restriction:				
Satisfaction of Donor Restriction	402,400	(402,400)	-	-
Total Revenue, Gains, and Other Support	628,944	(89,551)	539,393	432,495
Expenses:				
Program Services:				
Scholarships	42,992	-	42,992	52,577
Charitable Contributions	165,705	-	165,705	78,001
Fundraising	85,321	-	85,321	60,815
Support Services	39,040	-	39,040	26,586
Total Expenses	333,058	-	333,058	217,979
Change in Net Assets	295,886	(89,551)	206,335	214,516
Net Assets, Beginning of Year	143,187	1,469,781	1,612,968	1,398,452
End of Year	\$ 439,073	\$ 1,380,230	\$ 1,819,303	\$ 1,612,968

See Accompanying Notes

ARKANSAS NATIONAL GUARD FOUNDATION, INC.
Statements of Functional Expenses
Years Ended June 30, 2024 and 2023

June 30, 2024	Program Services			Fundraising	Support Services	Total Expenses
	Scholarships	Charitable Support	Total			
Program Activities	\$ 33,000	\$ 111,341	\$ 144,341	\$ -	\$ -	\$ 144,341
Contributions	-	24,775	24,775	-	-	24,775
Office Expense	1,137	1,706	2,843	569	2,274	5,686
Printing	1,239	1,858	3,097	619	2,477	6,193
Information Technology	343	480	823	-	547	1,370
Administrative Fees	-	-	-	-	6,000	6,000
Insurance	159	223	382	-	254	636
Management Fees	5,435	8,153	13,588	2,718	10,869	27,175
Travel	942	1,412	2,354	471	1,882	4,707
Conference and Meetings	43	65	108	22	87	217
Advertising	694	1,041	1,735	347	1,388	3,470
Event Support	-	14,651	14,651	-	-	14,651
Federal Income Taxes	-	-	-	-	1,307	1,307
Professional Fees	-	-	-	80,575	11,955	92,530
Total Expenses	\$ 42,992	\$ 165,705	\$ 208,697	\$ 85,321	\$ 39,040	\$ 333,058

June 30, 2023	Program Services			Fundraising	Support Services	Total Expenses
	Scholarships	Charitable Support	Total			
Program Activities	\$ 46,500	\$ 55,842	\$ 102,342	\$ -	\$ -	\$ 102,342
Contributions	-	10,507	10,507	-	-	10,507
Office Expense	363	544	907	181	725	1,813
Printing	91	136	227	45	182	454
Information Technology	343	480	823	-	547	1,370
Administrative Fees	-	-	-	-	6,000	6,000
Insurance	224	314	538	-	358	896
Management Fees	3,776	5,664	9,440	1,888	7,551	18,879
Travel	614	920	1,534	307	1,226	3,067
Conference and Meetings	139	209	348	70	279	697
Advertising	527	791	1,318	264	1,055	2,637
Event Support	-	2,594	2,594	-	-	2,594
Federal Income Taxes	-	-	-	-	1,063	1,063
Professional Fees	-	-	-	58,060	7,600	65,660
Total Expenses	\$ 52,577	\$ 78,001	\$ 130,578	\$ 60,815	\$ 26,586	\$ 217,979

See Accompanying Notes

ARKANSAS NATIONAL GUARD FOUNDATION, INC.
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 206,335	\$ 214,516
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Investment (Appreciation)/Depreciation	(111,025)	26,397
Decrease in Prepaid Expenses	4,429	6,110
Increase/(Decrease) in Contributions Payable	(9,500)	(7,500)
Increase/(Decrease) in Due to NGAA	-	(300)
Increase/(Decrease) in Due to Others	3,321	880
Net Cash Provided by Operating Activities	93,560	240,103
Cash Flows from Investing Activities:		
Purchases of Investments – Endowment Assets	(956,234)	(558,098)
Proceeds From Sale of Investments – Endowment Assets	811,475	558,959
Net Cash Provided by Investing Activities	(144,759)	861
Net Increase in Cash, Cash Equivalents, and Restricted Cash	(51,199)	240,964
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	368,524	127,560
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 317,325	\$ 368,524
Reconciliation of Cash to the Statement of Financial Position:		
Cash	\$ 237,005	\$ 86,617
Restricted Cash	80,320	281,907
Total Cash	\$ 317,325	\$ 368,524
Supplemental Information		
Cash paid for Federal Income Taxes	\$ 1,307	\$ 1,063

See Accompanying Notes

ARKANSAS NATIONAL GUARD FOUNDATION, INC.
Notes to the Financial Statements
June 30, 2024 and 2023

1. Summary of Significant Accounting Policies

Nature of Organization

The Arkansas National Guard Foundation, Inc. (the "Foundation") was established in 2013 by the National Guard Association of Arkansas ("NGAA") and the Enlisted Association of the Arkansas National Guard ("EAANG") for the purpose of meeting the charitable objectives of each entity. The Foundation has no restriction as to its beneficiaries and may choose to provide support to either or both NGAA and EAANG or to any other entity to fulfill its charitable purposes.

In January 2023, the Department of the Military ("DOM") signed a grant agreement with the Foundation, as its agent, to provide \$5 million to acquire the Arkansas National Guard Morale, Welfare, and Recreation, Inc ("MWR") for the sole purpose of retiring MWR's two revenue bonds. The Foundation received the \$5 million from the DOM on January 9, 2023, which was subsequently provided to MWR on February 14, 2023. As part of the grant agreement, the buildings utilized by MWR reverted to DOM, and a lease between the Foundation and the DOM was established. The Foundation subsequently sublet the buildings to MWR. The Foundation and MWR are autonomous of each other. See Note 6 for additional information on leases.

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America ("GAAP"). The Foundation follows the recommendations of the Financial Accounting Standards Board ("FASB") in the Not-For-Profit Entities Topic of the Accounting Standards Codification ("ASC"). Under these recommendations, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restriction and with donor restriction.

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

Net assets with donor restriction – net assets that are subject to donor stipulations that will be met by actions of the Foundation and/or passage of time.

Net assets without donor restriction – net assets not subject to donor-imposed stipulations.

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Changes in Accounting Principles

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The standard requires lessees to recognize the assets and liabilities that arise from leases in the balance sheet, while ensuring lessors provided increased transparency on lease income, formerly disclosed as rent. Additionally, in July 2018, the FASB issued ASU 2018-11, *Leases* (Topic 842) – *Targeted Improvement*, which among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption.

The Foundation adopted ASU 2016-02 and related amendments as of July 1, 2022, and management elected to adopt the transition relief provision from ASU 2018-11. Analysis of various provisions of the operating lease with the DOM and subsequent sublease with MWR had no impact upon the Foundation's retained earnings as it commenced in the current year.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation's cash consists of cash on deposit with regional banks. Cash equivalents represent money market funds or short-term investments with a remaining maturity of three months or less when purchased, unless included in the Endowment Assets.

Investments – Endowment Assets

Investments are in marketable securities, mutual funds, and fixed income securities and are reported at fair value with unrealized and realized gains and losses reported in the Statement of Activities. Donated investments are recorded at fair value at the date of donation and are thereafter carried in conformity with the stated policy. Investment return is reported net of external expenses.

Revenue Recognition

Contributions are recognized as revenue when they are received. Contributions and grants are reported as increases in net assets without donor-imposed restriction unless use of the related assets is limited by the donor. When a donor stipulation expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported as assets released from restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are reported as revenues without donor restriction.

Functional Allocation of Expenses

The Foundation allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on management's estimate of the programs and supporting services benefited.

Income Tax Status

The Foundation is a not-for-profit corporation chartered in Arkansas that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation has been classified as an entity that is a private foundation and qualifies for deductible contributions.

In accordance with the Accounting for Income Taxes Topic of the ASC, the Foundation would recognize, if any, accrued interest and penalties associated with the uncertain tax positions as an income tax provision. The past three years of tax returns and the current year's tax return are subject to potential examination by taxing authorities.

Advertising

Advertising costs are expensed as incurred.

2. Concentrations

Financial instruments that potentially subject the Foundation to concentrations of credit risk include cash, cash equivalents, and investments. The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits guaranteed by the Federal Deposit Insurance Corporation ("FDIC"). Investments are held by a broker in customer accounts which are protected against physical loss by the Securities Investor Protection Corporation ("SIPC").

Management believes the Foundation is not exposed to significant credit risk on cash and cash equivalents. There were excess deposits on June 30, 2024, of \$67,325. The Foundation has significant investments in corporate bonds, government and agency bonds, mutual funds, real estate investment trusts, and equities and is, therefore, subject to concentration of credit risk. Investments are made by investment managers engaged by the Foundation. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Foundation.

3. Investments – Endowment Assets

The Foundation accounts for endowments using the applicable topics of ASC and UPMIFA.

The Foundation has a donor-restricted endowment account as of June 30, 2024, and 2023. As required by ASC, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation has interpreted UPMIFA as requiring the 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, donor-restricted net assets are comprised of (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 amount of net assets with donor restriction in the donor-restricted endowment fund is reduced when the governing body appropriates for expenditure funds from the endowment fund. Upon appropriation for expenditure, the restriction expires to the extent a request is made, and the purpose for the funds is met. At that time, the appropriated amount is reclassified from net assets with donor restriction to net assets without donor restriction. However, the appropriated assets will remain in donor restriction until requested for an approved purpose.

The Foundation's Board of Directors manages the endowment, creates and approves investment guidelines, monitors investment decisions, and defines the spending rates that provide for the appropriation of the funds.

In accordance with UPMIFA, the Foundation considers the following factors in deciding to appropriate or accumulate the donor-restricted endowment fund:

- a) The duration and preservation of the fund;
- b) The purposes of the Foundation and the donor-restricted endowment fund;
- c) General economic conditions;
- d) The possible effect of inflation and deflation;
- e) The expected total return from income and the appreciation of investments;
- f) Other resources of the Foundation; and
- g) The investment and spending policies of the Foundation.

The endowment fund composition as of June 30 was as follows:

	Board Designated Endowment	Donor Restricted Endowment	Total
<u>2024</u>			
Without Donor Restriction	\$ 290,630	\$ -	\$ 290,630
With Donor Restriction	<u>72,467</u>	<u>1,186,926</u>	<u>1,259,393</u>
Investment - Endowment Assets	<u>\$ 363,097</u>	<u>\$ 1,186,926</u>	<u>\$ 1,550,023</u>
<u>2023</u>			
Without Donor Restriction	\$ 90,234	\$ -	\$ 90,234
With Donor Restriction	<u>72,467</u>	<u>1,131,538</u>	<u>1,204,005</u>
Investment - Endowment Assets	<u>\$ 162,701</u>	<u>\$ 1,131,538</u>	<u>\$ 1,294,239</u>

There was no fund deficiency as of June 30, 2024 and 2023.

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 objectives within prudent risk constraints. The spending rate is set annually by the Board using the average market value of the endowment assets based on the market value as of the three preceding fiscal year-ends. This policy can be revised at the discretion of the board of directors. For the years ended June 30, 2024 and 2023, the Board approved spend plans of 5.25% and 5.00% making \$84,371 and \$75,891 available for appropriation, respectively.

Changes in endowment assets for the years ended June 30 were as follows:

	Board Designated Endowment	Donor Restricted Endowment	Total
Endowment Assets:			
Year Ended June 30, 2024:			
Beginning of Year	\$ 90,234	\$ 1,204,005	\$ 1,294,239
Contributions	-	55,388	55,388
Withdrawals	(71,742)	-	(71,742)
Assets Transferred by Board Designation	271,427	(271,427)	-
Investment Return:			
Interest and Dividends	711	82,947	83,658
Net Depreciation (Realized and Unrealized)	-	188,480	188,480
End of Year	<u>\$ 290,630</u>	<u>\$ 1,259,393</u>	<u>\$ 1,550,023</u>
Year Ended June 30, 2023:			
Beginning of Year	\$ 99,362	\$ 1,207,135	\$ 1,306,497
Contributions	-	-	-
Withdrawals	(69,133)	-	(69,133)
Assets Transferred by Board Designation	60,005	(60,005)	-
Investment Return:			
Interest and Dividends	-	83,272	83,272
Net Appreciation (Realized and Unrealized)	-	(26,397)	(26,397)
End of Year	<u>\$ 90,234</u>	<u>\$ 1,204,005</u>	<u>\$ 1,294,239</u>

4. Fair Value Measurements

Accounting standards define fair value as the exchange price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. FASB ASC 820, *Fair Value Measurement and Disclosure*, provides the framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. The three levels of input that may be used to measure fair values are described as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observed inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Foundation assesses the level of the investment at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer.

The following table represents the Foundation's fair value hierarchy for its assets and liabilities measured at fair value on a recurring basis as of June 30:

	2024			
	Fair Value	Level 1	Level 2	Level 3
Endowment Assets:				
Cash and Cash Alternatives	\$ 50,077	\$ 50,077	\$ -	\$ -
Fixed Income	157,595	-	157,595	-
Exchange-Traded Products	139,393	139,393	-	-
Real Estate Investment Trusts	274,586	274,586	-	-
Equities	928,372	928,372	-	-
	<u>\$ 1,550,023</u>	<u>\$ 1,392,428</u>	<u>\$ 157,595</u>	<u>\$ -</u>
	2023			
	Fair Value	Level 1	Level 2	Level 3
Endowment Assets:				
Cash and Cash Alternatives	\$ 71,550	\$ 71,550	\$ -	\$ -
Fixed Income	188,763	-	188,763	-
Exchange-Traded Products	247,556	247,556	-	-
Equities	786,370	786,370	-	-
	<u>\$ 1,294,239</u>	<u>\$ 1,105,476</u>	<u>\$ 188,763</u>	<u>\$ -</u>

5. Donor Restricted Net Assets

Donor restricted net assets at June 30 are available to the Foundation for the following purposes:

	2024	2023
Scholarships	\$ 72,467	\$ 72,467
Arkansas Attorney General Fund	55,093	157,778
National Guard Association of Arkansas	65,122	65,122
Arkansas National Guard Museum Fund	90,711	90,711
Military Family Relief Fund	50,744	77,629
National Guard Enlisted Association	31,093	6,074
Dental Readiness	15,000	-
Diamond Fund	<u>1,000,000</u>	<u>1,000,000</u>
Total Net Assets with Donor Restriction	<u>\$ 1,380,230</u>	<u>\$ 1,469,781</u>

At June 30, 2024 and 2023, income earned from the endowment fund is available to support any of the Foundation's charitable purposes.

6. Leases

The Foundation entered the Prime lease of the MWR facilities with the DOM on March 28, 2023, on behalf of the Adjutant General of Arkansas. The MWR facilities are to be used to carry on the business of a military exchange, canteen, restaurant, and barbershop to support military members, retirees, and their families. The Prime lease is a triple net 90-year lease for \$1 annually, paid on or before January 15. Either party cannot terminate the Prime lease before April 1, 2048, unless both parties agree. After April 1, 2048, either party may terminate the lease by providing a 30-day written notice.

The Foundation sublet the Prime lease facilities to MWR on March 28, 2023. The MWR lease is a triple net non-cancelable 90-year lease with a base rent of \$74,000 for the calendar year 2023 and \$200,000 per year paid in four equal quarterly installments thereafter. The base rent shall be increased annually by a percentage equal to the Consumer Price Index. The lessee must maintain property casualty insurance to repair or replace damage to the facility and commercial general liability coverage. With written consent, the MWR lease allows the lessee to sublease MWR facilities for the sole purpose of providing goods and services to military members, retirees, and their families consistent with the Prime lease. In September 2023, the Board of Directors approved reducing the calendar year 2024 lease payments to \$100,000. For the calendar year 2025, the lease payments would resume the original annual requirement. Future lease payments from MWR to the Foundation are as follows: 2025 - \$150,000; 2026 - \$200,000; 2027 - \$200,000, 2028 - \$200,000; 2029 - \$200,000; and \$17,000,000 thereafter.

7. Program Services

The Foundation focuses on six charitable lines of effort, and the expenses for these lines of effort for the years ended June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Education and Scholarships	\$ 48,000	\$ 47,274
Survivor Outreach Services	6,282	14,132
Emergency Military Family Relief	30,894	20,675
Youth Engagement and Recruitment	12,253	12,104
Legacy Preservation	<u>24,388</u>	<u>8,156</u>
Total Program Services	<u>\$ 121,817</u>	<u>\$ 102,341</u>

8. Related Party Transactions

The Foundation paid NGAA a monthly administrative fee of \$500 for fiscal years 2024 and 2023, totaling \$6,000 each year. The Foundation also provided NGAA with its 2023 and 2024 spend plan totaling \$7,273 and \$12,118, respectively, and NGAA contributed \$34,294 to its endowment in 2023.

9. Liquidity Management

Financial Assets, at Year end	\$ 1,867,348
Less Restricted Funds	<u>(1,380,230)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 487,118</u>

The Foundation is substantially supported by contributions, grants, rental income, and the return on its endowment fund. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Except for the Military Family Relief and Arkansas Attorney General Funds held in a regional bank, the restricted funds above are maintained within the endowment fund. They are fully funded through mutual funds and investments managed by the Foundation's investment advisor. In addition, the Foundation can draw upon its funds within the endowment fund that are not restricted to meet its liquidity needs.

10. Subsequent Events

The Foundation's management has evaluated subsequent events through September 26, 2024, the date these financial statements were available to be issued.