

ROY J. CARVER CHARITABLE TRUST

Financial Statements

April 30, 2025 and 2024

**(With Independent Auditor's
Report Thereon)**

ROY J. CARVER CHARITABLE TRUST

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Independent Auditor's Report

To the Board of Directors
Roy J. Carver Charitable Trust:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Roy J. Carver Charitable Trust (the Trust), which comprise the statement of financial position as of April 30, 2025; 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, except for the omission of the information described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of April 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Qualified Opinion

As more fully described in note 3 to the financial statements, the Trust's financial statements do not disclose the level hierarchy under Financial Accounting Standards Board Accounting Standards Codification Topic No. 820, Fair Value Measurements (ASC 820), for any investments not classified as Level 1 and certain additional information required by U.S. generally accepted accounting principles.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 Trust 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 qualified 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 U.S. generally accepted accounting principles, 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 Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. generally accepted auditing standards, we:

- Exercise professional judgement 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 Trust'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, except for the effect on the accompanying information of the qualified opinion on the financial statements described above, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Prior Period Financial Statements

The financial statements of Roy J. Carver Charitable Trust as of and for the year ended April 30, 2024, were audited by other auditors, whose report dated July 29, 2024, expressed a qualified opinion on those financial statements because of the departure from U.S. generally accepted accounting principles described in the Basis for Qualified Opinion section of our report.

Anderson, Lower, Whitlow, P.C.

Bettendorf, Iowa
July 24, 2025

ROY J. CARVER CHARITABLE TRUST

Statements of Financial Position

April 30, 2025 and 2024

<u>Assets</u>	<u>2025</u>	<u>2024</u>
Cash and cash equivalents:		
Cash	\$ 1,816,870	1,388,025
Money market funds	1,629,280	2,201,507
Total cash and cash equivalents	3,446,150	3,589,532
Accrued investment income	499,065	337,939
Excise taxes receivable (note 5)	-	96,000
Investments (notes 2, 3 and 4)	356,994,543	345,940,359
Property and equipment:		
Land	587,038	567,038
Building and improvements	4,543,876	4,567,099
Furniture, fixtures and equipment	390,680	404,474
	5,521,594	5,538,611
Less accumulated depreciation	1,912,716	1,813,188
Net property and equipment	3,608,878	3,725,423
Total assets	\$ 364,548,636	353,689,253
<u>Liabilities and Net Assets</u>		
Liabilities:		
Grant obligations payable (note 7)	21,340,857	20,518,931
Other accrued expenses	96,421	95,273
Excise taxes payable (note 5)	80,000	-
Deferred excise taxes (note 5)	1,711,000	1,612,000
Total liabilities	23,228,278	22,226,204
Net assets:		
Without donor restrictions (note 4)	341,320,358	331,463,049
Total net assets	341,320,358	331,463,049
Total liabilities and net assets	\$ 364,548,636	353,689,253

See accompanying notes to financial statements.

ROY J. CARVER CHARITABLE TRUST

Statements of Activities

Years ended April 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Unrestricted investment income (note 2):		
Interest	2,186,185	3,860,531
Dividends	5,977,554	5,520,789
Net realized and unrealized gains on investments	21,582,228	27,934,726
Total unrestricted investment income	<u>29,745,967</u>	<u>37,316,046</u>
Unrestricted expenses:		
Program expenses	18,238,520	9,016,245
Management and general expenses	1,650,138	1,767,916
Total unrestricted expenses	<u>19,888,658</u>	<u>10,784,161</u>
Increase in net assets	9,857,309	26,531,885
Net assets without donor restrictions:		
Beginning of year	<u>331,463,049</u>	<u>304,931,164</u>
End of year	<u>341,320,358</u>	<u>331,463,049</u>

See accompanying notes to financial statements.

ROY J. CARVER CHARITABLE TRUST

Statements of Functional Expenses

Years ended April 30, 2025 and 2024

	2025			2024		
	Program Expenses	Management and General	Total	Program Expenses	Management and General	Total
Grants approved	\$ 17,140,395	-	17,140,395	8,045,828	-	8,045,828
Trustee fees	83,215	102,740	185,955	75,681	90,219	165,900
Salaries and payroll taxes	964,039	639,045	1,603,084	875,692	629,732	1,505,424
Professional fees	46,824	141,731	188,555	15,566	107,789	123,355
Federal excise tax expense (note 5)	-	460,300	460,300	-	504,550	504,550
Depreciation	-	124,944	124,944	-	126,543	126,543
Building repair and maintenance	-	87,100	87,100	-	84,616	84,616
Travel	4,047	1,250	5,297	3,478	-	3,478
Office	-	58,473	58,473	-	105,326	105,326
Insurance	-	26,703	26,703	-	25,349	25,349
Telephone	-	2,234	2,234	-	5,208	5,208
Miscellaneous	-	5,618	5,618	-	88,584	88,584
Total expenses	\$ 18,238,520	1,650,138	19,888,658	9,016,245	1,767,916	10,784,161

See accompanying notes to financial statements.

ROY J. CARVER CHARITABLE TRUST

Statements of Cash Flows

Years ended April 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Increase in net assets	\$ 9,857,309	26,531,885
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	124,944	126,543
Accretion	(76,007)	(25,838)
Deferred excise taxes	99,000	279,000
Realized and unrealized gains on investments	(23,000,021)	(29,661,003)
Loss on disposal of property and equipment	366	28,440
Changes in assets and liabilities affecting operations:		
Accrued investment income	(161,126)	39,736
Excise taxes receivable / payable	176,000	94,000
Other accrued expenses	1,148	(3,856)
Grant obligations payable	821,926	(4,003,681)
Net cash used in operating activities	(12,156,461)	(6,594,774)
Cash flows from investing activities:		
Purchase of property and equipment	(8,765)	(604,820)
Purchase of investments	(101,997,137)	(89,884,521)
Proceeds from sales, maturities and calls of investments	114,018,981	97,467,467
Net cash provided by investing activities	12,013,079	6,978,126
Cash flows from financing activities	-	-
Increase (decrease) in cash and cash equivalents	(143,382)	383,352
Cash and cash equivalents:		
Beginning	3,589,532	3,206,180
Ending	3,446,150	3,589,532
Supplementary disclosure of cash flow information:		
Cash paid during the year for excise taxes	\$ 175,000	131,550
Supplementary disclosure of non-cash investing activities:		
Net change in unrealized appreciation of investments	\$ 6,078,354	21,070,094

See accompanying notes to financial statements.

ROY J. CARVER CHARITABLE TRUST

Notes to Financial Statements

April 30, 2025 and 2024

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

Nature of Organization

The Roy J. Carver Charitable Trust (the Trust) was created on June 16, 1981, under the provisions of the Last Will and Testament of Roy J. Carver (the Will). The Trust is a nonprofit entity whose purpose is to enhance charitable, education and scientific programs. This purpose is accomplished through the aid of grants which are distributed to various academic and charitable institutions. The Trust is required by the Will to distribute all cash basis income at least semiannually; therefore, internal accounting records are maintained on a cash basis and these financial statements are adjusted to the accrual basis in accordance with the U.S. generally accepted accounting principles.

Summary of Significant Accounting Policies

(a) Basis of Accounting

The records of the Trust are kept on the basis of cash receipts and disbursements. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting standards and, accordingly, reflect all significant receivables, payables, long-lived assets and accrued items, including grants payable, as approved by the Trustees.

The Trust has evaluated subsequent events through July 24, 2025, which is the date the financial statements were available to be issued.

(b) Basis of Presentation

All of the Trust's investments are considered an endowment fund. The Trust's investment funds are considered to be without donor restrictions as they are fully expendable by the Board of Trustees, subject to various tax and legal limitations.

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

(d) Cash and Cash Equivalents

The Trust considers all cash accounts and money market funds with an original maturity of three months or less to be cash and cash equivalents. The Trust has deposits exceeding the \$250,000 Federal depository insurance limits. Management believes the Trust is not exposed to any significant credit risk on its cash and cash equivalents accounts.

(e) Investments

Investments are valued using quoted market prices obtained from national securities exchanges and third-party pricing services when available. For limited partnerships where quoted market value of investments may not be available, fair values are based on information provided by the general partners, which includes quoted fair values when available and estimates of fair value of investments that are not readily ascertainable.

ROY J. CARVER CHARITABLE TRUST

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

(e) Investments, continued

Investment transactions are accounted for on the date the securities are purchased or sold. Realized and unrealized gains and losses on investment transactions including management and custodial fees, determined by the specific-identification method, are included in net gains on investments. Interest and dividends are recognized as revenue when earned.

(f) Property and Equipment

Property and equipment is carried at cost. Depreciation is computed by straight-line method over the estimated useful lives (3 to 39 years) of the assets. Depreciation expense for the years ended April 30, 2025 and 2024 amounts to \$124,944 and \$126,543 respectively.

(g) Grant Spending Policy and Grant Obligations Payable

The Trust's policy is to meet or exceed the IRS five percent minimum required distribution for a private foundation. The Board and investment committee utilize a model to set grant spending targets based on the market performance of the investment assets. The management of the Trust reviews the model at Board and investment committee meetings to set the grant cycle budgets.

Grants payable are discounted using the Treasury's risk-free rate of return as of the date of the scheduled grant payment.

(h) Expenses

The Trust enhances charitable, educational and scientific programs by making grants that are distributed to various academic and charitable institutions. Grants approved are classified as direct program expenses while the excise tax expense is classified as an administrative expense related to investment income. Substantially all other expenses are related to management of the grant programs or administration of the Trust and are allocated accordingly.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

(i) Federal Income and Excise Taxes

The Trust is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Trust has been determined to be a private foundation under Section 509(a), Chapter 42 of the Internal Revenue Code and is subject to federal excise taxes. Deferred taxes are provided on a liability method whereby deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. The Trust's temporary differences relate primarily to the difference between the cost and fair value of the investments. Deferred tax liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Trust files a Form 990-PF (Return of Private Foundation) annually. An Excise tax of 1.39% is imposed on the net investment income of all domestic tax-exempt private foundations for each tax year and is reported on Form 990-PF. Unrelated Business Income Tax is reported on Form 990-T, as appropriate. The Trust evaluates the tax benefits of a tax position using the "more likely than not" threshold. As of April 30, 2025, management is not aware of any uncertain tax positions and related tax benefits which would be material to the Trust's financial statements. The returns filed for fiscal years subsequent to 2021 are subject to examination by taxing authorities.

ROY J. CARVER CHARITABLE TRUST

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

(j) Leases

Payments related to operating leases are recognized as rent expense as incurred. Management has determined that operating leases with terms greater than twelve months, which should be recognized as right-of-use assets and corresponding lease liability, are not material to the Trust's financial statements.

(k) Reclassifications

Certain accounts for 2024 have been reclassified to conform with the presentation for 2025.

(2) Investments

The Trust's investments are held in a bank-administered trust fund. As of April 30, 2025 and 2024, the Trust's investments consist of the following:

	<u>2025</u>		<u>2024</u>	
	<u>Fair Value</u>	<u>Original Cost</u>	<u>Fair Value</u>	<u>Original Cost</u>
Common stock	\$ 108,957,475	85,073,426	107,777,916	78,817,358
Domestic equity mutual funds	74,658,557	30,243,820	73,838,451	30,973,962
International equity mutual funds	37,852,284	12,333,696	36,232,147	15,072,294
U.S. government bonds	8,662,800	8,545,143	8,753,987	8,839,754
U.S. government agency securities	885,419	846,860	1,007,403	1,005,893
Municipal/provincial bonds	1,301,412	1,283,344	1,172,044	1,191,048
Corporate bonds	32,873,667	32,566,492	30,356,931	29,811,527
U.S. government mortgage-backed securities	5,604,943	5,490,402	5,519,807	5,562,801
Commercial mortgage-backed securities	3,492,016	3,446,850	4,026,362	4,088,573
Asset backed securities	13,280,044	13,178,384	10,925,826	10,981,488
Nongovernment backed CMO's	65,370	69,909	76,416	84,194
Partnerships invested in:				
Private equity	12,334,106	9,345,748	15,199,827	11,019,352
Venture capital and emerging markets	57,026,450	31,500,000	51,053,242	31,500,000
Total investments	\$ 356,994,543	233,924,074	345,940,359	228,948,244

Alternative investments are investments not listed on national exchanges or over-the-counter markets, or for which quoted market prices are not available from sources such as financial publications. Alternative investments may be structured as limited partnerships, limited liability corporations, trusts or corporations. The Trust's alternative investments are the partnerships and the international equity mutual funds above. As of April 30, 2025, the Trust had capital commitments for these investments of approximately \$2,617,000 for which capital calls had not been exercised. Such commitments generally have fixed expiration dates or other termination clauses.

ROY J. CARVER CHARITABLE TRUST

Notes to Financial Statements

(2) Investments, continued

Net investment income reported in the statement of activities for the years ended April 30, 2025 and 2024 is summarized as follows:

	2025	2024
Interest	\$ 2,186,185	3,860,531
Dividends	5,977,554	5,520,789
Net realized gains on sale of investments	17,518,056	8,590,909
Net unrealized gains on investments	6,078,354	21,070,094
Investment expenses	(2,014,182)	(1,726,277)
Net investment income	\$ 29,745,967	37,316,046

The investments of the Trust are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

(3) Fair Value Measurements

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of quoted prices in active markets of similar assets for assets in non-active markets and Level 3 inputs consist of other valuation techniques which have the lowest priority. The Trust uses appropriate valuation techniques based on the availability of inputs to measure the fair value of its investments. When quoted prices in active markets for identical assets are available, the Trust uses these quoted market prices to determine the fair value of financial assets and classify these as Level 1. There were no transfers between Levels or changes in the methods used to measure fair value in 2025 and 2024.

The following table sets forth the breakdown of the fair value of Level 1 investments as of April 30, 2025 and 2024:

	2025	2024
Common stock:		
Consumer discretionary	\$ 8,474,265	11,593,974
Consumer staples	4,951,678	4,246,387
Energy	5,058,806	5,969,693
Financials	22,444,114	18,496,134
Health care	14,786,628	12,768,580
Industrials	13,538,927	16,749,039
Information technology	10,703,747	11,214,035
Materials	1,600,326	2,529,807
Telecommunication services	5,744,261	2,865,703
Utilities	1,756,383	1,792,747
Real estate investment trusts	19,898,340	19,551,817
Domestic equity mutual funds:		
Mid cap funds	37,228,284	37,129,620
Large cap funds	19,487,044	19,414,020
Small cap funds	17,943,229	17,294,811
	\$ 183,616,032	181,616,367

ROY J. CARVER CHARITABLE TRUST

Notes to Financial Statements

(3) Fair Value Measurements, continued

There are investments in the portfolio amounting to \$66,165,671 and \$61,838,776 as of April 30, 2025 and 2024, respectively, where quoted market prices are not available. The fair values of these investments are estimated using pricing models, quoted prices of securities with similar characteristics or discounted cash flow and would be classified within Level 2 or Level 3 of the valuation hierarchy. The Trust declines to disclose information for these investments not classified within Level 1.

The following table sets forth additional disclosure of the Trust's investments whose fair value is estimated using NAV per share (or its equivalent) as of April 30, 2025 and 2024:

Investment	April 30, 2025		April 30, 2024		Redemption Frequency	Redemption Notice Period
	Fair Value	Unfunded Commitment	Fair Value	Unfunded Commitment		
Investments:						
International equity fund (A)	\$ 37,852,284	-	36,232,147	-	Daily	30 days
Private equity limited partnerships (B)	12,334,106	2,616,822	15,199,827	-	None	N/A—see (B)
Venture capital and emerging markets limited partnership (C)	57,026,450	-	51,053,242	-	Monthly	30 days
	<u>\$ 107,212,840</u>	<u>2,616,822</u>	<u>102,485,216</u>	<u>-</u>		

- (A) The fund invests in international equities that are all exchange traded in other countries outside of the United States of America (USA). This fund can be redeemed immediately at the current NAV per share based on the fair value of the underlying assets. The fair value of this investment has been estimated using the NAV per share of the investment provided by the fund manager.
- (B) The partnerships in the category consist of both funds that invest in the following types of investments in the USA and also outside of the USA: venture capital partnerships, buyout partnerships, mezzanine/subordinated debt partnerships, restructuring /distressed debt partnerships and special situation partnerships. These investments cannot be redeemed during the life of the partnership which can be up to 12 years, however; they can be transferred to another eligible investor. Distributions will be received as the underlying investments of the funds are liquidated over time. The fair value of this investment has been estimated using the NAV per share of the investment provided by the fund manager. Management and the Trust's Investment Committee of the Board of Trustees have reviewed financial information of these partnerships and believes that the NAV reported is a reasonable estimate of the fair value of these investments. However, since there is not an active market for these investments, if the trust required immediate sale of these investments, opportunities for transfers could require a discount which could range between 0% and 20%. The Trust does not have plans for sale of these investments at this time.
- (C) The partnership in this category consists of closed-end funds and investment trusts that invest in equity securities of companies in one or more emerging market countries. From time to time, as a result with certain closed-end funds having distributed portions of their portfolio investments, the partnership may hold direct investments in individual companies primarily operating in emerging market countries. This partnership can be redeemed monthly if the withdrawal request is no later than the first business day of the month containing the desired withdrawal date. The fair value of the partnership has been estimated by using the NAV per share of the investment provided by the fund manager.

ROY J. CARVER CHARITABLE TRUST

Notes to Financial Statements

(4) Endowment Fund

Interpretation of relevant law: The Board of Trustees has interpreted that the Trust is not subject to the State of Iowa's Uniform Prudent Management of Institutional Funds Act since the Trust's by-laws provide for the full ability of the Board of Trustees to spend investment funds subject to tax and legal limitations. The Trust has no net assets with restrictions.

Investment policy: The Trust invests based on the goals to preserve capital, strive for consistent, positive returns and preserve the purchasing power by striving for long-term returns in excess of the inflation rate. The Trust utilizes a long-term investment horizon with a high standard of quality. The Trust's strategy includes an asset mix of 12% to 28% in domestic fixed income, 24% to 56% in domestic equity, 18% to 42% in international equity and 6% to 14% in other type investments with further breakdowns within those broad categories.

Policy for appropriation of assets for expenditure: The Trust's spending policy is based on the Last Will and Testament that established the Trust which requires distribution of all cash basis income and is also based on necessary expenditures required by federal excise tax laws governing private foundations. The Board of Trustees also approves expenditures for administration of the Trust

Changes in net assets for the years ended April 30, 2025 and 2024, are as follows:

	<u>Total Net Assets Without Donor Restrictions</u>
Net assets, April 30, 2023	\$ 304,931,164
Investment return:	
Interest and dividend income	9,381,320
Net appreciation of investments (realized and unrealized)	27,934,726
Total investment income	<u>37,316,046</u>
Appropriation of assets for expenditures	<u>(10,784,161)</u>
Net assets, April 30, 2024	331,463,049
Investment return:	
Interest and dividend income	8,163,739
Net appreciation of investments (realized and unrealized)	21,582,228
Total investment income	<u>29,745,967</u>
Appropriation of assets for expenditures	<u>(19,888,658)</u>
Net assets, April 30, 2025	<u>\$ 341,320,358</u>

(5) Federal Excise Tax

In accordance with the applicable provisions of Section 4940, the Trust is subject to a federal excise tax of 1.39% on net investment income, including realized gains on investment transactions, as defined under this provision for the years ended April 30, 2025 and 2024. The provision for federal excise taxes for the years ended April 30, 2025 and 2024, consists of:

	2025	2024
Current	\$ 361,300	225,550
Deferred	99,000	279,000
	<u>\$ 460,300</u>	<u>504,550</u>

ROY J. CARVER CHARITABLE TRUST

Notes to Financial Statements

(5) Federal Excise Tax, continued

The deferred tax liability at April 30, 2025 and 2024 consists of the federal excise tax on the net unrealized investment gains.

In addition, the Trust operates as a private nonoperating foundation. One of the requirements to maintain private nonoperating foundation status is to make grants equaling approximately 5% of the average value of the noncharitable assets each year. As of April 30, 2025, the Trust had an excess distribution carryover of approximately \$1,495,000, which is available to offset amounts to be distributed during the year ended April 30, 2026. If the Trust were to have undistributed income, any portion of the amount not distributed by the end of the following fiscal year would be subject to a 30% penalty tax.

(6) Liquidity and Availability of Financial Assets

The Trust regularly monitors the liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Grants awarded, the largest expense, is approved by the Trustees and the Trust is required by the Will to distribute all cash basis income at least semi-annually. The Trust's main source of liquidity at its disposal is its substantial investment portfolio as described in Note 2. The Trust invests with the goal of achieving long-term returns.

The Trust holds investments valued at net asset value (NAV) as described in Note 3. While they are not restricted funds, they are invested for long-term appreciation and, therefore, not included in financial assets available to meet cash needs for general expenditures within one year.

For the purpose of analyzing resources available to meet general expenditures over a 12-month period, the Trust considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The statements of cash flows provide information regarding the sources and uses of the Trust's cash.

	2025	2024
Cash and cash equivalents	\$ 3,446,150	3,589,532
Accrued investment income	499,065	337,939
Excise taxes receivable	-	96,000
Investments	356,994,543	345,940,359
Total financial assets	360,939,758	349,963,830
Less investments valued at net asset value	107,212,840	102,485,216
Financial assets available to meet cash needs for general expenditures, including grant obligations, within one year	\$ 253,726,918	247,478,614

ROY J. CARVER CHARITABLE TRUST

Notes to Financial Statements

(7) Grant Obligations Payable

Grant obligations payable at April 30, 2025 and 2024 are summarized as follows:

	<u>2025</u>	<u>2024</u>
In one year or less	\$ 8,555,010	5,735,373
1 to 2 years	5,541,138	5,299,969
2 to 3 years	3,100,000	3,100,000
3 to 4 years	3,100,000	3,100,000
4 to 5 years	2,950,000	3,100,000
After 5 years	-	3,300,000
	<u>23,246,148</u>	<u>23,635,342</u>
Present value discount	1,905,291	3,116,411
	<u>\$ 21,340,857</u>	<u>20,518,931</u>

(8) Economic Impacts

The impacts of measures to control inflation and other national and worldwide factors have led to significant volatility in financial markets and have affected, and may continue to affect, the market value of the Trust's investments. The potential future economic impact of these conditions is difficult to predict. Management is not able to estimate the full impact of these conditions on the Trust's financial statements.