

# **Roy J. Carver Charitable Trust**

Financial Report  
April 30, 2024

## Contents

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Independent auditor's report	1-2
<hr/>	
Financial statements	
Statements of financial position	3
Statements of activities	4
Statements of cash flows	5
Notes to financial statements	6-13
Supplementary information	
Other basis to U.S. GAAP basis conversion:	
Statement of financial position	14
Statement of activities	15
Description of adjustments	16

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## Independent Auditor's Report

Board of Trustees  
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 statements of financial position as of April 30, 2024 and 2023; the related statements of activities and cash flows for the years 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 accompanying financial statements present fairly, in all material respects, the financial position of the Trust as of April 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Qualified Opinion***

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 to be disclosed for investments classified as Level 3. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the 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 audits. 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 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 Trust's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 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 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 judgment, 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 audits were 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 auditing standards generally accepted in the United States of America. 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.

*RSM US LLP*

Davenport, Iowa  
July 29, 2024

Roy J. Carver Charitable Trust

Statements of Financial Position  
April 30, 2024 and 2023

	2024	2023
<b>Assets</b>		
Cash	\$ 1,388,025	\$ 1,196,710
Money market funds	2,201,507	2,009,470
<b>Total cash and cash equivalents</b>	<b>3,589,532</b>	<b>3,206,180</b>
Accrued investment income	337,939	377,675
Excise taxes receivable	96,000	190,000
Investments	345,940,359	323,836,464
Property and equipment:		
Land	567,038	567,038
Building and improvements	4,567,099	2,131,560
Furniture, fixtures and equipment	404,474	282,936
Construction in progress	-	2,079,260
	5,538,611	5,060,794
Less accumulated depreciation	1,813,188	1,785,208
<b>Total property and equipment</b>	<b>3,725,423</b>	<b>3,275,586</b>
<b>Total assets</b>	<b>\$ 353,689,253</b>	<b>\$ 330,885,905</b>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Grant obligations payable	\$ 20,518,931	\$ 24,522,612
Other accrued expenses	95,273	99,129
Deferred excise taxes	1,612,000	1,333,000
<b>Total liabilities</b>	<b>22,226,204</b>	<b>25,954,741</b>
Net assets without donor restrictions	331,463,049	304,931,164
<b>Total liabilities and net assets</b>	<b>\$ 353,689,253</b>	<b>\$ 330,885,905</b>

See notes to financial statements.

**Roy J. Carver Charitable Trust**

**Statements of Activities  
Years Ended April 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
Unrestricted investment income (loss):		
Interest	\$ 3,860,531	\$ 1,824,778
Dividends	5,520,789	4,297,964
Net realized and unrealized gains (losses) on investments, net of investment fees 2024 \$1,726,277; 2023 \$1,615,383	<u>27,934,726</u>	<u>(18,657,572)</u>
<b>Total unrestricted investment income (loss)</b>	<b><u>37,316,046</u></b>	<b><u>(12,534,830)</u></b>
Unrestricted expenses:		
Grants approved	8,045,828	9,432,263
Trustee fees	165,900	168,300
Salaries and payroll taxes	1,505,424	1,229,078
Professional fees	123,355	134,547
Federal excise tax expense (benefit)	504,550	(73,992)
Depreciation	126,543	63,379
Building repair and maintenance	84,616	88,194
Travel	3,478	3,094
Office	105,326	40,187
Insurance	25,349	21,173
Telephone	5,208	4,580
Miscellaneous	88,584	108,077
<b>Total unrestricted expenses</b>	<b><u>10,784,161</u></b>	<b><u>11,218,880</u></b>
<b>Increase (decrease) in net assets</b>	<b>26,531,885</b>	<b>(23,753,710)</b>
Net assets without donor restrictions:		
Beginning	<u>304,931,164</u>	328,684,874
Ending	<b><u>\$ 331,463,049</u></b>	<b><u>\$ 304,931,164</u></b>

See notes to financial statements.

**Roy J. Carver Charitable Trust**

**Statements of Cash Flows**  
**Years Ended April 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
Cash flows from operating activities:		
Increase (decrease) in net assets without donor restrictions	<b>\$ 26,531,885</b>	\$ (23,753,710)
Adjustments to reconcile increase (decrease) in net assets without donor restrictions to net cash used in operating activities:		
Depreciation	<b>126,543</b>	63,379
Accretion	<b>25,838</b>	12,975
Deferred excise taxes	<b>279,000</b>	(399,000)
Realized and unrealized (gains) losses on investments	<b>(29,661,003)</b>	17,042,189
Loss on disposal of property and equipment	<b>28,440</b>	-
Changes in assets and liabilities:		
Increase in accrued investment income	<b>39,736</b>	62,618
Increase (decrease) in excise taxes receivable	<b>94,000</b>	(122,000)
Decrease in other accrued expenses	<b>(3,856)</b>	(5,974)
Decrease in grant obligations payable	<b>(4,003,681)</b>	(4,556,880)
<b>Net cash used in operating activities</b>	<b>(6,543,098)</b>	<b>(11,656,403)</b>
Cash flows from investing activities:		
Purchase of property and equipment	<b>(604,820)</b>	(1,962,856)
Purchases of investments	<b>(89,936,197)</b>	(108,730,678)
Proceeds from sales, maturities and calls of investments	<b>97,467,467</b>	118,225,576
<b>Net cash provided by investing activities</b>	<b>6,926,450</b>	<b>7,532,042</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>383,352</b>	<b>(4,124,361)</b>
Cash and cash equivalents:		
Beginning	<b>3,206,180</b>	7,330,541
Ending	<b>\$ 3,589,532</b>	<b>\$ 3,206,180</b>
Supplemental disclosure of cash flow information, cash payments made for excise taxes	<b>\$ 131,550</b>	<b>\$ 447,008</b>

See notes to financial statements.

## Roy J. Carver Charitable Trust

### Notes to Financial Statements

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#### Note 1. Organization and Significant Accounting Policies

**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, educational, 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 accounting principles generally accepted in the United States of America.

#### Significant accounting policies:

**Accounting estimates:** The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**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 and, accordingly, reflect all significant receivables, payables, long-lived assets and accrued items, including grants payable, as approved by the Trustees.

**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. Money market funds are carried at cost. The Trust has deposits exceeding the federal depository insurance limits. Management believes the credit risk related to these assets is minimal.

**Investments:** Investments are valued using quoted market prices obtained from national securities exchanges and third-party pricing services where 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. There have been no changes in valuation techniques used for any investments during the year ended April 30, 2024.

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.

**Property and equipment:** Property and equipment is carried at cost. Depreciation is computed by straight-line methods over the assets estimated useful lives (3 to 39 years).

**Grant obligations payable:** Grants payable are discounted using a risk-free rate of return as of the date of the grant approval.

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



## Roy J. Carver Charitable Trust

### Notes to Financial Statements

#### Note 1. Organization and Significant Accounting Policies (Continued)

**Expense allocation:** Expenses have been classified on a natural basis in the statement of activities. Note 5 describes the functional allocation of certain costs between program and supporting service activities based on estimates made by management.

**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. As of April 30, 2024 and 2023, there were no uncertain tax benefits identified and recorded as a liability.

**Subsequent events:** The Trust has evaluated subsequent events through July 29, 2024, the date the financial statements were available to be issued.

#### Note 2. Investments and Investment Gains (Losses)

The Trust's investments are held by a bank-administered trust fund. As of April 30, 2024 and 2023, the Trust's investments consist of the following:

	2024		2023	
	Fair Value	Original Cost	Fair Value	Original Cost
Common stock	\$ 107,777,916	\$ 78,817,358	\$ 97,525,091	\$ 77,935,955
Domestic equity mutual funds	73,838,451	30,973,962	68,322,614	31,202,262
International equity mutual funds	36,232,147	15,072,294	33,374,520	15,845,164
U.S. government bonds	8,753,987	8,839,754	9,774,192	9,755,929
U.S. government agency securities	1,007,403	1,005,893	550,481	562,110
Municipal/provincial bonds	1,172,044	1,191,048	1,304,240	1,349,460
Corporate bonds	30,356,931	29,811,527	29,671,211	29,721,723
U.S. government mortgage-backed securities	5,519,807	5,562,801	2,081,309	2,084,691
Commercial mortgage-backed securities	4,026,362	4,088,573	3,823,799	4,009,950
Asset backed securities	10,925,826	10,981,488	10,867,914	11,060,226
Nongovernment backed CMO's	76,416	84,194	92,025	99,725
Partnerships invested in:				
Private equity	15,199,827	11,019,352	18,119,577	11,787,248
Venture capital and emerging markets	51,053,242	31,500,000	48,329,491	32,500,000
	<u>\$ 345,940,359</u>	<u>\$ 228,948,244</u>	<u>\$ 323,836,464</u>	<u>\$ 227,914,443</u>

## Roy J. Carver Charitable Trust

### Notes to Financial Statements

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#### Note 2. Investments and Investment Gains (Losses) (Continued)

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, 2024, the Trust had commitments for these investments of approximately \$2,616,822 for which capital calls had not been exercised. Such commitments generally have fixed expiration dates or other termination clauses.

Net gains (losses) on investments for the years ended April 30, 2024 and 2023, consist of:

	2024	2023
Net realized gains, net of investment fees	\$ 6,864,632	\$ 10,023,122
Net increase (decrease) in unrealized gains	21,070,094	(28,680,694)
	<u>\$ 27,934,726</u>	<u>\$ (18,657,572)</u>

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.

#### Note 3. 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, 2024 and 2023. The provision for federal excise taxes for the years ended April 30, 2024 and 2023, consists of:

	2024	2023
Current	\$ 225,550	\$ 325,008
Deferred	279,000	(399,000)
	<u>\$ 504,550</u>	<u>\$ (73,992)</u>

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, 2024, the Trust had an excess distribution carryover of approximately \$600,000, which is available to offset amounts to be distributed during the year ended April 30, 2025. 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.

## Roy J. Carver Charitable Trust

### Notes to Financial Statements

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#### Note 4. Financial Assets Available and Liquidity

The Trust regularly monitors 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 7. While they are not restricted funds, they are invested for long-term appreciation and, therefore, not included in cash available for general expenditures in the next 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.

Refer to the statements of cash flows which identifies the sources and uses of the Trust's cash.

	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	\$ 3,589,532	\$ 3,206,180
Accrued investment income	337,939	377,675
Excise taxes receivable	96,000	190,000
Investments	345,940,359	323,836,464
Total financial assets as of April 30	349,963,830	327,610,319
Less amounts not available to meet cash needs for general expenditures within one year, investments valued at net asset value	102,485,216	99,823,588
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 247,478,614</u>	<u>\$ 227,786,731</u>

**Roy J. Carver Charitable Trust**

**Notes to Financial Statements**

**Note 5. Summary of Functional Expenses**

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

	2024		
	Program Service	Support Service	Total
	Grant-Making	Administration	Expenses
Grants approved	\$ 8,045,828	\$ -	\$ 8,045,828
Trustee fees	75,681	90,219	165,900
Salaries and payroll taxes	306,976	1,198,448	1,505,424
Professional fees	-	123,355	123,355
Provision for federal excise taxes	-	504,550	504,550
Depreciation and facility expenses	-	316,485	316,485
Travel and other	-	122,619	122,619
Total expenses	<u>\$ 8,428,485</u>	<u>\$ 2,355,676</u>	<u>\$ 10,784,161</u>

	2023		
	Program Service	Support Service	Total
	Grant-Making	Administration	Expenses
Grants approved	\$ 9,432,263	\$ -	\$ 9,432,263
Trustee fees	82,813	85,487	168,300
Salaries and payroll taxes	194,189	1,034,889	1,229,078
Professional fees	-	134,547	134,547
Provision for federal excise taxes	-	(73,992)	(73,992)
Depreciation and facility expenses	-	191,760	191,760
Travel and other	-	136,924	136,924
Total expenses	<u>\$ 9,709,265</u>	<u>\$ 1,509,615</u>	<u>\$ 11,218,880</u>

**Note 6. Grants Payable**

Grants payable are summarized as follows as of April 30, 2024 and 2023:

	2024	2023
In one year or less	\$ 5,735,373	\$ 5,662,596
1 to 2 years	5,299,969	5,086,964
2 to 3 years	3,100,000	4,600,000
3 to 4 years	3,100,000	3,100,000
4 to 5 years	3,100,000	3,100,000
After 5 years	3,300,000	6,050,000
	<u>23,635,342</u>	<u>27,599,560</u>
Present value discount	3,116,411	3,076,948
	<u>\$ 20,518,931</u>	<u>\$ 24,522,612</u>

## Roy J. Carver Charitable Trust

### Notes to Financial Statements

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#### Note 7. Fair Value Measurements

The Financial Accounting Standards Board Accounting Standards Codification Topic No. 820, Fair Value Measurements, defines fair value, establishes a framework for measuring fair value and requires disclosure of fair value measurements. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

**Level 1:** Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

**Level 2:** Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

**Level 3:** Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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.

Level 1 securities totaled \$181,616,367 and \$165,847,705 as of April 30, 2024 and 2023, respectively. There were no transfers in or out of Level 1 during the year ended April 30, 2024.

The following table sets forth the breakdown of the fair value of Level 1 securities as of April 30, 2024 and 2023:

	2024	2023
Common stock:		
Consumer discretionary	\$ 11,593,974	\$ 11,417,764
Consumer staples	4,246,387	3,661,162
Energy	5,969,693	4,120,315
Financials	18,496,134	14,737,524
Health care	12,768,580	13,315,881
Industrials	16,749,039	13,684,818
Information technology	11,214,035	9,325,014
Materials	2,529,807	3,309,234
Telecommunication services	2,865,703	3,150,178
Utilities	1,792,747	1,372,179
Real estate investment trusts	19,551,817	19,431,022
Domestic equity mutual funds:		
Mid cap funds	37,129,620	34,209,516
Large cap funds	19,414,020	17,422,856
Small cap funds	17,294,811	16,690,242
	<u>\$ 181,616,367</u>	<u>\$ 165,847,705</u>

## Roy J. Carver Charitable Trust

### Notes to Financial Statements

#### Note 7. Fair Value Measurements (Continued)

Investments in the portfolio totaling \$61,838,776 and \$58,165,171 as of April 30, 2024 and 2023, respectively, where quoted market prices are not available, where fair values are estimated using pricing models, quoted prices of securities with similar characteristics or discounted cash flow, or where there is limited activity or less transparency around inputs to the valuation, 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, 2024 and 2023:

Investment	April 30, 2024		April 30, 2023		Redemption Frequency	Redemption Notice Period
	Fair Value	Unfunded Commitment	Fair Value			
Investments:						
International equity fund (A)	\$ 36,232,147	\$ -	\$ 33,374,520		Daily	30 days
Private equity limited partnerships (B)	15,199,827	2,616,822	18,119,577		None	N/A—see (B)
Venture capital and emerging markets limited partnership (C)	51,053,242	-	48,329,491		Monthly	30 days
	<u>\$ 102,485,216</u>	<u>\$ 2,616,822</u>	<u>\$ 99,823,588</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 this 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 has 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

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#### Note 8. Investment Funds

**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, 2024 and 2023, are as follows:

	<u>Total Net Assets Without Donor Restrictions</u>
Net assets, April 30, 2022	<u>\$ 328,684,874</u>
Investment return (loss):	
Investment income	6,122,742
Net depreciation of investments (realized and unrealized), net of investment fees	<u>(18,657,572)</u>
Total investment loss	<u>(12,534,830)</u>
Appropriation of assets for expenditures	<u>(11,218,880)</u>
Net assets, April 30, 2023	<u>304,931,164</u>
Investment return (loss):	
Investment income	9,381,320
Net appreciation of investments (realized and unrealized), net of investment fees	<u>27,934,726</u>
Total investment loss	<u>37,316,046</u>
Appropriation of assets for expenditures	<u>(10,784,161)</u>
Net assets, April 30, 2024	<u><u>\$ 331,463,049</u></u>

**Roy J. Carver Charitable Trust**

**Other Basis to U.S. GAAP Basis Conversion  
April 30, 2024**

	April 30, 2024 Other Basis (A) Balance	Item	Adjustments	April 30, 2024 Balance U.S. GAAP Basis
<b>Statement of Financial Position</b>				
<b>Assets</b>				
Investments, including cash and money market funds	\$ 232,536,006	(1, 4)	\$ 116,993,885	\$ 349,529,891
Accrued investment income	4,224	(1, 3)	333,715	337,939
Excise taxes receivable	-	(6)	96,000	96,000
Property and equipment, net of accumulated depreciation	<u>3,851,966</u>	(5)	<u>(126,543)</u>	<u>3,725,423</u>
<b>Total assets</b>	<b><u>\$ 236,392,196</u></b>		<b><u>\$ 117,297,057</u></b>	<b><u>\$ 353,689,253</u></b>
<b>Liabilities and Net Assets</b>				
Liabilities:				
Grant obligations payable	\$ -	(1, 7)	\$ 20,518,931	\$ 20,518,931
Other accrued expenses	-	(1, 2)	95,273	95,273
Deferred excise taxes	<u>-</u>	(1, 6)	<u>1,612,000</u>	<u>1,612,000</u>
<b>Total liabilities</b>	<b><u>-</u></b>		<b><u>22,226,204</u></b>	<b><u>22,226,204</u></b>
Net assets without donor restrictions	<u>236,392,196</u>		<u>95,070,853</u>	<u>331,463,049</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 236,392,196</u></b>		<b><u>\$ 117,297,057</u></b>	<b><u>\$ 353,689,253</u></b>

See page 16 for description of adjustments.

(A) The Trust records their financial statements on an other basis of accounting and converts to U.S. GAAP.



**Roy J. Carver Charitable Trust**

**Other Basis to U.S. GAAP Basis Conversion  
Year Ended April 30, 2024**

	April 30, 2024 Other Basis (A) Balance	Item	Adjustments	April 30, 2024 Balance U.S. GAAP Basis
<b>Statement of Activities</b>				
Unrestricted investment income (loss):				
Interest	\$ 2,208,615	(1, 3)	\$ 1,651,916	\$ 3,860,531
Dividends	7,301,985	(1, 3)	(1,781,196)	5,520,789
Net realized and unrealized gains on investments, net of investment fees	6,726,730	(2, 4)	21,207,996	27,934,726
<b>Total unrestricted income</b>	<u>16,237,330</u>		<u>21,078,716</u>	<u>37,316,046</u>
Unrestricted expenses:				
Grants approved	12,049,509	(7)	(4,003,681)	8,045,828
Trustee fees	165,900		-	165,900
Salaries and payroll taxes	1,505,424		-	1,505,424
Professional fees	123,355		-	123,355
Federal excise tax expense (benefit)	131,550	(6)	373,000	504,550
Depreciation	-	(5)	126,543	126,543
Building repair and maintenance	84,616		-	84,616
Travel	3,478		-	3,478
Office	105,326		-	105,326
Insurance	25,349		-	25,349
Telephone	5,208		-	5,208
Miscellaneous	44,090	(3)	44,494	88,584
<b>Total unrestricted expenses</b>	<u>14,243,805</u>		<u>(3,459,644)</u>	<u>10,784,161</u>
<b>Increase in net assets</b>	1,993,525		24,538,360	26,531,885
Net assets without donor restrictions:				
Beginning	<u>234,398,671</u>		<u>70,532,493</u>	<u>304,931,164</u>
Ending	<u>\$ 236,392,196</u>		<u>\$ 95,070,853</u>	<u>\$ 331,463,049</u>

See page 16 for description of adjustments.

(A) The Trust records their financial statements on an other basis of accounting and converts to U.S. GAAP.

## **Roy J. Carver Charitable Trust**

### **Other Basis to U.S. GAAP Basis Conversion Year Ended April 30, 2024**

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#### **Description of Adjustments**

The Trust records their financial statements on an other basis of accounting and converts to U.S. GAAP with the following adjustments.

- (1) To record the effect of prior year accruals on current year revenue and expenses.
- (2) To record accrued liabilities at year-end.
- (3) To accrue interest and dividends on investments.
- (4) To record the change in unrealized gains on investments.
- (5) To recognize depreciation expense.
- (6) To record federal excise taxes receivable/payable and related tax expense and to adjust deferred federal excise taxes.
- (7) To adjust grant obligations and expenses for grants approved.