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ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Astronaut Scholarship Foundation, Inc.

Opinion

We have audited the accompanying financial statements of Astronaut Scholarship Foundation, Inc., (the "Foundation"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

BKHM, P.A.

Orlando, Florida
June 15, 2023

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

ASSETS	
Current assets:	
Cash and cash equivalents	$ 357,319
Accounts and interest receivable	196,296
Current portion of pledges receivable	267,844
Investments	12,759,564
Donated inventory	100,000
Prepaid expenses	30,498
Total current assets	13,711,521
Noncurrent assets:	
Pledges receivable, less current portion	313,515
Property and equipment, net	3,063
License fee, net	1,583
Total noncurrent assets	318,161
Total assets	$ 14,029,682
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable and accrued expenses	$ 64,043
Total current liabilities	64,043
Net assets:	
Without donor restrictions	11,723,123
With donor restrictions	2,242,516
Total net assets	13,965,639
Total liabilities and net assets	$ 14,029,682

See accompanying notes to financial statements.

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:			
Support and revenue:			
Contributions - financial	$ 741,802	$ 229,514	$ 971,316
Contributions - nonfinancial	107,680	-	107,680
Public education programs	601,919	-	601,919
Support service fee	250,000	-	250,000
Net assets released from restrictions:			
Satisfaction of specified purpose	765,056	(765,056)	-
Total support and revenue	2,466,457	(535,542)	1,930,915
Expenses:			
Program services	2,250,560	-	2,250,560
Total program services	2,250,560	-	2,250,560
Supporting services:			
Management and general	149,507	-	149,507
Fundraising	242,171	-	242,171
Total supporting activities	391,678	-	391,678
Total expenses	2,642,238	-	2,642,238
Change in net assets from operations	(175,781)	(535,542)	(711,323)
Nonoperating activities:			
Investment return, net	(1,635,865)	(66,610)	(1,702,475)
Total nonoperating activities	(1,635,865)	(66,610)	(1,702,475)
Change in net assets	(1,811,646)	(602,152)	(2,413,798)
Net assets at beginning of year	13,534,769	2,844,668	16,379,437
Net assets at end of year	$ 11,723,123	$ 2,242,516	$ 13,965,639

See accompanying notes to financial statements.

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

		Supporting Services		
	Program Services	Management and General	Fundraising	Total Expenses
Scholarship awards	$ 771,826	$ -	$ -	$ 771,826
Scholarship giving	46,114	-	-	46,114
Mentor program	8,000	-	-	8,000
Personnel expenses	625,470	83,396	125,094	833,960
Professional development	13,080	-	-	13,080
Contract services	126,744	16,899	25,349	168,992
Travel	3,875	517	775	5,167
Business expense	25,764	39,930	5,153	70,847
Office expense	51,334	6,844	10,267	68,445
Special events	556,410	-	73,096	629,506
Public awareness	16,637	-	1,848	18,485
Major donor activities	5,306	-	589	5,895
Depreciation	-	1,921	-	1,921
Total expenses	$ 2,250,560	$ 149,507	$ 242,171	$ 2,642,238

See accompanying notes to financial statements.

ASTRONAUT SCHOLARSHIP FOUNDATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (2,413,798)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Net depreciation in investments	1,955,892
Depreciation	1,921
Donated inventory	(100,000)
Changes in assets and liabilities:	
Accounts and interest receivable	(65,157)
Pledges receivable	127,799
Prepaid expenses	7,658
Accounts payable and accrued expenses	(88,184)
Deferred revenue	(2,000)
Net cash used for operating activities	(575,869)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(436,763)
Proceeds from sale of investments	776,374
Purchases of property and equipment	(1,423)
Net cash provided by investing activities	338,188
Net decrease in cash and cash equivalents	(237,681)
Cash and cash equivalents at beginning of year	595,000
Cash and cash equivalents at end of year	$ 357,319

See accompanying notes to financial statements.

1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Entity

The Astronaut Scholarship Foundation, Inc. (the "Foundation") is a nonprofit corporation established in 1984 by the six surviving members of America's original Mercury astronauts and has since been joined by more than 80 astronauts from Gemini, Apollo, Skylab, and Space Shuttle programs in supporting this educational endeavor.

The Foundation's mission is to aid the United States in retaining its world leadership in technology and innovation by supporting the very best and brightest scholars in science, technology, engineering, and mathematics while commemorating the legacy of America's pioneering astronauts. This aid includes the annual granting of scholarships to undergraduate college students who: (a) are U.S. citizens, (b) have completed at least two years of undergraduate coursework, and (c) exhibit imagination and exceptional performance in the fields of science, technology, engineering, and/or mathematics. The Foundation also facilitates programs to educate the general public and various charitable and/or not for profit organizations concerning the fields of science, technology, engineering, and/or mathematics in general and space exploration in particular.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

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

- Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors. The Foundation's board of directors may designate net assets without donor restrictions for specific operational purposes from time to time.

- Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Foundation's ongoing activities. Non-operating activities are limited to resources that generate net realized and unrealized gains and losses from investments, endowment contributions and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all cash and other highly liquid investments purchased with maturities of 90 days or less to be cash equivalents. Amounts held in money market mutual funds for donor endowments are classified as investments.

Pledges Receivable

Pledges receivable consist of unconditional promises to give and are recorded when the promises to contribute are made. Pledges receivable which are expected to be collected in future years are stated at the present value of estimated future cash flows and are discounted using a credit-adjusted discount rate applicable to the year in which the pledge was made. Amortization of the discount is recorded as additional contribution revenue. An allowance for uncollectible pledges receivable is based on management's judgment, including such factors as prior collection history, subsequent collections, creditworthiness of the donor and the nature of the fundraising activity. Pledges receivable are written off when determined to be uncollectible.

Investments

Investments are reported at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Interest, dividends, gains and losses on investments bought and sold as well as held during the year and investment expenses are included in investment return, net in the statement of activities.

Property and Equipment

The Foundation's policy is to capitalize purchases of property and equipment in excess of $750 having a useful life of greater than one year. Property and equipment are recorded at cost, if purchased, or if donated, at fair market value on the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets (5-7 years for office equipment and 5 years for software).

Revenue Recognition

All items of support and revenue are stated on the accrual basis. Support and revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions that are not fulfilled in the accounting period. All expenses are reported as decreases in net assets without donor restrictions.

Contributions subject to donor-imposed restrictions are recorded as revenue with donor restrictions. When the donor-imposed restriction has been fulfilled or the stipulated time period has elapsed, the net assets are reclassified as net assets without donor restrictions and reported as net assets released from restrictions. Contributions with restrictions that are met during the fiscal year in which they are received are recorded as revenue without donor restrictions. Conditional promises to give and intentions to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Special event revenue is recorded as deferred revenue until the event is held.

Donated Collectible Items

Donated space artifacts and other in-kind donations are reported as nonfinancial contributions in the statement of activities with a corresponding increase to donated inventory in the statement of financial position and are measured at fair value when received. If space artifacts or other nonfinancial assets are later sold, any difference in fair value is recognized at the time of sale.

Donated Services

A portion of the Foundation's functions are conducted by officers, board members, and volunteers. Such contributions do not meet generally accepted accounting criteria for recognition as contributed services and, accordingly, are not recorded in the statement of activities.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions. Those expenses include personnel, contract services, travel, business, office, public awareness, major donor activities, depreciation and amortization. Such allocations are determined by management based on estimates of time and effort. Certain expenses, including scholarship awards, scholarship giving, mentor program and professional development have been allocated to the program services directly benefited.

Financial Instruments and Concentration of Credit Risk

The Foundation's financial instruments consist principally of cash and cash equivalents, accounts and interest receivable, pledges receivable, investments and accounts payable and accrued expenses. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

> Level 1 – Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 – Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with 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 and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The fair value of the Foundation's cash and cash equivalents and investments was determined based on Level 1 inputs. The Foundation does not have any financial instruments in the Level 2 or Level 3 categories. The recorded values of accounts and interest receivable and accounts payable and accrued expenses approximate their fair values based on their short-term nature. The recorded values of pledges receivable approximate their fair values, as the discount rate approximates market rates.

There have been no changes in Level 1, Level 2 and Level 3 and no changes in valuation techniques for these assets or liabilities for the year ended December 31, 2022.

Financial instruments which potentially expose the Foundation to a concentration of credit risk consist primarily of cash and cash equivalents. The Foundation deposits its cash with a major bank. Deposits totaling approximately $182,000 were not fully guaranteed by the FDIC as of December 31, 2022. The Foundation has not historically experienced losses on its bank cash deposits.

Revenue Concentration

The Foundation had one donor who accounted for approximately 13% of the Foundation's total revenues during 2022. Funds received are included in contributions in the accompanying statement of activities.

Income Taxes

The Foundation is an organization exempt from income taxation under Section 501(a) as an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes is included in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Subsequent Events

The Foundation has evaluated subsequent events through June 15, 2023, the date these financial statements were available to be issued.

Recently Adopted Accounting Pronouncements

Effective January 1, 2022, the Foundation adopted the new lease accounting guidance in Accounting Standards Update 2016-02, *Leases (Topic 842)*. The Company has elected the package of practical expedients permitted in Accounting Standards Codification ("ASC") Topic 842. Accordingly, the Company accounted for its existing operating leases as an operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of December 31, 2021) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. The new standard was adopted and had no significant effect on the Foundation's financial position, changes in net assets or cash flows.

In September 2020, the Foundation adopted Accounting Standards Update 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The new standard was adopted retrospectively and had no effect on the Fund's financial position, changes in net assets or cash flows.

2 LIQUIDITY AND AVAILABILITY

The Foundation receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Foundation receives support without donor restrictions; such support has historically represented approximately 91% of annual program funding needs, with the remainder funded by investment income without donor restrictions and appropriated earnings from gifts with donor restrictions.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include management and general expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments and obligations under endowments with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The table below presents financial assets available for general expenditures within one year as of December 31, 2022:

Financial assets at year-end:	
Cash and cash equivalents	$ 357,319
Accounts and interest receivable	196,296
Pledges receivable	581,359
Investments	12,759,564
Total financial assets	13,894,538
Less those unavailable for general expenditures within one year:	
Pledges receivable after one year	(313,515)
Investments held for endowment with donor restrictions	(563,462)
Net assets with donor restrictions	(1,679,054)
Total financial assets unavailable for general expenditures within one year	(2,556,031)
Financial assets available to meet general expenditures within one year	$ 11,338,507

3 ACCOUNTS AND INTEREST RECEIVABLE

Accounts and interest receivable consist of $189,482 in amounts due under various agreements and $6,814 in accrued interest receivable on the investments. Based on the collectibility of funds from these sources, management believes that an allowance for doubtful accounts is not considered necessary.

4 PLEDGES RECEIVABLE

Pledges receivable are valued in accordance with ASC 958-605 using a discount rate of 3% for the present value calculation. The table below shows how the pledges receivable are to be collected:

Pledges receivable due in:	
Less than one year	$ 267,844
One to five years	306,000
More than five years	30,000
	603,844
Less: Discount to present value	(22,485)
Net pledges receivable	$ 581,359

There was no allowance for uncollectible pledges receivable recorded as of December 31, 2022 since management believes that all amounts are fully collectible and have been reduced to their present value.

5 INVESTMENTS

Investments consist of the following as of December 31, 2022:

Cash held by investment managers	$ 712,990
Equities	11,086,037
Fixed income and preferreds	960,537
Total investments	$12,759,564

The unrealized gains and losses recognized during 2022 on equity securities still held as of year-end are as follows:

Net loss recognized	$ (1,955,892)
Less: Net gain recognized on securities sold	2,812,430
Unrealized loss on securities held	$ (4,768,322)

6 PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows as of December 31, 2022:

Office equipment	$ 16,580
Software	11,850
Less accumulated depreciation	(25,367)
	$ 3,063

Depreciation expense totaled $1,921 for the year ended December 31, 2022.

7 COMMITMENTS AND CONTINGENCIES

Support Service Agreement

Effective January 1, 2021, the Foundation amended the contract with DNC Parks & Resorts at KSC, Inc. (“Delaware North”). The contract has an initial term of three years, with automatic extensions for up to three consecutive instances, each comprising a two-year extension of the term. The Foundation will continue to provide certain support services in connection with the operation of the Kennedy Space Center Visitor Complex and the U.S. Astronaut Hall of Fame in exchange for a fixed annual fee. The contract fee was $250,000 in 2022 and will be $275,000 for 2023 and $275,000 for 2024. Thereafter, the fee is adjusted based upon the change in the Consumer Price Index.

Revenue recognized for the year ended December 31, 2022 was $250,000, which is included in support service fee in the accompanying statement of activities.

Operating Lease Commitments

The Foundation has commitments under a non-cancelable operating lease for office space. The Foundation is obligated to pay a base rent and other operating expenses. Future minimum lease payments due under the lease are $29,750 in 2023.

Lease expense under the non-cancelable operating lease for the year ended December 31, 2022 was approximately $35,000, which is included in business expense in the accompanying statement of functional expenses. Leases that are 12 months or less are expensed as the lease is paid. The Foundation also has an accounting policy not to separate non-lease components from the lease expense.

8 CONTRIBUTED NONFINANCIAL ASSETS

For the year ended September 30, 2022, contributed nonfinancial assets recognized within the statement of activities consisted of the following:

Description	2022 Amount	Utilization in Programs/Services	Donor Restrictions	Valuation Techniques and Inputs
Donated space artifacts	$ 100,000	Fundraising	No associated donor restrictions	Estimates of retail values that would be received for selling similar products in the United States or based upon values provided by third parties
Vehicles	7,680	Fundraising	No associated donor restrictions	Same as above
Total	$ 107,680			

9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2022:

Subject to the passage of time:		
Pledge for endowment	$	112,500
Subject to expenditure for specified purpose:		
Scholarships - U.S. Mint coin surcharge:		
Original surcharge funds received		1,077,961
Net investment return		(61,829)
Scholarships - school specific		429,196
Scholarships - general		33,567
Scholar professional development program		36,920
USAFA scholar programs expenses		40,000
Scholar travel grant		10,739
Endowment net assets with donor restrictions:		
Boundless Frontier Endowment		275,521
Aldrin Family Foundation Endowment		137,200
Native American Women in Engineering Opportunity Endowment		94,688
Scholarship endowment		56,053
Total net assets with donor restrictions	$	2,242,516

10 NET ASSETS RELEASED FROM RESTRICTIONS

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

Satisfaction of specified purpose:		
Scholarships - U.S. Mint coin surcharge	$	356,425
Scholarships - school specific		318,410
Scholarships - general		17,141
Scholar professional development program		63,080
USAFA scholar programs expenses		10,000
Total net assets released from restrictions	$	765,056

11 ENDOWMENTS

The endowments consist of three funds established to support different purposes and include donor-restricted funds. The principal balance of the Boundless Frontier Endowment fund is considered restricted by the donor. The dividends, interest and similar amounts earned on the endowment are considered net assets without donor restrictions. The principal balance of the Aldrin Family Foundation Endowment fund is considered restricted by the donor. The dividends, interest and similar amounts earned on the endowment are considered net assets with donor restrictions. The principal balance of the Native American Women in Engineering Opportunity Endowment fund is considered restricted by the donor. The dividends, interest and similar amounts earned on the endowment are considered net assets with donor restrictions. During 1986, the Foundation was the recipient of a $25,000 contribution for the purpose of establishing a scholarship endowment fund which the principal is considered donor restricted. The dividends, interest and similar amounts earned on the endowment are considered donor restricted for a specified purpose.

Management of the Foundation’s endowments is governed by the state of Florida based on the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). As a result, amounts are classified in the donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Foundation appropriates such amounts for expenditure. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Foundation has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to the endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures allowed under the law.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate donor-restricted endowment funds:

- The duration and preservation of the funds
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

The endowment net assets composition by type of fund as of December 31, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount required to be maintained in perpetuity	$ -	$ 260,287	$ 260,287
Accumulated investment gains:			
Without purpose restrictions	183,036	-	183,036
With purpose restrictions	-	303,175	303,175
Total funds	$ 183,036	$ 563,462	$ 746,498

The endowment fund is comprised of the following as of December 31, 2022:

Investments	$ 651,810
Cash and cash equivalents	94,688
	$ 746,498

Changes in Endowment Fund Net Assets

Changes in endowment net assets for the year ended December 31, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 254,434	$ 554,956	$ 809,390
Investment return, net	(71,398)	(16,494)	(87,892)
Contributions	-	25,000	25,000
Endowment net assets, end of year	$ 183,036	$ 563,462	$ 746,498

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period.

Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a stated percentage of certain indices, while assuming a moderate level of investment risk. The Foundation does not expect its endowment funds to provide a specific average rate of return, and actual returns will vary over time.

Strategies Employed for Achieving Objectives

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

The Foundation's investment policy guidelines for all investments are reviewed and reconfirmed or revised on at least an annual basis. Performance of the Foundation's investments and investment management is reviewed by the finance committee and reported to the Foundation's board of directors on at least an annual basis.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Annual disbursements are not to exceed the lesser of $500,000 or 5% of the fund balance. Annual disbursements are limited to the dividends, interest and similar amounts earned on the endowments and may be disbursed at the full discretion of the Foundation, as the donors have specified. Unused earnings are added back to the principal to promote growth and protect against inflation.

12 EMPLOYEE RETIREMENT PLAN

The Foundation has a retirement plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers those exempt employees with at least one (1) year of continuous full-time service with the Foundation prior to the commencement of a 403(b) plan year. Each employee will vest in the amount comprising their employer match contributions after five (5) years of continuous full-time service. The Foundation will make matching contributions to such employee’s 403(b) plan account equal to 50% of their annual contribution, up to a maximum annual match amount per employee of $5,000. Matching contributions for the year ended December 31, 2022 were $16,763.

13 MATCHING SCHOLARSHIPS

The University of Minnesota, University of Central Florida, Texas A&M University, Louisiana State University, University of Chicago, University of Kansas, Florida Institute of Technology, Colorado School of Mines and Purdue University have agreed to match up to $10,000 in scholarship funding to allow for an additional scholarship recipient (instead of the customary grant of one scholarship to one attending student). The matching grants that have been made by these schools are not reflected in the Foundation's scholarship amounts contained in the accompanying financial statements. In May 2020, the Board of Directors approved increasing the scholarship amount to award up to $15,000. The Foundation is not requiring schools with matching scholarship funds to increase their match.