

**The Geological Society
of America Foundation, Inc.**

Boulder, Colorado

Financial Statements

June 30, 2024 and 2023

The Geological Society of America Foundation, Inc.

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Independent Auditor's Report

Board of Trustees
The Geological Society of America Foundation, Inc.
Boulder, Colorado

Opinion

We have audited the financial statements of The Geological Society of America Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, net assets, and cash flows for the years then ended, and related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Geological Society of America Foundation, Inc. as of June 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 Opinion

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 Geological Society of America Foundation, Inc. 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 audit opinion.

Management's Responsibility 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; this includes 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 Geological Society of America Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Independent Auditor's Report (continued)

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 Geological Society of America Foundation, Inc.'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 Geological Society of America Foundation, Inc.'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.

Brock and Company, CPAs, P.C.

Certified Public Accountants

Boulder, Colorado
February 13, 2026

The Geological Society of America Foundation, Inc.

Statements of Financial Position

June 30	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,675,925	\$ 538,362
Investments	8,507,868	7,161,509
Contributions receivable, net	56,228	31,395
Total current assets	<u>10,240,021</u>	<u>7,731,266</u>
Other Assets		
Investments, long-term, restricted	<u>26,477,330</u>	<u>24,163,376</u>
Total assets	<u>\$ 36,717,351</u>	<u>\$ 31,894,642</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Due to Geological Society of America, Inc.	\$ 595,596	\$ 533,633
Accrued liabilities	16,888	33,426
Total current liabilities	<u>612,484</u>	<u>567,059</u>
Net Assets		
Without donor restrictions	7,449,934	6,820,692
With donor restrictions	28,654,933	24,506,891
Total net assets	<u>36,104,867</u>	<u>31,327,583</u>
Total liabilities and net assets	<u>\$ 36,717,351</u>	<u>\$ 31,894,642</u>

The accompanying Notes are an integral
part of these financial statements

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The Geological Society of America Foundation, Inc.

Statements of Activities

Years ended June 30	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support						
Contributions	\$ 51,988	\$ 2,720,813	\$ 2,772,801	\$ 760,906	\$ 819,637	\$ 1,580,543
Dues contributions	102,030	13,258	115,288	145,706	63,196	208,902
Support from Geological Society of America, Inc.	443,218	-	443,218	432,426	-	432,426
Other support and revenue	-	-	-	48,242	-	48,242
Net assets released from restrictions	1,361,700	(1,361,700)	-	1,446,118	(1,446,118)	-
Total revenues and support	<u>1,958,936</u>	<u>1,372,371</u>	<u>3,331,307</u>	<u>2,833,398</u>	<u>(563,285)</u>	<u>2,270,113</u>
Expenses						
Program services						
Good Causes Grants to Geological Society of America, Inc.	1,320,082	-	1,320,082	1,391,857	-	1,391,857
Other programming expenses	166,847	-	166,847	234,058	-	234,058
Total program services	<u>1,486,929</u>	<u>-</u>	<u>1,486,929</u>	<u>1,625,915</u>	<u>-</u>	<u>1,625,915</u>
Supporting services						
General and administrative	419,923	-	419,923	348,345	-	348,345
Fundraising	248,625	-	248,625	270,192	-	270,192
Total supporting services	<u>668,548</u>	<u>-</u>	<u>668,548</u>	<u>618,537</u>	<u>-</u>	<u>618,537</u>
Total expenses	<u>2,155,477</u>	<u>-</u>	<u>2,155,477</u>	<u>2,244,452</u>	<u>-</u>	<u>2,244,452</u>
Sections and Divisions Funds Transferred	<u>-</u>	<u>32,500</u>	<u>32,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets Before Investment Income	<u>(196,541)</u>	<u>1,404,871</u>	<u>1,208,330</u>	<u>588,946</u>	<u>(563,285)</u>	<u>25,661</u>
Interest, dividends, and other income	509,120	430,124	939,244	257,982	654,207	912,189
Net realized gains (losses) on investments	123,094	421,736	544,830	(105,334)	152,572	47,238
Net unrealized gains on investments	209,667	1,947,262	2,156,929	373,118	1,124,232	1,497,350
Investment fees	(16,098)	(55,951)	(72,049)	(5,889)	(23,348)	(29,237)
Net investment income	<u>825,783</u>	<u>2,743,171</u>	<u>3,568,954</u>	<u>519,877</u>	<u>1,907,663</u>	<u>2,427,540</u>
Change in Net Assets	<u>\$ 629,242</u>	<u>\$ 4,148,042</u>	<u>\$ 4,777,284</u>	<u>\$ 1,108,823</u>	<u>\$ 1,344,378</u>	<u>\$ 2,453,201</u>

The accompanying Notes are an integral
part of these financial statements

The Geological Society of America Foundation, Inc.

Statements of Changes in Net Assets

Years ended June 30, 2024 and 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Net Assets, July 1, 2022, As Previously Stated	\$ 6,011,558	\$ 22,862,824	\$ 28,874,382
Prior Period Adjustment	(299,689)	299,689	-
Net Assets, July 1, 2022, As Restated	5,711,869	23,162,513	28,874,382
Change in net assets	<u>1,108,823</u>	<u>1,344,378</u>	<u>2,453,201</u>
Net Assets, June 30, 2023	6,820,692	24,506,891	31,327,583
Change in net assets	<u>629,242</u>	<u>4,148,042</u>	<u>4,777,284</u>
Net Assets, June 30, 2024	<u>\$ 7,449,934</u>	<u>\$ 28,654,933</u>	<u>\$ 36,104,867</u>

The accompanying Notes are an integral
part of these financial statements

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The Geological Society of America Foundation, Inc.

Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended June 30	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 4,777,284	\$ 2,453,201
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net realized and unrealized gains on investments	(2,701,759)	(1,544,588)
Valuation allowance on contributions receivable	-	3,000
Increase (decrease) in assets and liabilities		
Contributions receivable	(24,833)	17,844
Accrued liabilities	(16,538)	(29,771)
Due to Geological Society of America, Inc.	61,963	87,836
Net cash provided by operating activities	<u>2,096,117</u>	<u>987,522</u>
Cash Flows From Investing Activities		
Net purchases of investments	<u>(958,554)</u>	<u>(905,568)</u>
Net cash used by investing activities	<u>(958,554)</u>	<u>(905,568)</u>
Net Increase in Cash and Cash Equivalents	1,137,563	81,954
Cash and Cash Equivalents, Beginning of Year	<u>538,362</u>	<u>456,408</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,675,925</u></u>	<u><u>\$ 538,362</u></u>

The accompanying Notes are an integral
part of these financial statements

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The Geological Society of America Foundation, Inc.

Notes to Financial Statements

June 30 2024 and 2023

Note 1 – Summary of Significant Accounting Policies

Organization and Activities. The Geological Society of America Foundation, Inc. (the "Foundation") was founded in 1980 to provide endowment and fundraising resources to advance the mission of the Geological Society of America, Inc. (the "Society"). The majority of the Foundation's support and revenue is derived from contributions and investment income. The Foundation is governed by a Board of Trustees appointed by the Board itself from a list of candidates approved by the Council of the Society and the Foundation cannot change certain portions of its governing documents without the approval of the Society.

Basis of Accounting. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Net Asset Classification. The Organization is required to report information regarding financial position and activities according to two classes of net assets:

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 organization. These net assets may be used at the discretion of the Foundation's management and the Board of Trustees.

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, where by 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 statements of activities.

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 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.

Cash and Cash Equivalents. The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, unless held for reinvestment as part of the investment portfolio or otherwise encumbered. The Foundation has cash balances in excess of federally insured limits periodically throughout the fiscal year.

Investments. The Foundation's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Investment Committee determines the Foundation's valuation policies utilizing information provided by the investment advisors and custodians. See fair value measurements below.

The Geological Society of America Foundation, Inc.

Notes to Financial Statements

June 30 2024 and 2023

Note 1 – Summary of Significant Accounting Policies (continued)

Investments (continued). Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Investments related to the balances of net assets with donor restrictions are segregated as restricted investments in the statements of financial position.

Fair Value Measurements. The Foundation reports using fair value measurements, which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

- Level 2 Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual Funds and Money Market Funds. Valued at the quoted prices in active markets for identical assets held by the Foundation at year end.

The Geological Society of America Foundation, Inc.

Notes to Financial Statements

June 30 2024 and 2023

Note 1 – Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued).

Pooled Private Investment Company, Limited Partnership and Real Estate Funds. Valued at the NAV, without adjustment, of units held by the Foundation at year-end. The NAV, as provided by the investment managers, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the Fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

Private Equity Portfolio. Portfolios primarily are invested in private equity limited partnerships. Investments are valued at NAV, without adjustment, as reported by their underlying investment manager. The portfolios also invest in total return swaps that are valued based upon the underlying investment's NAV, without adjustment. In the event that the Foundation is unable to obtain the value of any portfolio investment from the applicable investment manager, the fair value of such portfolio investment shall be determined by the investment general partner, subject to approval by the advisory board of the investment fund.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at June 30, 2024 and 2023.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

Contributions Receivable. Contributions receivable are recorded at their net realizable value. Contributions receivable expected to be collected in future years are recorded at net present value. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledges are received. Amortization of the discount will be included in contribution revenue. Conditional contributions receivable are not included as support until the conditions are substantially met. The Foundation records an allowance based on management's estimate of uncollectible amounts.

Property and Equipment. All property and equipment is stated at cost or if donated, at fair value at the date of transfer, and depreciated using the straight-line method over estimated useful lives which range from three to forty years. Expenditures for property and equipment that exceed \$5,000 are capitalized. All property and equipment has been fully depreciated at June 30, 2024 and 2023.

The Geological Society of America Foundation, Inc.

Notes to Financial Statements

June 30 2024 and 2023

Note 1 – Summary of Significant Accounting Policies (continued)

Contributions. Contributions received are recorded as with donor restriction or without donor restriction, depending on the existence or nature of any donor restrictions. The Foundation distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. The Foundation complies with established standards for external reporting by not-for-profit organizations, which requires that resources be classified for reporting purposes into two net asset categories according to externally (donor) imposed restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets released from restrictions in the statement of activities.

Functional Allocation of Expenses. The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefitted. Salaries and related fringe benefits are allocated to all services based on actual time expended. Allocations of certain overhead costs are also allocated to services on a pro-rata basis of total direct expenses incurred.

Income Taxes. The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization other than a private foundation under Section 509(a). As such, donors are entitled to a charitable deduction for their contribution to the Foundation.

The Foundation utilize the provisions of ASC 740, pertaining to accounting for uncertainty in income taxes. The pronouncement requires the use of a more-likely-than-not recognition criteria before and separate from the measurement of a tax position. An entity shall initially recognize the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will not be sustained upon examination. With respect to the Foundation, this would primarily relate to the determination of unrelated business taxable income, and to the maintenance of its tax exempt status.

Management has evaluated the adopted policies and procedures that have been implemented to provide assurance that income is properly characterized and activities that jeopardize its tax exempt status are within limits established under existing tax code and regulations. Management has determined the effects of uncertain tax positions are not material to the Foundation for recognition or disclosure in the accompanying financial statements and, accordingly, no income tax liability has been recorded for uncertain income tax positions in the accompanying financial statements.

All income tax years open for examination are subject to taxation at corporate tax rates. Additionally, penalties and interest may be assessed on income taxes that are delinquent. The assessment of uncertain income taxes is subject to estimate, and it is reasonably possible that the estimate may change in the near term and the change may be material.

Subsequent Events. Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through February 13, 2026, which is the date the financial statements were available to be issued.

The Geological Society of America Foundation, Inc.

Notes to Financial Statements

June 30 2024 and 2023

Note 2 – Prior Period Adjustment

The Foundation has recorded a prior period adjustment to correct financial reporting errors discovered by management after the release of the June 30, 2023 financial statements. The prior period adjustment corrects for errors in the classification of contributions with donor restrictions. The financial statements have been restated to increase net assets with donor restrictions and decrease net assets without donor restriction by \$299,689 as of July 1, 2022. For the year ended June 30, 2023, net assets with donor restrictions increased and net assets without donor restrictions decreased by \$45,749.

Note 3 – Availability and Liquidity

The Foundation has \$10,183,793 and \$7,699,871 of financial assets available to be used within one year of June 30, 2024 and 2023, respectively. The Foundation has a significant balance of net assets with donor restrictions for the support of the Foundation's programs. Additionally, the Foundation has invested its significant reserves into long term investments that could be liquidated if necessary.

Note 4 – Investments

The Foundation's fair value hierarchy for those investment assets measured at fair value on a recurring basis is as follows at June 30:

	<u>2024</u>	<u>2023</u>
Mutual funds (level 1)		
Domestic fixed income	\$ 6,347,122	\$ 5,922,534
Domestic equity	16,103,156	13,768,205
International	2,359,191	2,058,349
Money market funds (level 1)	<u>509,792</u>	<u>1,290,906</u>
	<u>25,319,261</u>	<u>23,039,994</u>
Investments measured at net asset value	<u>9,665,937</u>	<u>8,284,891</u>
Total investments at fair value	<u>\$ 34,985,198</u>	<u>\$ 31,324,885</u>

Investments are presented on the statements of financial position as follows at June 30:

	<u>2024</u>	<u>2023</u>
Investments	\$ 8,507,868	\$ 7,161,509
Long-term investments, restricted	<u>26,477,330</u>	<u>24,163,376</u>
	<u>\$ 34,985,198</u>	<u>\$ 31,324,885</u>

The Society and Foundation, jointly, have invested \$2,784,456 in limited real estate partnerships with a total commitment of \$3,750,000. The limited partnership may make capital calls as needed.

The Geological Society of America Foundation, Inc.

Notes to Financial Statements

June 30 2024 and 2023

Note 4 – Investments (continued)

The Society and Foundation, jointly, have invested \$17,997,134 in private equity portfolio funds with a total commitment of \$19,142,500. The private equity portfolio funds may make capital calls as needed.

Changes in Fair Value Levels. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Foundation evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the year ended June 30, 2024 and 2023, there were no significant transfers in or out of hierarchy levels.

Fair Value of Investments in Entities that Use NAV

The following table summarizes investments measured at fair value based on NAV per unit/share as of June 30, 2024:

Investment	Fair Value June 30, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled private investment company funds	\$ 1,247,315	None	Monthly, Quarterly, Semi-annually	60 days for monthly, 90 days for quarterly, and 100 days for semi-annual
Real estate funds	\$ 1,127,983	\$ 411,234	Quarterly	30 and 60 days
Private equity portfolio funds	\$ 7,290,639	\$ 2,700,260	None	None

The following table summarizes investments measured at fair value based on NAV per unit/share as of June 30, 2023:

Investment	Fair Value June 30, 2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled private investment company funds	\$ 1,120,633	None	Monthly, Quarterly, Semi-annually	60 days for monthly, 90 days for quarterly, and 100 days for semi-annual
Real estate funds	\$ 1,097,097	\$ 210,537	Quarterly	30 and 60 days
Private equity portfolio funds	\$ 6,067,161	\$ 1,945,971	None	None

The Geological Society of America Foundation, Inc.

Notes to Financial Statements

June 30 2024 and 2023

Note 5 – Property and Equipment

Property and equipment consisted of the following at June 30:

	2024	2023
Furniture and equipment	\$ 35,044	\$ 35,044
Less accumulated depreciation	(35,044)	(35,044)
Net property and equipment	\$ -	\$ -

Note 6 – Endowment Funds

General. The Foundation's Endowment Funds were established by action of the Foundations' Board of Trustees to be maintained in perpetuity. The Endowment Fund includes donor-restricted funds and may be utilized for either specific purposes or general operating use. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with Endowment Funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law. The Foundation's Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment funds that is not permanently restricted is classified as restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purpose and intent of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation.

Funds with Deficiencies. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In connection with the implementation of FASB ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, generally accepted accounting principles require accumulated losses to be presented together with the funds to which they relate. These deficiencies result from unfavorable market fluctuations that may occur after the investment of perpetually restricted contributions and appropriation that was deemed prudent by the Board. As of June 30, 2024 and 2023, no funds had deficiencies.

The Geological Society of America Foundation, Inc.

Notes to Financial Statements

June 30 2024 and 2023

Note 6 – Endowment Funds (continued)

Return Objectives and Risk Parameters. The Foundation has adopted an investment policy for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Permanently restricted assets are invested as a portion of the total Endowment Fund, which seeks to optimize the total rate of return to meet spending requirements of the Foundation.

The Endowment Fund also seeks sufficient flexibility to meet unanticipated demands and changing environments. The Endowment Fund is invested with a long-term strategy, which includes a balanced portfolio of equity, bonds, limited partnership, commodity funds, bank loans funds and temporary cash investments.

Strategies Employed for Achieving Objectives. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy on 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.

Spending Policy and the Relationship to Investment Objectives. The Foundation has a policy of appropriating for distribution each year a percentage, as determined by the Board of Trustees, of the market value of the total endowment principal, based on a 12-quarter trailing average valuation through the previous calendar year. The distribution percentage determined by the Board of Trustees amounted to 5% in 2024 and 4% in 2023. In establishing this policy, the Foundation considered the long-term expected return on the Endowment Fund. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment returns. Expenditures may be made through the Foundation's operating budget on an annual basis.

Endowment funds consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Endowment net assets available for appropriation and subject to time restrictions under UPMIFA	\$ 14,777,393	\$ 11,258,073
Endowment net assets required to be retained in perpetuity either by explicit donor stipulation or under UPMIFA	<u>13,877,540</u>	<u>13,248,818</u>
Total endowment fund net assets	<u>\$ 28,654,933</u>	<u>\$ 24,506,891</u>

The Geological Society of America Foundation, Inc.

Notes to Financial Statements

June 30 2024 and 2023

Note 6 – Endowment Funds (continued)

The following summarizes the changes in endowment net assets for the year ended June 30, 2024 and 2023:

	With Donor Restrictions		Total
	Available for Appropriation	Restricted in Perpetuity	
Endowment net assets, July 1, 2022	\$ 10,340,397	\$ 12,822,116	\$ 23,162,513
Interest income, net of fees	630,859	-	630,859
Net realized and unrealized gains	1,276,804	-	1,276,804
Contributions	456,131	426,702	882,833
Amounts appropriated for expenditure	(1,446,118)	-	(1,446,118)
Change in endowment net assets	917,676	426,702	1,344,378
Endowment net assets, June 30, 2023	11,258,073	13,248,818	24,506,891
Interest income, net of fees	374,173	-	374,173
Net realized and unrealized gains	2,368,998	-	2,368,998
Contributions	2,293,517	440,554	2,734,071
Transfers of funds from Sections and Divisions	2,500	30,000	32,500
Interfund transfers and reclassifications	(158,168)	158,168	-
Amounts appropriated for expenditure	(1,361,700)	-	(1,361,700)
Change in endowment net assets	3,519,320	628,722	4,148,042
Endowment net assets, June 30, 2024	\$ 14,777,393	\$ 13,877,540	\$ 28,654,933

Note 7 – Restricted Net Assets

Net assets available for appropriation are restricted for the following purposes at June 30:

	2024	2023
Research grants and awards	\$ 8,070,432	\$ 5,058,309
Travel support	1,681,609	1,566,180
Other GSA program support	5,025,352	4,633,584
Total restricted net assets available for appropriation	\$ 14,777,393	\$ 11,258,073

The Geological Society of America Foundation, Inc.

Notes to Financial Statements

June 30 2024 and 2023

Note 7 – Restricted Net Assets (continued)

Net assets restricted in perpetuity to provide a permanent endowment, with investment income restricted, are for the following purposes at June 30:

	<u>2024</u>	<u>2023</u>
Research grants and awards	\$ 9,774,291	\$ 9,289,694
Travel support	742,540	726,820
Other GSA program support	3,360,709	3,232,304
Total net assets restricted in perpetuity	<u>\$ 13,877,540</u>	<u>\$ 13,248,818</u>

Note 8 – Functional Expenses

Expenses by functional classification for the year ended June 30, 2024 consist of the following:

	<u>Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Program grants	\$ 1,320,081	\$ -	\$ -	\$ 1,320,081
Wages	103,187	135,656	101,084	339,927
Other	7,239	177,357	22,564	207,160
Professional services	1,113	47,594	31,266	79,973
Benefits	21,920	28,641	21,689	72,250
Annual meeting	12,684	8,859	12,684	34,227
Payroll taxes	7,903	10,622	7,753	26,278
Travel	-	-	25,108	25,108
Printing and postage	-	157	23,489	23,646
Events and donor development	11,615	9,834	1,781	23,230
Communications	1,187	1,203	1,207	3,597
	<u>\$ 1,486,929</u>	<u>\$ 419,923</u>	<u>\$ 248,625</u>	<u>\$ 2,155,477</u>

The Geological Society of America Foundation, Inc.

Notes to Financial Statements

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Note 8 – Functional Expenses (continued)

Expenses by functional classification for the year ended June 30, 2023 consist of the following:

	Programs	General and Administrative	Fundraising	Total
Program grants	\$ 1,391,857	\$ -		\$ 1,391,857
Wages	115,582	109,285	131,666	356,533
Other	54,227	153,690	19,631	227,548
Benefits	23,260	22,073	26,918	72,251
Professional services	1,028	31,658	14,847	47,533
Annual meeting	14,714	10,058	14,714	39,486
Travel	-	3,542	23,673	27,215
Payroll taxes	8,652	8,350	10,094	27,096
Events and donor development	13,544	7,338	6,206	27,088
Printing and postage	1,655	922	20,983	23,560
Communications	1,396	1,429	1,460	4,285
	<u>\$ 1,625,915</u>	<u>\$ 348,345</u>	<u>\$ 270,192</u>	<u>\$ 2,244,452</u>

Note 9 – Related Party Transactions

The Foundation has transactions that consist of transfers between the Foundation and the Society for support of and investment in future advancement of the geosciences. The detail of the inter-organizational transactions are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Grants and awards		
Foundation program grants to Society	\$ 1,320,081	\$ 1,391,857
Society Sections and Divisions transfers to Foundation	32,500	-
	<u>\$ 1,352,581</u>	<u>\$ 1,391,857</u>
Supporting services		
Society funding of Foundation payroll	\$ 230,676	\$ 230,676
Society funding of Foundation benefits	72,250	72,250
Society funding of Foundation overhead	129,500	129,500
	<u>\$ 432,426</u>	<u>\$ 432,426</u>

Note 10 – Retirement Plan

The Foundation participates in the Geological Society of America, Inc. qualified 403(b) defined contribution plan that consists of individual accounts. The plan is available to employees with at least six months of service. All contributions to the plan, including those made by the Foundation, are fully vested to the employee. The Foundation's contributions to the plan totaled \$7,561 and \$12,429 for the years ended June 30, 2024 and 2023, respectively.

The Geological Society of America Foundation, Inc.

Notes to Financial Statements

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Note 11 – Concentration

Major Donor. The Foundation had a donor who comprised 55% of total revenue and support for the year ended June 30, 2024.