Larson Gross
ASSURANCE

# Pipeline Safety Trust

Financial Statements with
Independent Auditor's Report

Years Ended March 31, 2024 and 2023

# Pipeline Safety Trust

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# Independent Auditor's Report

To the Board of Directors
Pipeline Safety Trust
Bellingham, Washington

**Report on the Audit of the Financial Statements**

***Opinion***
We have audited the accompanying financial statements of Pipeline Safety Trust (a nonprofit organization), which comprise the statement of financial position as of March 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pipeline Safety Trust as of March 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Pipeline Safety 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 audit opinions.

***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 Pipeline Safety Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 and *Government 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 Pipeline Safety 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 Pipeline Safety 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.

**Other Reporting Required by *Government Auditing Standards***
In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2024 on our consideration of Pipeline Safety Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pipeline Safety Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pipeline Safety Trust's internal control over financial reporting and compliance.

**Prior Period Financial Statements**
The financial statements of Pipeline Safety Trust as of March 31, 2023 were audited by Larson Gross, PLLC which restructured and created Larson Gross Assurance, PLLC as of December 19, 2024. Larson Gross, PLLC's report dated December 22, 2023, expressed an unmodified opinion on those statements.

Larson Gross Assurance, PLLC

Bellingham, Washington
December 24, 2024

Pipeline Safety Trust

**Statements of Financial Position**

March 31, 2024 and 2023

(See Independent Auditor's Report)

| | 2024 | 2023 |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash | $ 321,836 | $ 208,497 |
| Grants receivable | 172,902 | 26,672 |
| Total current assets | 494,738 | 235,169 |
| **Investments** | 5,462,360 | 4,693,800 |
| **Right-of-use assets** | 89,635 | 121,397 |
| **Security deposit** | 3,000 | 3,000 |
| **Total assets** | $ 6,049,733 | $ 5,053,366 |
| **Liabilities and Net Assets** | | |
| **Current liabilities** | | |
| Accounts payable | $ 12,154 | $ 1,903 |
| Accrued liabilities | 75,420 | 41,175 |
| Deferred grant revenue | 171,977 | 11,533 |
| Current portion of lease liabilities | 32,296 | 31,052 |
| Total current liabilities | 291,847 | 85,663 |
| **Lease liabilities,** net of current portion | 59,554 | 91,849 |
| **Total liabilities** | 351,401 | 177,512 |
| **Net assets** | | |
| Without donor restrictions | | |
| Undesignated | 1,648,332 | 825,854 |
| Board-designated | 4,050,000 | 4,050,000 |
| Total net assets | 5,698,332 | 4,875,854 |
| **Total liabilities and net assets** | $ 6,049,733 | $ 5,053,366 |

*The accompanying notes are an integral part of these financial statements.*

Pipeline Safety Trust

**Statements of Activities**

Years Ended March 31, 2024 and 2023

(See Independent Auditor's Report)

| | 2024 | 2023 |
|---|---|---|
| **Support and revenue without donor restrictions** | | |
| Investment return, net | $ 1,028,560 | $ (116,041) |
| Government grant revenue | 975,067 | 791,036 |
| Contributions | 165,585 | 26,471 |
| Program service fees | 79,863 | 88,300 |
| Other revenue | 2,308 | 4,323 |
| In-kind contributions | - | 2,155 |
| Total support and revenue without donor restrictions | 2,251,383 | 796,244 |
| **Expenses** | | |
| Program services | 1,306,812 | 974,775 |
| Management and general | 104,303 | 56,390 |
| Fundraising | 17,790 | 14,427 |
| Total expenses | 1,428,905 | 1,045,592 |
| **Change in net assets without donor restrictions** | 822,478 | (249,348) |
| Net assets without donor restrictions – beginning of year | 4,875,854 | 5,125,202 |
| **Net assets without donor restrictions** – end of year | $ 5,698,332 | $ 4,875,854 |

*The accompanying notes are an integral part of these financial statements.*

Pipeline Safety Trust

**Statements of Functional Expenses**

Years Ended March 31, 2024 and 2023

(See Independent Auditor's Report)

| | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Program Services | Management and General | Fundraising | Total | Program Services | Management and General | Fundraising | Total |
| Salaries and wages | $ 603,274 | $ 32,434 | $ 12,974 | $ 648,682 | $ 513,462 | $ 27,606 | $ 11,042 | $ 552,110 |
| Employee benefits | 86,936 | 4,674 | 1,870 | 93,480 | 52,761 | 2,837 | 1,134 | 56,732 |
| Payroll taxes | 57,558 | 3,095 | 1,238 | 61,891 | 45,390 | 2,440 | 976 | 48,806 |
| Total payroll and related | 747,768 | 40,203 | 16,082 | 804,053 | 611,613 | 32,883 | 13,152 | 657,648 |
| Professional fees | 213,018 | 53,255 | - | 266,273 | 57,701 | 14,425 | - | 72,126 |
| Conferences and conventions | 137,835 | - | - | 137,835 | 115,239 | - | - | 115,239 |
| Travel and entertainment | 113,255 | 5,961 | - | 119,216 | 94,995 | 5,000 | - | 99,995 |
| Rent | 49,166 | 2,643 | 1,057 | 52,866 | 47,154 | 2,535 | 1,014 | 50,703 |
| Telephone and utilities | 22,261 | 1,197 | 479 | 23,937 | 3,256 | 175 | 70 | 3,501 |
| Information technology | 9,089 | 478 | - | 9,567 | 12,483 | 657 | - | 13,140 |
| Miscellaneous | 6,402 | 135 | - | 6,537 | 1,008 | 53 | - | 1,061 |
| Office expenses | 4,713 | 253 | 101 | 5,067 | 28,712 | 521 | 135 | 29,368 |
| Insurance | 3,305 | 178 | 71 | 3,554 | 2,614 | 141 | 56 | 2,811 |
| | $ 1,306,812 | $ 104,303 | $ 17,790 | $ 1,428,905 | $ 974,775 | $ 56,390 | $ 14,427 | $ 1,045,592 |

*The accompanying notes are an integral part of these financial statements.*

Pipeline Safety Trust

**Statements of Cash Flows**

Years Ended March 31, 2024 and 2023

(See Independent Auditor's Report)

| | 2024 | 2023 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Change in net assets without donor restrictions | $ 822,478 | $ (249,348) |
| Adjustments to reconcile change in net assets without donor restrictions to net cash used by operating activities: | | |
| Net realized and unrealized (gain) loss on investments | (959,308) | 173,331 |
| Noncash rent expense | 711 | 1,504 |
| Increase in current assets: | | |
| Grants receivable | (146,230) | (26,672) |
| Increase (decrease) in current liabilities: | | |
| Accounts payable | 10,251 | (2,697) |
| Accrued liabilities | 34,245 | 6,334 |
| Deferred grant revenue | 160,444 | (264,364) |
| **Net cash used by operating activities** | (77,409) | (361,912) |
| **Cash flows from investing activities** | | |
| Proceeds from sales of investments withdrawn from investment account | 260,000 | 260,000 |
| Reinvested interest and dividends, net of fees | (69,252) | (57,290) |
| **Net cash provided by investing activities** | 190,748 | 202,710 |
| Net change in cash | 113,339 | (159,202) |
| Cash, beginning of year | 208,497 | 367,699 |
| **Cash,** end of year | $ 321,836 | $ 208,497 |
| **Noncash investing and financing activities:** | | |
| Right-of-use assets obtained in exchange for lease liabilities | $ - | $ 152,741 |

Pipeline Safety Trust

**Notes to Financial Statements**

March 31, 2024 and 2023

(See Independent Auditor's Report)

## Note 1 – Summary of Significant Accounting Policies

**Nature of activities** – The Pipeline Safety Trust (the Trust) was incorporated in July 2003 as a not-for-profit corporation in the State of Washington. The Trust is organized to promote pipeline safety through education and advocacy, by increasing access to information, and by building partnerships with residents, safety advocates, government, and industry, that result in safer communities and a healthier environment.

In June 2003, as a result of the 1999 Olympic Pipe Line explosion in Bellingham, Washington, the U.S. District Court ordered that $4 million of the criminal fines imposed as a result of the tragedy be provided to the Trust. It is the Board of Directors' intent to maintain the $4 million contributed assets to function as an endowment with the income earned to be dedicated to support the mission of the Trust.

**Basis of accounting** – The Trust prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; accordingly, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

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

> **Net assets without donor restrictions** – Net assets that are not subject to donor-imposed restrictions and over which the Board of Directors has discretionary control is classified as net assets without donor restrictions.
>
> **Net assets with donor restrictions** – Net assets subject to donor-imposed restrictions that will be met either by actions of the Trust or the passage of time, including contributions that have been restricted by the donor that stipulate the resources be maintained in perpetuity, but permit the Trust to use or expend part of all of the income derived from the donated assets for either specific or unspecific purposes. The Trust had no net assets with donor restrictions as of March 31, 2024 or 2023.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets. Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the contributions are recognized.

**Cash** – Cash consists of cash in a bank for statement of cash flows purposes.

**Contributions** – Contribution revenue is recognized in the period received or when an unconditional promise to give is made, whichever is earlier. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

## Note 1 – Summary of Significant Accounting Policies – (Continued)

**In-kind contributions** – Donated services are recorded at their estimated fair value at the date of receipt. Donated services are recognized if services received (a) create or enhance nonfinancial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not donated. Donations of supplies, equipment, and other goods are recorded at fair value on the date of receipt.

**Investments** – Investments are recorded at fair value, all of which are measured using Level 1 inputs, which are defined as quoted market prices in active markets for identical investments. Changes in fair value are included in the change in net assets.

**Government grant revenue** – Government grant revenue includes cost reimbursement grants from the U.S Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA). Revenues are recognized as related expenditures are incurred. Generally, funding becomes unconditional when the related expenditure is made. Revenue from government agencies is subject to audit, which could result in adjustments to revenue. The adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. During the years ended March 31, 2024 and 2023, no such adjustments were made. Grant receipts in advance of being earned are recorded as deferred grant revenue and revenue recognized in advance of grant receipts or billing are recognized as grants receivable.

**Program service fees** – Program service fees revenue is derived from conferences and is recognized at a point in time when conferences take place.

**Functional allocation of expenses** – The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited on a reasonable basis that is consistently applied. Salaries, payroll taxes and employee benefits are allocated on the basis of estimates of time and effort. All other allocated expenses are allocated based on estimates of usage utilizing square footage, mileage, and other metrics.

**Leases** – The Trust determines if an arrangement contains a lease at inception based on whether it has the right to control the asset during the contract period and other facts and circumstances. The Trust elected not to record right-of-use assets and lease liabilities for leases with an initial term of 12 months or less and recognizes rent expense on a straight-line basis over the lease term.

For leases with a term greater than 12 months, the Trust records a lease liability based on the present value of lease payments over the expected lease term. The Trust calculates the present value of lease payments using a risk-free discount rate determined using a period comparable with that of the lease term. The Trust records a corresponding right-of-use asset based on the lease liability, adjusted for any lease incentives received and any initial direct costs paid to the lessor prior to the lease commencement date. After the initial recognition, the lease liability is measured as the present value of the unpaid lease payments using the discount rate determined when the lease was initially recognized. The right-of-use asset, unless previously impaired, is measured as the amount of lease liability adjusted for: (a) prepaid or accrued lease payments, (b) the remaining balance of any lease incentives received, (c) unamortized initial direct lease costs, and (d) any current impairment of the right-of-use asset.

## Note 1 – Summary of Significant Accounting Policies – (Continued)

**Federal income tax** – The Trust is a nonprofit entity exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**Use of estimates** – The preparation of financial statements in accordance 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 disclosures 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.

**Subsequent events** – In preparing these financial statements, the Trust has evaluated events and transactions for potential recognition or disclosure through December 24, 2024, the date the financial statements were available to be issued.

## Note 2 – Availability and Liquidity

Financial assets available for general expenditures within one year consist of the following as of March 31:

| | 2024 | 2023 |
|---|---|---|
| Financial assets at year-end: | | |
| Cash | $ 321,836 | $ 208,497 |
| Investments | 5,462,360 | 4,693,800 |
| Total financial assets | 5,784,196 | 4,902,297 |
| Less amounts not available to be used within one year: | | |
| Board-designated amounts | (4,050,000) | (4,050,000) |
| Financial assets not available to be used within one year | (4,050,000) | (4,050,000) |
| Financial assets available to meet general expenditures within one year | $ 1,734,196 | $ 852,297 |

The Board intends to maintain the investment principal as a restricted balance indefinitely and is not available for general expenditure within one year. However, the board-designated amounts could be made available, if necessary. As part of the Trust's liquidity management plan, cash in excess of daily requirements may be invested in equity investments, mutual funds and money market accounts. Investing in certain mutual funds is permitted with Board approval.

## Note 3 – Investments

Investments consist of the following as of March 31:

| | 2024 | 2023 |
|---|---|---|
| Common stock | $ 4,304,713 | $ 3,498,114 |
| Fixed income mutual funds | 1,127,403 | 1,119,285 |
| Cash and money market accounts | 30,244 | 76,401 |
| Total investments | $ 5,462,360 | $ 4,693,800 |

## Note 3 – Investments – (Continued)

The components of investment return were as follows for the years ended March 31:

| | 2024 | 2023 |
|---|---|---|
| Interest and dividends, net | $ 69,252 | $ 57,290 |
| Net realized and unrealized gain (loss) | 959,308 | (173,331) |
| Total investment return, net | $ 1,028,560 | $ (116,041) |

## Note 4 –Grant Agreements

Grant revenue and contributions included the following during the years ended March 31:

| | 2024 | | |
|---|---|---|---|
| | Funds Received | Grant Revenue | Deferred Revenue (Receivable) |
| Carbon Advocacy Project – $25,000 | $ 25,000 | $ 25,000 | $ - |
| Carbon Advocacy Project – $250,000 | 250,000 | 78,023 | 171,977 |
| Carbon Advocacy Project – $30,000 | 30,000 | 30,000 | - |
| 2020 PHMSA – $89,297 | - | 13,059 | (39,731) |
| 2021 PHMSA – $1,000,000 | - | 11,533 | - |
| 2022 PHMSA – $1,000,000 | 750,000 | 883,171 | (133,171) |
| 2023 PHMSA – $1,000,000 | 67,304 | 67,304 | - |
| Total | $ 1,122,304 | $ 1,108,090 | $ (925) |

| | 2023 | | |
|---|---|---|---|
| | Funds Received | Grant Revenue | Deferred Revenue (Receivable) |
| 2020 PHMSA – $89,297 | $ - | $ 36,296 | $ (26,672) |
| 2021 PHMSA – $1,000,000 | 500,000 | 754,740 | 11,533 |
| Total | $ 500,000 | $ 791,036 | $ (15,139) |

## Note 5 – Retirement Plan

The Trust sponsors the Pipeline Safety Trust Retirement Plan, a SEP-IRA plan covering all employees. The Trust is obligated to contribute 5% of employee gross wages on a quarterly basis to the Plan. For the years ended March 31, 2024 and 2023, the expense for the Plan totaled $25,724 and $14,556, respectively.

## Note 6 – Operating Lease

The Trust leases its office facility under an operating lease expiring during September 2026. As of March 31, 2024, the remaining lease term is approximately 2.8 years and the discount rate used to measure the lease liabilities was approximately 1.4%.

Maturities of lease liabilities as of March 31, 2024, were as follows:

| | |
|---|---|
| 2025 | $ 33,315 |
| 2026 | 34,149 |
| 2027 | 26,091 |
| Total lease payments | 93,555 |
| Less imputed interest | (1,705) |
| Total lease liabilities | 91,850 |
| Less current portion | (32,296) |
| Long-term portion | $ 59,554 |

Rent expense totaled $52,866 for the year ended March 31, 2024, including operating lease cost of $33,215 and short-term and variable lease cost of $19,651. Rent expense totaled $50,703 for the year ended March 31, 2023, including operating lease cost of $33,215 and short-term and variable lease cost of $17,488.

## Note 7 – Board-Designated Net Assets

Board-designated net assets consist of the following as of March 31:

| | 2024 | 2023 |
|---|---|---|
| Endowment reserve | $ 4,000,000 | $ 4,000,000 |
| Operating reserve | 50,000 | 50,000 |
| | $ 4,050,000 | $ 4,050,000 |

## Note 8 – Endowment

As described in Note 1, the endowment fund is board-designated to function as an endowment with income earned to be dedicated to supporting the mission of the Trust.

As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including board-designated quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. All endowment net assets are classified as without donor restrictions, given the absence of donor restrictions that the funds must be held in perpetuity.

## Note 8 – Endowment – (Continued)

**Interpretation of relevant law** – The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was enacted by Washington State as of July 2009. The Board of Trustees applies UPMIFA to all the Trust's endowment funds. UPMIFA eliminates the historic dollar value threshold, an amount below which an organization could not spend from the fund, and establishes a set of prudent management and investment standards for boards to follow when managing endowment funds. Under UPMIFA, the Trust may spend as much of an endowment fund as it considers prudent, regardless of whether the fund is below its historic dollar value. For any funds with donor restrictions, the donor's intent that the fund be perpetual in nature must still be considered and the fund managed accordingly. In accordance with UPMIFA, the Trust considers the following factors in making a determination to appropriate or accumulate endowment funds with donor restrictions:

- Duration and preservation of the fund
- Purposes of the Trust and the donor-restricted endowment fund
- General economic conditions
- Possible effects of inflation and deflation
- Expected total return from income and the appreciation of investments
- Other resources of the Trust
- Investment policies of the Trust

As of March 31, 2024 and 2023, endowment net assets consisted entirely of a board-designated quasi-endowment. Changes to endowment net assets were as follows for the years ended March 31:

| | 2024 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets, beginning of year | $ 4,000,000 | $ - | $ 4,000,000 |
| Investment return, net | 1,028,560 | - | 1,028,560 |
| Appropriations for expenditure and other | (1,028,560) | - | (1,028,560) |
| Endowment net assets, end of year | $ 4,000,000 | $ - | $ 4,000,000 |

| | 2023 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets, beginning of year | $ 4,000,000 | $ - | $ 4,000,000 |
| Investment return, net | (116,041) | - | (116,041) |
| Appropriations for expenditure and other | 116,041 | - | 116,041 |
| Endowment net assets, end of year | $ 4,000,000 | $ - | $ 4,000,000 |

## Note 8 – Endowment – (Continued)

**Return Objectives and Risk Parameters** – The Trust has adopted investment policies for endowment assets that attempt to provide support of program needs in perpetuity. The Trust has developed investment guidelines which have been designed to allow flexibility in the management oversight process to capture investment opportunities as they may occur, while at the same time setting forth reasonable risk control parameters to ensure prudence and care in the execution of the investment program. The investment objective of the Trust is striking a balance between cash flow for operating expenses, capital preservation, and growth of principal. Generating cash flow for operating expenses is the key objective of the portfolio. Beyond the cash needed for operating expenses, growth of capital is desired to ensure that Trust is capable of supporting its mission with stable or increasing income over the years.

**Strategies Employed for Achieving Objectives** – To satisfy its long-term rate-of-return objectives, the Trust seeks an annual average annual return of 8%. The target asset allocation for endowment investments is 5-50% equity, 20-40% fixed income and 0-10% real estate investment trust. The purpose of the equity investments is to provide a means to increase or to at least maintain the purchasing power and grow the asset base of the investment account over the long term.

**Spending Policy and How the Investment Objectives Relate to Spending Policy** – The Trust will withdraw funds from the investment account on a regular basis for operating expenses. The Board of Directors will determine and approve the amount for appropriations. The Trust anticipates it will withdraw 4-6% of the value of its assets annually. Should the portfolio fall below $4 million, management and the Board of Directors would determine if the long-term viability of the Trust was endangered and whether a revision or suspension of withdrawal amounts or change in investment strategy is needed.

**Funds with Deficiencies** – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Trust is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. In accordance with accounting principles generally accepted in the United States, deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies of this nature as of March 31, 2024 and 2023, given that there were no donor-restricted endowment funds.