

CREATE FOUNDATION, INC.

Tupelo, Mississippi

December 31, 2024

-oo0oo-

Table of Contents

	Page
Independent Auditors' Report	3
Financial Statements:	
Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis	5
Statements of Support, Revenues, Expenses, and Changes in Net Assets – Modified Cash Basis	6
Statements of Functional Expenses – Modified Cash Basis	7
Statements of Cash Flows.....	8
Notes to Financial Statements	9

-oo0oo-



NAIL MCKINNEY, P.A.
Certified Public Accountants

110 N. Madison ▪ P.O. Box 196
Tupelo, MS 38802
(662) 842-6475 ▪ FAX (662) 842-4531
www.nmcpa.com

Independent Auditors' Report

Board of Directors
CREATE Foundation, Inc.
Tupelo, Mississippi

Opinion

We have audited the accompanying financial statements of CREATE Foundation, Inc. (a Mississippi nonprofit organization), which comprise the statements of assets, liabilities, and net assets—modified cash basis as of December 31, 2024 and 2023, and the related statements of support, revenues, expenses, and changes in net assets—modified cash basis, functional expenses—modified cash basis, and cash flows for the years 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 assets, liabilities and net assets of CREATE Foundation, Inc. as of December 31, 2024 and 2023, and its support, revenue, expenses and changes in net assets and its cash flows for the years then ended, in accordance with the modified cash basis of accounting as described in Note 1.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CREATE Foundation, Inc. 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 CREATE Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 accepting 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 CREATE 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 CREATE 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.

Nail McKinney Professional Association

Tupelo, Mississippi
April 3, 2025

Statements of Assets, Liabilities, and Net Assets - Modified Cash Basis

CREATE FOUNDATION, INC.

December 31, 2024 and 2023

	<i>2024</i>	<i>2023</i>
Assets		
Cash and temporary cash investments (Note 2)	\$ 23,914,687	\$ 23,746,751
Investments		
Stocks	5,956	-
Investment securities (Note 5)	3,054,499	3,653,511
Cash surrender value of life insurance	283,581	283,580
Endowments (Note 4)	142,063,776	126,916,856
Membership interests in limited liability companies (Notes 4 and 8)	141,921	261,017
Journal, Inc. stock (Note 7)	9,062,056	9,298,254
Total investments	154,611,789	140,413,218
Property and Equipment		
Buildings	1,755,419	1,003,991
Equipment	261,305	205,741
Land	1,284,625	1,365,525
Capital assets in progress	-	1,164,323
	3,301,349	3,739,580
Less: accumulated depreciation	212,220	778,106
Total property and equipment, net	3,089,129	2,961,474
Total assets	\$ 181,615,605	\$ 167,121,443
Liabilities and Net Assets		
Net Assets		
Without donor restrictions (Note 13)	\$ 12,415,180	\$ 11,928,550
With donor restrictions (Note 13)	169,200,425	155,192,893
Total net assets	181,615,605	167,121,443
Total liabilities and net assets	\$ 181,615,605	\$ 167,121,443

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

Statements of Support, Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis

CREATE FOUNDATION, INC.

Years ended December 31, 2024 and 2023

	2024			2023		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Totals</i>	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Totals</i>
Support and Revenue						
Support						
Grants:						
Government	\$ -	\$ 123,885	\$ 123,885	\$ -	\$ 155,875	\$ 155,875
Other	-	248,500	248,500	-	683,872	683,872
Contributions						
Financial assets	71,625	20,750,097	20,821,722	71,143	16,875,200	16,946,343
Nonfinancial assets	-	-	-	760,000	-	760,000
Total support	<u>71,625</u>	<u>21,122,482</u>	<u>21,194,107</u>	<u>831,143</u>	<u>17,714,947</u>	<u>18,546,090</u>
Revenue						
Investment return, net	1,111,629	14,195,469	15,307,098	826,253	18,440,815	19,267,068
Administrative fees	1,281,582	(1,247,722)	33,860	1,128,436	(1,088,666)	39,770
Rental income	1,300	7,200	8,500	30,100	7,200	37,300
Gain on sale of fixed assets	<u>555,820</u>	-	<u>555,820</u>	-	-	-
Total revenue	<u>2,950,331</u>	<u>12,954,947</u>	<u>15,905,278</u>	<u>1,984,789</u>	<u>17,359,349</u>	<u>19,344,138</u>
Total support and revenue	<u>3,021,956</u>	<u>34,077,429</u>	<u>37,099,385</u>	<u>2,815,932</u>	<u>35,074,296</u>	<u>37,890,228</u>
Assets released from restriction	<u>19,250,782</u>	<u>(19,250,782)</u>	<u>-</u>	<u>15,547,675</u>	<u>(15,547,675)</u>	<u>-</u>
Expenses						
Allocations to agencies	18,149,272	-	18,149,272	10,382,983	-	10,382,983
Program services	2,442,780	-	2,442,780	2,617,272	-	2,617,272
Supporting services:						
Management and general	1,107,491	-	1,107,491	823,866	-	823,866
Fundraising	<u>669,482</u>	-	<u>669,482</u>	<u>760,109</u>	-	<u>760,109</u>
Total expenses	<u>22,369,025</u>	<u>-</u>	<u>22,369,025</u>	<u>14,584,230</u>	<u>-</u>	<u>14,584,230</u>
Excess (deficiency) of support and revenues over expenses	(96,287)	14,826,647	14,730,360	3,779,377	19,526,621	23,305,998
Change in equity of Journal, Inc.	(236,198)	-	(236,198)	(1,187,091)	-	(1,187,091)
Transfers (Note 10)	<u>819,115</u>	<u>(819,115)</u>	<u>-</u>	<u>(2,076,278)</u>	<u>2,076,278</u>	<u>-</u>
Change in net assets	<u>486,630</u>	<u>14,007,532</u>	<u>14,494,162</u>	<u>516,008</u>	<u>21,602,899</u>	<u>22,118,907</u>
Net assets, beginning of year	<u>11,928,550</u>	<u>155,192,893</u>	<u>167,121,443</u>	<u>11,412,542</u>	<u>133,589,994</u>	<u>145,002,536</u>
Net assets, end of year	<u>\$ 12,415,180</u>	<u>\$ 169,200,425</u>	<u>\$ 181,615,605</u>	<u>\$ 11,928,550</u>	<u>\$ 155,192,893</u>	<u>\$ 167,121,443</u>

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

Statements of Functional Expenses - Modified Cash Basis
CREATE FOUNDATION, INC.

Years ended December 31, 2024 and 2023

	2024						2023			
	<i>Allocations to Agencies</i>	<i>Supporting Services</i>			<i>Allocations to Agencies</i>	<i>Supporting Services</i>		<i>Program Services</i>	<i>Supporting Services</i>	
		<i>Total</i>	<i>Management and General</i>	<i>Fundraising</i>		<i>Management and General</i>	<i>Fundraising</i>		<i>Management and General</i>	<i>Fundraising</i>
Compensation and related expenses										
Salaries	\$ -	\$ 471,854	\$ 324,380	\$ 206,993	\$ 1,003,227	\$ -	\$ 408,771	\$ 301,718	\$ 280,091	\$ 990,580
Payroll taxes	-	45,637	14,186	9,052	68,875	-	44,522	12,452	11,560	68,534
Employee insurance	-	56,541	23,380	14,920	94,841	-	65,440	21,878	20,310	107,628
Retirement plan	-	41,872	15,167	9,679	66,718	-	43,721	13,670	12,690	70,081
Total	-	615,904	377,113	240,644	1,233,661	-	562,454	349,718	324,651	1,236,823
Advised fund disbursements	8,556,420	-	-	-	8,556,420	3,901,308	-	-	-	3,901,308
Designated fund disbursements	263,902	-	-	-	263,902	257,429	-	-	-	257,429
Special project disbursements	8,152,944	-	-	-	8,152,944	5,428,392	-	-	-	5,428,392
Endowment fund disbursements	1,176,006	-	-	-	1,176,006	795,854	-	-	-	795,854
Program services disbursements	-	205,251	-	-	205,251	-	201,524	-	-	201,524
Unrestricted grants	-	280,943	-	-	280,943	-	814,750	-	-	814,750
Scholarships	-	644,860	-	-	644,860	-	566,893	-	-	566,893
Meeting expenses	-	11,358	5,364	-	16,722	-	23,784	5,292	-	29,076
Communications and publications	-	13,321	9,158	5,844	28,323	-	7,776	5,740	5,328	18,844
Computer system and software	-	-	54,739	-	54,739	-	-	52,729	-	52,729
Contractual services	-	1,113	765	488	2,366	-	1,002	739	686	2,427
Credit card fees	-	26,726	59	38	26,823	-	27,543	58	53	27,654
Depreciation	-	-	49,331	-	49,331	-	-	34,617	-	34,617
Direct fundraising costs	-	-	-	47,705	47,705	-	-	-	42,229	42,229
Dues and subscriptions	-	8,436	5,799	3,701	17,936	-	6,174	4,558	4,231	14,963
Insurance	-	10,970	26,080	99,587	136,637	-	16,591	30,490	121,617	168,698
Legal and professional	-	-	20,970	-	20,970	-	-	20,220	-	20,220
Miscellaneous	-	3,228	1,064	679	4,971	-	2,319	1,421	1,319	5,059
Postage	-	5,850	4,021	2,566	12,437	-	4,319	3,188	2,960	10,467
Certification	-	-	500	-	500	-	-	500	-	500
Repairs and maintenance	-	-	123,039	-	123,039	-	-	32,054	-	32,054
Rent expense	-	587,918	404,170	257,908	1,249,996	-	352,478	260,168	241,519	854,165
Staff development	-	-	9,143	-	9,143	-	-	5,660	-	5,660
Supplies	-	7,606	4,465	2,849	14,920	-	4,249	3,137	2,912	10,298
Telephone	-	7,116	4,892	3,122	15,130	-	6,340	4,680	4,344	15,364
Travel	-	12,434	6,993	4,462	23,889	-	14,437	5,473	5,081	24,991
Utilities	-	(254)	(174)	(111)	(539)	-	4,639	3,424	3,179	11,242
	<u>\$ 18,149,272</u>	<u>\$ 2,442,780</u>	<u>\$ 1,107,491</u>	<u>\$ 669,482</u>	<u>\$ 22,369,025</u>	<u>\$ 10,382,983</u>	<u>\$ 2,617,272</u>	<u>\$ 823,866</u>	<u>\$ 760,109</u>	<u>\$ 14,584,230</u>

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

Statements of Cash Flows
CREATE FOUNDATION, INC.
Years ended December 31, 2024 and 2023

	<i>2024</i>	<i>2023</i>
Cash flows from operating activities:		
Excess of support and revenues over expenses	\$ 14,730,360	\$ 23,305,998
Adjustments to reconcile to net cash flows from operating activities:		
Noncash changes in membership interests in LLCs	119,096	88,881
Noncash contributions	-	(760,000)
Noncash grant disbursements	-	760,000
Unrealized gains on investments	(10,919,366)	(15,544,076)
Depreciation	49,331	34,617
Net gain on sale of assets	(358,315)	(280,490)
Gain on sale of property and equipment	(555,820)	-
Securities donated	<u>(2,559,350)</u>	<u>(1,241,028)</u>
Net cash flows from operating activities	<u>505,936</u>	<u>6,363,902</u>
Cash flows from investing activities:		
Purchase of investments	(10,970,956)	(11,447,651)
Net change in cash surrender value of life insurance	(1)	15,475
Purchase of property and equipment	(621,041)	(1,164,322)
Proceeds from sale of property and equipment	999,875	-
Proceeds from sale of assets	<u>10,254,123</u>	<u>11,566,509</u>
Net cash flows from investing activities	<u>(338,000)</u>	<u>(1,029,989)</u>
Change in cash and cash equivalents	167,936	5,333,913
Cash and cash equivalents at beginning of year	<u>23,746,751</u>	<u>18,412,838</u>
Cash and cash equivalents at end of year	<u>\$ 23,914,687</u>	<u>\$ 23,746,751</u>
Schedule of noncash investing and financing activities:		
Equity method adjustment - investment in Journal, Inc.	\$ (236,198)	\$ (1,187,091)
Membership interests in RJ Wilemon, LLC	<u>(119,096)</u>	<u>(88,881)</u>
Aggregate noncash investing and financing activities	<u>\$ (355,294)</u>	<u>\$ (1,275,972)</u>

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

Notes to Financial Statements
CREATE FOUNDATION, INC.

December 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

CREATE Foundation, Inc. is a nonprofit, charitable organization which serves as a community foundation and is committed to improving the quality of life for the people in a 17-county area in Northeast Mississippi through:

- building permanent community endowment assets.
- encouraging philanthropy and managing charitable funds contributed by individuals, families, organizations, and corporations.
- strengthening regional community development capacity.
- providing leadership on key community issues.
- impacting the region through gifts and targeted grant-making.

The significant accounting policies that have been followed by the Organization in preparing the accompanying financial statements are set forth below:

Basis of Accounting

The Organization's policy is to prepare its financial statements on the modified cash basis of accounting. Other than the methods of accounting for capital outlays and related depreciation, donated nonfinancial assets, endowment assets, interests in R.J. Wilemon, LLC, and the value of Journal, Inc. stock, which are described below, the Organization recognizes revenues as received and expenses as paid and recognizes only assets and liabilities resulting from cash transactions. These financial statements are not intended to present the Organization's financial position and results of operations in conformity with generally accepted accounting principles.

Use of Estimates in the Preparation of Financial Statements

In preparing financial statements in conformity with the basis of accounting described above, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Temporary Cash Investments

Cash and temporary cash investments consist of cash on hand and on deposit, including cash in checking accounts and money market mutual funds, and certificates of deposit.

Endowments and Investment Securities

Endowment assets and investment securities are invested in various stocks, mutual funds, and fixed income securities and are carried at fair value. The increase or decrease in fair value is included in investment return in the accompanying statements of support, revenue, expenses, and changes in net assets – modified cash basis. Purchases and sales of such assets are reflected on a trade-date basis. Gains and losses on sales are based on average cost and are recorded in the statements of support, revenue, expenses, and changes in net assets – modified cash basis in the period which the securities are sold.

Journal, Inc. Stock

Journal, Inc. stock is accounted for at the equity value of the wholly owned subsidiary. Changes in the net book value of the subsidiary which are unrelated to dividends received by the parent from the subsidiary are charged to net assets.

Membership Interests in Limited Liability Companies

Membership interests in limited liability companies are valued at the estimated tax-basis capital balance attributable to the Organization's ownership interests.

Property and Equipment

Property and equipment are stated at cost or estimated fair market value on the date received if donated.

Notes to Financial Statements – (continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment (continued)

Depreciation of property and equipment is provided on a straight-line basis over an estimated useful life of five to ten years for furniture and equipment, and forty years for buildings.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, according to a favorable determination letter dated December 21, 1972 received from the Internal Revenue Service. The Organization is a nonprofit corporation for purposes of Mississippi income tax.

On a continuing basis, management analyzes the Organization's tax positions, and, when a tax position meets the measurement and recognition principles outlined in FASB ASC 740, the Organization accrues a liability for unrecognized tax benefits. Any related interest and penalties associated with unrecognized tax benefits are included as a component of other non-interest expense.

The Organization's federal informational return is subject to examination by the taxing authorities generally for three years after it is filed. Management has evaluated the tax positions taken and has not identified any positions that are unlikely to be sustained upon examination.

Administrative Fees

CREATE Foundation's unrestricted fund charges an administrative fee to certain funds with donor restrictions, typically based on the size of assets under management. The fee income is recognized at a point-in-time as it is assessed, and the fee is transferred from donor-restricted funds to the unrestricted funds.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of support, revenue, expenses, and changes in net assets – modified cash basis as net assets released from restrictions.

Valuation of Gifts

Gifts of securities or property and equipment, including property and equipment acquired through a bargain purchase, are valued at their fair market value at the date of the gift or bequest.

Functional Allocation of Expenses

The costs of providing the programs and activities of the Organization have been summarized on a functional basis in the statements of support, revenue and expenses, and changes in net assets – modified cash basis. Accordingly, certain expenses for salaries and related benefits, supplies, postage, and rent have been allocated among the programs and supporting services benefited based on estimated time and functional usage.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

NOTE 2. CASH AND TEMPORARY CASH INVESTMENTS

Cash and temporary cash investments include amounts in excess of, or not subject to FDIC insurance of \$12,556,799 at December 31, 2024. Cash and cash equivalent accounts have been placed with high credit quality financial institutions. CREATE Foundation has not experienced, nor does it anticipate, any losses with respect to such accounts.

Notes to Financial Statements – (continued)

NOTE 3. AVAILABILITY AND LIQUIDITY

The following table represents the Organization’s financial assets available to meet general expenditures over the next twelve months at December 31:

	<i>2024</i>	<i>2023</i>
Financial assets at year end:		
Cash and cash equivalents	\$ 23,914,687	\$ 23,746,751
Stocks	5,956	-
Investment securities	3,054,499	3,653,511
Cash surrender value of life insurance	283,581	283,580
Endowments	142,063,776	126,916,856
Membership interests in limited liability companies	141,921	261,017
Journal, Inc. stock	9,062,056	9,298,254
	178,526,476	164,159,969
Amounts not available to be used for general expenditures within one year:		
Endowment net assets	142,074,160	127,116,189
Other net assets with donor restrictions	26,122,825	27,073,264
Journal, Inc. stock	9,062,056	9,298,254
Quasi endowment established by the board	67,563	62,503
	177,326,604	163,550,210
Available to meet general expenditures over the next twelve months	\$ 1,199,872	\$ 609,759

As part of CREATE Foundation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. CREATE Foundation invests its cash in excess of daily requirements in short term investments.

NOTE 4. ENDOWMENTS

CREATE Foundation’s endowments consists of various individual funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are subject to certain donor-imposed time and purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors interprets donor restrictions as not requiring the Organization to maintain the purchasing power of donor-restricted endowment funds in perpetuity, unless a donor stipulates the contrary. An endowment fund is considered 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 Organization permits spending from underwater funds, if any, in accordance with the prudent measures required under law.

The Organization 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 Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. To satisfy its long-term rate-of-return objectives, the Organization 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).

Notes to Financial Statements – (continued)

NOTE 4. ENDOWMENTS (continued)

The Organization 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 Organization’s investment objectives are to achieve a positive rate of return over the long term that significantly contributes to or exceeds its spending policies. The Organization has a policy of appropriating for distribution each year 4 percent of the average quarterly value of each endowment fund over the previous 12 quarters.

Endowment funds consist of the following:

	<i>December 31, 2024</i>		
	<i>Cost</i>	<i>Fair Value</i>	<i>Unrealized Appreciation (Depreciation)</i>
Investment in brokerage account:			
Cash and cash equivalents	\$ 2,015,018	\$ 2,015,018	\$ -
Mutual funds	46,007,354	58,021,483	12,014,129
Index funds	62,081,136	78,552,770	16,471,634
Marketable equity securities	1,544,914	2,305,110	760,196
Fixed income securities	94,166	93,012	(1,154)
Debt securities:			
U.S. Treasury and government agencies	419,216	400,175	(19,041)
Municipal bonds	115,952	91,280	(24,672)
Corporate bonds	601,300	584,791	(16,509)
Alternative investment	31,381	137	(31,244)
	112,910,437	142,063,776	29,153,339
Other endowment assets			
Cash and cash equivalents	(65,220)	(65,220)	-
Membership interest in limited liability company	141,921	141,921	-
	\$ 112,987,138	\$ 142,140,477	\$ 29,153,339

Notes to Financial Statements – (continued)

NOTE 4. ENDOWMENTS (continued)

	<i>December 31, 2023</i>		
	<i>Cost</i>	<i>Fair Value</i>	<i>Unrealized Appreciation (Depreciation)</i>
Investment in brokerage account:			
Cash and cash equivalents	\$ 2,727,954	\$ 2,727,954	\$ -
Mutual funds	49,952,900	59,733,993	9,781,093
Index funds	48,702,538	60,395,819	11,693,281
Marketable equity securities	1,640,583	2,086,211	445,628
Fixed income securities	102,652	101,706	(946)
Debt securities:			
U.S. Treasury and government agencies	647,986	643,771	(4,215)
Municipal bonds	116,366	94,677	(21,689)
Corporate bonds	1,152,805	1,113,448	(39,357)
Alternative investment	31,381	19,277	(12,104)
	<u>105,075,165</u>	<u>126,916,856</u>	<u>21,841,691</u>
Other endowment assets			
Cash and cash equivalents	819	819	-
Membership interest in limited liability company	261,017	261,017	-
	<u>\$ 105,337,001</u>	<u>\$ 127,178,692</u>	<u>\$ 21,841,691</u>

The following schedules summarize the endowment asset composition by type of fund:

	<i>December 31, 2024</i>		
	<i>Without donor restrictions</i>	<i>With donor restrictions</i>	<i>Total</i>
Donor restricted endowment funds	\$ -	\$ 142,072,914	\$ 142,072,914
Board designated endowment funds	67,563	-	67,563
	<u>\$ 67,563</u>	<u>\$ 142,072,914</u>	<u>\$ 142,140,477</u>
	<i>December 31, 2023</i>		
	<i>Without donor restrictions</i>	<i>With donor restrictions</i>	<i>Total</i>
Donor restricted endowment funds	\$ -	\$ 127,116,189	\$ 127,116,189
Board designated endowment funds	62,503	-	62,503
	<u>\$ 62,503</u>	<u>\$ 127,116,189</u>	<u>\$ 127,178,692</u>

Notes to Financial Statements – (continued)

NOTE 4. ENDOWMENTS (continued)

The following schedules summarize the changes in endowment net assets:

	<i>Year Ended December 31, 2024</i>		
	<i>Without donor restrictions</i>	<i>With donor restrictions</i>	<i>Total</i>
Endowment net assets, beginning of year	\$ 62,503	\$ 127,116,189	\$ 127,178,692
Investment return			
Interest income	1,441	3,320,677	3,322,118
Realized gains	175	368,601	368,776
Unrealized gains	(6,486)	10,737,831	10,731,345
Direct investment expenses	(70)	(228,602)	(228,672)
Contributions	10,000	6,616,428	6,626,428
Appropriations of endowment for expenditures	-	(2,488,680)	(2,488,680)
Transfers (to) from other funds	-	(3,369,530)	(3,369,530)
	<u>\$ 67,563</u>	<u>\$ 142,072,914</u>	<u>\$ 142,140,477</u>
	<i>Year Ended December 31, 2023</i>		
	<i>Without donor restrictions</i>	<i>With donor restrictions</i>	<i>Total</i>
Endowment net assets, beginning of year	\$ 53,339	\$ 110,691,940	\$ 110,745,279
Investment return			
Interest income	1,460	2,915,624	2,917,084
Realized gains	74	354,003	354,077
Unrealized losses	7,704	15,383,747	15,391,451
Direct investment expenses	(74)	(212,873)	(212,947)
Contributions	-	3,612,442	3,612,442
Appropriations of endowment for expenditures	-	(1,956,955)	(1,956,955)
Transfers (to) from other funds	-	(3,671,739)	(3,671,739)
	<u>\$ 62,503</u>	<u>\$ 127,116,189</u>	<u>\$ 127,178,692</u>

The Organization is a member, through previous endowment contributions of the ownership interests, in a limited liability company (R.J. Wilemon, LLC) which is invested in various real estate assets. The Organization recorded the initial and subsequent noncash gifts of membership interests in the entity such that the recorded investment is equivalent to the Organization's estimated capital balance within that entity. Wilemon Foundation, the other member of the referenced limited liability company, constitutes a related party to CREATE Foundation due to the partnership interest in the entity. Wilemon Foundation also periodically contributes cash to the endowment fund held by CREATE within which the membership interests in the limited liability company are recorded. Cash contributions received during 2024 and 2023 from Wilemon Foundation amounted to \$350,302 and \$453,645, respectively.

The Organization anticipates that the underlying real estate assets of the limited liability company will be liquidated in an orderly fashion, converting the membership interest assets to cash to be subsequently invested in accordance with the Organization's investment policies for endowment assets.

Notes to Financial Statements – (continued)

NOTE 5. INVESTMENT SECURITIES

Investment securities, exclusive of endowment assets, and their allocation between net assets with and without donor restrictions follows:

	<i>December 31, 2024</i>		
	<i>Cost</i>	<i>Fair Value</i>	<i>Unrealized Appreciation (Depreciation)</i>
U.S. Treasuries and government agencies	\$ 1,401,281	\$ 1,340,636	\$ (60,645)
Marketable equity securities	909,276	1,087,051	177,775
Short-term fixed income funds	622,310	626,812	4,502
	<u>\$ 2,932,867</u>	<u>\$ 3,054,499</u>	<u>\$ 121,632</u>
	<i>Without donor restrictions</i>	<i>With donor restrictions</i>	<i>Total</i>
Fund allocation	<u>\$ 904,210</u>	<u>\$ 2,150,289</u>	<u>\$ 3,054,499</u>
	<i>December 31, 2023</i>		
	<i>Cost</i>	<i>Fair Value</i>	<i>Unrealized Appreciation (Depreciation)</i>
U.S. Treasuries and government agencies	\$ 2,270,264	\$ 2,139,866	\$ (130,398)
Marketable equity securities	834,489	895,244	60,755
Short-term fixed income funds	616,343	618,401	2,058
	<u>\$ 3,721,096</u>	<u>\$ 3,653,511</u>	<u>\$ (67,585)</u>
	<i>Without donor restrictions</i>	<i>With donor restrictions</i>	<i>Total</i>
Fund allocation	<u>\$ 198,315</u>	<u>\$ 3,455,196</u>	<u>\$ 3,653,511</u>

The following schedules summarize the investment return, exclusive of endowment assets, and its classification in the statement of activities:

	<i>Year Ended December 31, 2024</i>		<i>Year Ended December 31, 2023</i>	
	<i>Without donor restrictions</i>	<i>With donor restrictions</i>	<i>Without donor restrictions</i>	<i>With donor restrictions</i>
Interest income	\$ 976,882	\$ -	\$ 726,096	\$ -
Realized gains (losses)	(7,422)	(3,039)	(73,901)	314
Unrealized gains (losses)	188,021	-	195,602	-
Direct investment expenses	(40,981)	-	(30,708)	-
Total investment return	<u>\$ 1,116,500</u>	<u>\$ (3,039)</u>	<u>\$ 817,089</u>	<u>\$ 314</u>

NOTE 6. FAIR VALUE

“Fair value” is defined by FASB ASC 820 as 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. FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization’s assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. The hierarchy is broken down into the following three levels, based on the reliability of inputs:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data.
- Level 3 Significant unobservable inputs for the asset or liability that reflect the reporting entity’s own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Determination of Fair Value

The Organization uses the valuation methodologies listed below to measure different financial instruments at fair value. An indication of the level in the fair value hierarchy in which each instrument is generally classified is included. Where appropriate, the description includes details of the valuation models, the key inputs to those models as well as any significant assumptions.

Marketable equity securities, mutual funds, index funds, stocks and government income funds

Marketable equity securities, mutual funds, index funds, stocks and government income funds are valued at the closing price reported on the active market on which the individual securities or funds are traded.

Debt securities and other fixed income securities

Debt securities and other fixed income securities are generally determined by matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities’ relationship to other benchmark quoted securities.

Other investments

Other investments consist of the Organization’s investment in its wholly owned subsidiary, which is valued at the subsidiary’s recorded equity balance, investment in Hatteras funds based on management’s unconfirmed estimate of net assets, and membership interests in limited liability companies valued at the estimated capital balance of those entities.

Notes to Financial Statements – (continued)

NOTE 6. FAIR VALUE (continued)

Endowments

The following tables present the balances of endowment assets measured at fair value on a recurring basis:

	<i>December 31, 2024</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Marketable equity securities	\$ 2,305,110	\$ -	\$ -	\$ 2,305,110
Mutual funds	58,021,483	-	-	58,021,483
Index funds	78,552,770	-	-	78,552,770
Fixed income securities	-	93,012	-	93,012
Debt securities	-	1,076,246	-	1,076,246
Membership interests in LLCs	-	-	141,921	141,921
Alternative investments	-	-	137	137
	<u>\$ 138,879,363</u>	<u>\$ 1,169,258</u>	<u>\$ 142,058</u>	<u>\$ 140,190,679</u>

	<i>December 31, 2023</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Marketable equity securities	\$ 2,086,211	\$ -	\$ -	\$ 2,086,211
Mutual funds	59,733,993	-	-	59,733,993
Index funds	60,395,819	-	-	60,395,819
Fixed income securities	-	101,706	-	101,706
Debt securities	-	1,851,896	-	1,851,896
Membership interests in LLCs	-	-	261,017	261,017
Alternative investments	-	-	19,277	19,277
	<u>\$ 122,216,023</u>	<u>\$ 1,953,602</u>	<u>\$ 280,294</u>	<u>\$ 124,449,919</u>

The following table sets forth a summary of changes in the fair value of the endowment's level 3 assets for the year ended December 31, 2024:

	<i>Membership Interests in LLCs</i>	<i>Alternative Investments</i>
Balance, beginning of year	\$ 261,017	\$ 19,277
Membership interests contributed, net of entity losses	(119,096)	-
Unrealized losses	-	(19,140)
	<u>\$ 141,921</u>	<u>\$ 137</u>

Notes to Financial Statements – (continued)

NOTE 6. FAIR VALUE (continued)

Non-endowed investment securities, other investments, and stocks

The following tables present the balances of non-endowed assets measured at fair value on a recurring basis:

	<i>December 31, 2024</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
U.S. Treasuries and govt. agencies	\$ -	\$ 1,340,636	\$ -	\$ 1,340,636
Short-term fixed income funds	626,812	-	-	626,812
Marketable equity securities	1,087,051	-	-	1,087,051
Journal, Inc. stock	-	-	9,062,056	9,062,056
	<u>\$ 1,713,863</u>	<u>\$ 1,340,636</u>	<u>\$ 9,062,056</u>	<u>\$ 12,116,555</u>

	<i>December 31, 2023</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
U.S. Treasuries and govt. agencies	\$ -	\$ 2,139,866	\$ -	\$ 2,139,866
Short-term fixed income funds	618,401	-	-	618,401
Marketable equity securities	895,244	-	-	895,244
Journal, Inc. stock	-	-	9,298,254	9,298,254
	<u>\$ 1,513,645</u>	<u>\$ 2,139,866</u>	<u>\$ 9,298,254</u>	<u>\$ 12,951,765</u>

The following table sets forth a summary of changes in the fair value of the non-endowed level 3 assets for the year ended December 31, 2024:

	<i>Journal, Inc. Stock</i>
Balance, beginning of year	\$ 9,298,254
Change in subsidiary equity	<u>(236,198)</u>
Balance, end of year	<u>\$ 9,062,056</u>

The Organization has no assets or liabilities recorded at fair value on a nonrecurring basis.

Notes to Financial Statements – (continued)

NOTE 7. INVESTMENT IN SUBSIDIARY

Journal, Inc. is a wholly owned subsidiary of the Organization. The stock is carried in the financial statements at the subsidiary's equity as determined under accounting principles generally accepted in the United States of America. Journal, Inc.'s summarized financial information at December 31, 2024 and 2023 and for the years then ended is as follows:

	<i>2024</i>	<i>2023</i>
Current assets	\$ 1,386,662	\$ 1,841,530
Investments	3,275,603	3,418,798
Property and equipment, net	5,344,621	5,635,309
Other assets	3,014,657	3,030,003
Total assets	13,021,543	13,925,640
Current liabilities	2,171,289	2,368,094
Long-term debt	1,700,287	1,646,192
Operating lease liabilities	87,911	172,550
Pension liability	-	440,550
Total liabilities	3,959,487	4,627,386
Subsidiary equity	\$ 9,062,056	\$ 9,298,254
Loss from operations	\$ (1,787,517)	\$ (1,452,578)
Other income (loss)	(1,658,651)	18,481
Provision for income taxes	988,616	127,278
Net loss	\$ (2,457,552)	\$ (1,306,819)

NOTE 8. INVESTMENT IN R. J. WILEMON, LLC

As discussed in Note 4, the Organization has received an ownership interest in R. J. Wilemon, LLC in the form of non-cash charitable contributions. The membership interest in that entity is carried at the estimated tax-basis capital balance attributed to that ownership interest. R. J. Wilemon, LLC's summarized, unaudited, tax-basis financial information at December 31, 2024 and 2023 and for the years then ended is as follows:

	<i>2024</i>	<i>2023</i>
Current assets	\$ 51,552	\$ 107,078
Building and other depreciable assets, net	98,805	105,233
Land	164,980	372,380
Total assets	315,337	584,691
Current liabilities	2,836	7,532
Member's Capital	\$ 312,501	\$ 577,159
Rental income	\$ -	\$ 16,352
Capital losses	(114,661)	(18,613)
Operating expenses	(149,997)	(195,251)
Net loss	\$ (264,658)	\$ (197,512)

Notes to Financial Statements – (continued)

NOTE 9. EMPLOYEE BENEFIT PLAN

The Organization provides a tax-deferred annuity program (403b plan) to all full-time, regular employees. The Organization contributes up to 10% (based on years of service) of all full-time eligible employees' salary to the employee designated account within the plan. During the first year of full-time employment, employees can contribute up to 10% of their pre-tax salary into the plan. After the first complete year of full-time employment, employees may contribute up to 15% of their salaries to the plan. The Organization's contributions to the plan in 2024 and 2023 were \$66,718 and \$70,081, respectively.

NOTE 10. TRANSFERS

During 2024 and 2023, the Organization transferred \$819,114 and \$2,076,278, respectively, among net assets with and without donor restrictions as directed by the Board of Directors.

NOTE 11. COMMITMENTS AND CONTINGENCIES

As of December 31, 2024, the Organization had commitments for grants awarded, not yet paid, for Affiliate Administrative Support for \$7,000.

During the year ended December 31, 2023, the Organization entered into a leasing arrangement with the Community Development Foundation (CDF) in Tupelo, Mississippi. Under the terms of the agreements, the Organization committed to pay \$250,000 to help defray the cost of relocating the CDF's existing tenant in addition to future lease payments totaling \$4,103,567 or \$4,353,567 (depending upon the timing of satisfaction of the payments required under the agreements) for a 99-year lease of the second floor (and common area usage) of the CDF building in Tupelo, Mississippi. The terms of the agreements require the payment of \$2,303,567 within two years of the effective date of the agreement of March 13, 2023, and either monthly payments of \$20,833 for 96 months or payment in full of \$1,800,000 within two years after the commencement date which was defined as the date the previous tenant vacated the premises. Based on the economic incentive provided in the agreement to pay within two years, it is the Organization's intent to satisfy its commitments under the lease agreements within the two-year time frame, provided resources are available to do so. As of December 31, 2024, the Organization has paid \$2,104,161 in satisfaction of these commitments resulting in a remaining commitment (net of the economic incentive) of \$2,249,406 at December 31, 2024. In addition, under the terms of the agreements, the Organization is responsible for a 45% share of that building's operating and capital expenses as specified in the underlying agreements.

NOTE 12. LEASES

The Organization leases certain office equipment under terms accounted for as short-term leases. The Organization elects to account for short-term lease expense, including variable lease payments, on the straight-line basis over the term of the lease in the period in which the obligation for the payment is incurred. Total rent expenses and future minimum lease payments associated with these leasing arrangements during the years ended December 31, 2024 and 2023 were immaterial.

Notes to Financial Statements – (continued)

NOTE 13. NET ASSETS

Net assets with donor restrictions consisted of the following at December 31:

	<i>December 31,</i>	
	<u>2024</u>	<u>2023</u>
Organizational/Agency endowment funds	\$ 9,004,063	\$ 6,420,208
Scholarship endowment funds	6,291,760	5,506,940
Education endowment funds	70,007,345	62,293,277
Field of interest endowment funds	36,659,078	35,780,170
Community endowment funds	10,702,529	9,612,819
Designated endowments	<u>9,408,139</u>	<u>7,502,775</u>
Endowment net assets	<u>142,072,914</u>	<u>127,116,189</u>
Advised funds yet to be disbursed	12,654,425	14,037,708
Designated contributions yet to be disbursed	2,160,913	2,234,572
Program service funds	41,484	63,047
Scholarship funds	629,223	539,652
CREATE Foundation, Inc. special project funds	10,615,889	10,197,653
Supporting organization funds	<u>22,137</u>	<u>632</u>
Other donor restricted net assets	<u>26,124,071</u>	<u>27,073,264</u>
Journal, Inc. Stock	<u>1,003,440</u>	<u>1,003,440</u>
Total net assets with donor restrictions	<u>\$ 169,200,425</u>	<u>\$ 155,192,893</u>

Net assets without donor restrictions consisted of the following at December 31:

	<i>December 31,</i>	
	<u>2024</u>	<u>2023</u>
Undesignated	\$ 12,347,617	\$ 11,866,047
Board designated	<u>67,563</u>	<u>62,503</u>
	<u>\$ 12,415,180</u>	<u>\$ 11,928,550</u>

NOTE 14. CONTRIBUTIONS OF NONFINANCIAL ASSETS

During the year ended December 31, 2023, the Organization recognized contributed nonfinancial assets of \$760,000 that consisted of commercial real estate valued at appraised value. It is the Organization’s policy to liquidate all contributed nonfinancial assets immediately upon transfer of ownership unless the nonfinancial asset is restricted for a particular use in the Organization’s activities. All real estate contributed during the year ended December 31, 2023, was transferred to other tax-exempt organizations as directed by the donors. Since the usage restriction was satisfied in the same period that the nonfinancial assets were contributed to the Organization, the contribution and related award to other tax-exempt organizations are included as a component of the change in net assets without donor restrictions.

NOTE 15. SUBSEQUENT EVENTS

Subsequent to December 31, 2024, the Organization transferred real estate acquired from a company in 2021 back to that company under the terms of a reacquisition agreement for consideration of \$1,000,000. Certain members of the Organization’s board of directors are members of management and the board of directors of the counterparty to that agreement.