




Simon Youth Foundation, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2023 and 2022



Contents

Independent Auditor's Report..... 1

Financial Statements

 Statements of Financial Position..... 3

 Statements of Activities..... 4

 Statements of Functional Expenses..... 6

 Statements of Cash Flows 7

 Notes to Financial Statements 8



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Independent Auditor's Report

Board of Directors
Simon Youth Foundation, Inc.
Indianapolis, Indiana

Opinion

We have audited the financial statements of Simon Youth Foundation, Inc., which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Simon Youth Foundation, Inc. as of December 31, 2023 and 2022, 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 Simon Youth 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.

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 Simon Youth Foundation, Inc.'s ability to continue as a going concern within one year after the date that these 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 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 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 Simon Youth 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 Simon Youth 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.

FORVIS, LLP

**Indianapolis, Indiana
March 7, 2024**

Simon Youth Foundation, Inc.
Statements of Financial Position
December 31, 2023 and 2022

Assets

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,457,841	\$ 2,170,954
Investments	9,342,589	7,278,353
Contributions receivable		
Related parties	18,038	60,722
Other	313,011	282,035
Prepaid expenses and other assets	363,521	280,135
Property and equipment	<u>2,708,698</u>	<u>2,974,167</u>
 Total assets	 <u>\$ 14,203,698</u>	 <u>\$ 13,046,366</u>

Liabilities and Net Assets

Liabilities

Accounts payable		
Related party	\$ 291,292	\$ 384,904
Trade	<u>12,404</u>	<u>129</u>
Total liabilities	<u>303,696</u>	<u>385,033</u>

Net Assets

Without donor restrictions		
Board-designated	10,212,389	8,158,380
Undesignated	<u>2,994,197</u>	<u>3,900,569</u>
	<u>13,206,586</u>	<u>12,058,949</u>
With donor restrictions		
Time-restricted for future periods	286,011	230,206
Purpose restrictions	106,922	71,695
Perpetual in nature	<u>300,483</u>	<u>300,483</u>
	<u>693,416</u>	<u>602,384</u>
 Total net assets	 <u>13,900,002</u>	 <u>12,661,333</u>
 Total liabilities and net assets	 <u>\$ 14,203,698</u>	 <u>\$ 13,046,366</u>

Simon Youth Foundation, Inc.
Statements of Activities
Years Ended December 31, 2023 and 2022

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 2,678,457	\$ 336,011	\$ 3,014,468
In-kind contributions	12,806,059	-	12,806,059
Conference registrations	5,388	-	5,388
Interest and dividends	236,704	2,297	239,001
Total revenue	<u>15,726,608</u>	<u>338,308</u>	<u>16,064,916</u>
Net assets released from restriction	255,206	(255,206)	-
Total revenue and other support	<u>15,981,814</u>	<u>83,102</u>	<u>16,064,916</u>
Expenses			
Educational programs	14,531,180	-	14,531,180
Fundraising	719,515	-	719,515
Management and general	400,787	-	400,787
Total expenses	<u>15,651,482</u>	<u>-</u>	<u>15,651,482</u>
Change in Net Assets Before Other Gains (Losses)	<u>330,332</u>	<u>83,102</u>	<u>413,434</u>
Other Gains (Losses)			
Net realized gains (losses) on investments	(43,695)	(424)	(44,119)
Net unrealized gains (losses) on investments	861,000	8,354	869,354
Total other gains (losses)	<u>817,305</u>	<u>7,930</u>	<u>825,235</u>
Change in Net Assets	1,147,637	91,032	1,238,669
Net Assets, Beginning of Year	<u>12,058,949</u>	<u>602,384</u>	<u>12,661,333</u>
Net Assets, End of Year	<u>\$ 13,206,586</u>	<u>\$ 693,416</u>	<u>\$ 13,900,002</u>

See Notes to Financial Statements

2022		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 2,823,111	\$ 291,535	\$ 3,114,646
14,722,862	-	14,722,862
29,350	-	29,350
133,957	1,300	135,257
<u>17,709,280</u>	<u>292,835</u>	<u>18,002,115</u>
252,783	(252,783)	-
<u>17,962,063</u>	<u>40,052</u>	<u>18,002,115</u>
16,602,399	-	16,602,399
949,906	-	949,906
381,790	-	381,790
<u>17,934,095</u>	<u>-</u>	<u>17,934,095</u>
<u>27,968</u>	<u>40,052</u>	<u>68,020</u>
598,246	5,805	604,051
(1,959,400)	(19,012)	(1,978,412)
<u>(1,361,154)</u>	<u>(13,207)</u>	<u>(1,374,361)</u>
(1,333,186)	26,845	(1,306,341)
<u>13,392,135</u>	<u>575,539</u>	<u>13,967,674</u>
<u>\$ 12,058,949</u>	<u>\$ 602,384</u>	<u>\$ 12,661,333</u>

Simon Youth Foundation, Inc.
Statements of Functional Expenses
Year Ended December 31, 2023 (With Comparative Totals for 2022)

	2023				2022 Comparative Totals
	Educational Programs	Fundraising	Management and General	Total	
Personnel	\$ 522,480	\$ 327,921	\$ 247,849	\$ 1,098,250	\$ 1,236,087
Legal services	56,188	-	20,490	76,678	34,308
Accounting services	-	-	39,684	39,684	21,468
Printed materials and marketing	-	497	907	1,404	7,078
Supplies and maintenance	6,171	48,035	17,458	71,664	72,049
Telephone	-	82	704	786	5,471
Postage and shipping	1,607	1,621	326	3,554	5,503
Insurance	46,043	-	6,927	52,970	36,990
Travel	99	-	3,098	3,197	12,425
Bank charges	-	22,582	321	22,903	16,977
Mall events	40	176,700	-	176,740	121,309
Gala and nonmall events	-	84,698	-	84,698	267,220
Volunteer recognition	935	4,582	22,603	28,120	10,735
Academy workshops	139,508	-	-	139,508	207,891
Scholarships	431,425	-	-	431,425	540,122
Grant expense	76,610	-	-	76,610	158,886
Student and teacher enhancements	154,800	-	-	154,800	103,536
Staff development	3,485	150	7,069	10,704	6,415
Academy expenses	47,680	6,771	33,351	87,802	48,245
Occupancy	12,760,183	-	-	12,760,183	14,601,857
Depreciation	283,926	-	-	283,926	291,099
In-kind	-	45,876	-	45,876	128,424
	<u>\$ 14,531,180</u>	<u>\$ 719,515</u>	<u>\$ 400,787</u>	<u>\$ 15,651,482</u>	<u>\$ 17,934,095</u>

Simon Youth Foundation, Inc.
Statements of Functional Expenses
Year Ended December 31, 2022

	2022			
	Educational Programs	Fundraising	Management and General	Total
Personnel	\$ 599,662	\$ 362,467	\$ 273,958	\$ 1,236,087
Legal services	14,028	-	20,280	34,308
Accounting services	-	-	21,468	21,468
Printed materials and marketing	63	5,087	1,928	7,078
Supplies and maintenance	1,866	44,369	25,814	72,049
Telephone	2,720	440	2,311	5,471
Postage and shipping	3,837	1,647	19	5,503
Insurance	30,143	-	6,847	36,990
Travel	5,704	79	6,642	12,425
Bank charges	-	13,438	3,539	16,977
Mall events	331	120,978	-	121,309
Gala and nonmall events	-	267,220	-	267,220
Volunteer recognition	1,221	3,469	6,045	10,735
Academy workshops	207,210	681	-	207,891
Scholarships	540,122	-	-	540,122
Grant expense	158,886	-	-	158,886
Student and teacher enhancements	103,536	-	-	103,536
Staff development	4,958	1,457	-	6,415
Academy expenses	35,156	150	12,939	48,245
Occupancy	14,601,857	-	-	14,601,857
Depreciation	291,099	-	-	291,099
In-kind	-	128,424	-	128,424
	<u>\$ 16,602,399</u>	<u>\$ 949,906</u>	<u>\$ 381,790</u>	<u>\$ 17,934,095</u>

Simon Youth Foundation, Inc.
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Activities		
Change in net assets	\$ 1,238,669	\$ (1,306,341)
Items not requiring (providing) cash		
Depreciation	283,926	291,099
Realized (gains) losses on investments	44,119	(604,051)
Unrealized (gains) losses on investments	(869,354)	1,978,412
Change in		
Receivables	11,708	49,863
Prepaid expenses and other assets	(83,386)	140,247
Accounts payable	(81,337)	(304,811)
Net cash provided by operating activities	<u>544,345</u>	<u>244,418</u>
Investing Activities		
Purchases of property and equipment	(18,457)	(44,136)
Purchases of investments	(1,239,001)	(135,256)
Proceeds from sales of investments	-	1,500,000
Net cash provided by (used in) investing activities	<u>(1,257,458)</u>	<u>1,320,608</u>
Increase (Decrease) in Cash	(713,113)	1,565,026
Cash, Beginning of Year	<u>2,170,954</u>	<u>605,928</u>
Cash, End of Year	<u>\$ 1,457,841</u>	<u>\$ 2,170,954</u>

Note 1. Nature of Operations and Summary of Significant Accounting Policies

General

Simon Youth Foundation, Inc. (Foundation) was established by Simon Property Group (SPG) and members of the Simon Family. The Foundation was incorporated in the State of Indiana in December 1997, and is governed by a Board of Directors. Simon Youth Foundation exists to help youth, who are at risk of dropping out of high school, graduate, develop life skills and pursue post-secondary education and career paths. The Foundation’s revenues and support are derived principally from contributions and grants.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

At December 31, 2023, the Foundation’s cash accounts exceeded federally insured limits by approximately \$1,212,000.

Investments and Investment Return

All investments are carried at fair value.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

The Foundation has maintained pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

Property and Equipment

Property and equipment is depreciated on a straight-line basis over the estimated life of each asset. Assets under leasehold improvements, including Academy build-outs, are depreciated over their respective estimated useful lives.

	<u>Years</u>
Academy build-outs	20
Wishing wells	7
Computer equipment and software	3

Long-Lived Asset Impairment

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2023 and 2022.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Foundation overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

Simon Youth Foundation, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor 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 activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

In-Kind Contributions

In addition to receiving cash contributions, the Foundation receives in-kind contributions of office space and academy facilities. It is the policy of the Foundation to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by the same amount.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income.

The Foundation files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of providing programs and services for the Foundation have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on the time estimates, space occupied and other methods.

Subsequent Events

Subsequent events have been evaluated through March 7, 2024, which is the date the financial statements were available to be issued.

Simon Youth Foundation, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Note 2. Investments

Investments held by the Foundation at December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Money market mutual funds	\$ 542,793	\$ 461,792
Fixed income securities		
Corporate bonds	795,340	546,663
U.S. Treasury securities	1,258,767	811,402
Government-sponsored enterprises	653,860	322,927
Equity securities		
Domestic	273,552	-
Mutual funds		
Domestic	2,670,681	2,393,712
International	1,527,952	794,836
Multi-strategy	1,619,644	1,947,021
	<u>\$ 9,342,589</u>	<u>\$ 7,278,353</u>

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the volatility in the investment markets, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Note 3. Contributions Receivables

Contributions receivables consist of the following:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Due within one year - 2023	\$ 45,038	\$ 286,011	\$ 331,049
Due within one year - 2022	\$ 112,551	\$ 230,206	\$ 342,757

The Foundation also received a three-year conditional grant totaling \$368,620 during 2021, which was increased to \$405,482 in 2022. The grant is a reimbursable grant conditional upon incurring eligible expenditures. The Foundation incurred \$405,482 of eligible expenditures through December 31, 2023.

Simon Youth Foundation, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Note 4. Property and Equipment

Property and equipment as of December 31, 2023 and 2022 consists of:

	<u>2023</u>	<u>2022</u>
Academy build-outs	\$ 5,585,740	\$ 5,578,840
Wishing wells	252,911	252,911
Computer equipment and software	268,154	256,597
Accumulated depreciation	<u>(3,398,107)</u>	<u>(3,114,181)</u>
	<u>\$ 2,708,698</u>	<u>\$ 2,974,167</u>

Note 5. Net Assets With Donor Restrictions

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose		
Scholarships	\$ 56,922	\$ 71,695
Experiential trip program	50,000	-
	<u>106,922</u>	<u>71,695</u>
Subject to the passage of time		
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	<u>286,011</u>	<u>230,206</u>
Endowments subject to Foundation endowment spending policy and appropriation		
Build-A-Bear Scholarship Endowment	62,220	62,220
Academy Scholarship Endowment	205,263	205,263
Gulfstream Aerospace Corp Scholarship Endowment	33,000	33,000
	<u>300,483</u>	<u>300,483</u>
	<u>\$ 693,416</u>	<u>\$ 602,384</u>

The endowed net assets will remain in perpetuity with the investment earnings to be utilized for scholarships.

Simon Youth Foundation, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Net Assets Released From Restrictions

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

	<u>2023</u>	<u>2022</u>
Expiration of time restrictions	\$ 230,206	\$ 252,783
Satisfaction of purpose restrictions		
Scholarships	<u>25,000</u>	<u>-</u>
Total net assets released from restrictions	<u>\$ 255,206</u>	<u>\$ 252,783</u>

Board-Designated Net Assets

Net assets designated by the Board at December 31 consist of the following:

	<u>2023</u>	<u>2022</u>
Designated for endowment	\$ 8,986,889	\$ 6,932,880
Designated for scholarships	<u>1,225,500</u>	<u>1,225,500</u>
Total board-designated net assets	<u>\$ 10,212,389</u>	<u>\$ 8,158,380</u>

Note 6. Disclosures About Fair Value of Assets and Liabilities

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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** 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 for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Simon Youth Foundation, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Following is a description of the valuation methodologies and inputs used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market mutual funds, U.S. Treasury securities and mutual funds. If quoted market prices are not available, then fair values are estimated by using a multi-dimensional related pricing model using inputs including secondary market sales, new issue sales of similar assets and benchmark yields. Level 2 securities include corporate bonds and government-sponsored enterprises.

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023 and 2022:

	Fair Value	2023 Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market mutual funds	\$ 542,793	\$ 542,793	\$ -	\$ -
Fixed income securities				
Corporate bonds	795,340	-	795,340	-
U.S. Treasury securities	1,258,767	1,258,767	-	-
Government-sponsored enterprises	653,860	-	653,860	-
Equity securities				
Domestic	273,552	273,552	-	-
Mutual funds				
Domestic	2,670,681	2,670,681	-	-
International	1,527,952	1,527,952	-	-
Multi-strategy	1,619,644	1,619,644	-	-
	<u>\$ 9,342,589</u>	<u>\$ 7,893,389</u>	<u>\$ 1,449,200</u>	<u>\$ -</u>

Simon Youth Foundation, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

	2022			
	Fair Value Measurements Using			
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Money market mutual funds	\$ 461,792	\$ 461,792	\$ -	\$ -
Fixed income securities				
Corporate bonds	546,663	-	546,663	-
U.S. Treasury securities	811,402	811,402	-	-
Government-sponsored enterprises	322,927	-	322,927	-
Mutual funds				
Domestic	2,393,712	2,393,712	-	-
International	794,836	794,836	-	-
Multi-strategy	1,947,021	1,947,021	-	-
	<u>\$ 7,278,353</u>	<u>\$ 6,408,763</u>	<u>\$ 869,590</u>	<u>\$ -</u>

Note 7. Endowment

The Foundation's endowment consists of various individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, 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 Foundation's Board has interpreted the State of Indiana Prudent Management of Institutional Funds Act (SPMIFA) as requiring 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 net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the endowment fund agreement. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Foundation
7. Investment policies of the Foundation

Simon Youth Foundation, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

The composition of net assets by type of endowment fund at December 31, 2023 and 2022 was:

	Without Donor Restriction	2023 With Donor Restriction	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount	\$ -	\$ 300,483	\$ 300,483
Accumulated investment gains	-	54,672	54,672
Board-designated endowment funds	<u>8,986,889</u>	<u>-</u>	<u>8,986,889</u>
 Total endowment funds	 <u>\$ 8,986,889</u>	 <u>\$ 355,155</u>	 <u>\$ 9,342,044</u>
	Without Donor Restriction	2022 With Donor Restriction	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount	\$ -	\$ 300,483	\$ 300,483
Accumulated investment gains	-	44,445	44,445
Board-designated endowment funds	<u>6,932,880</u>	<u>-</u>	<u>6,932,880</u>
 Total endowment funds	 <u>\$ 6,932,880</u>	 <u>\$ 344,928</u>	 <u>\$ 7,277,808</u>

Changes in endowment net assets for the years ended December 31, 2023 and 2022 were:

	Without Donor Restriction	2023 With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 6,932,880	\$ 344,928	\$ 7,277,808
Investment return			
Investment income, net of fees	193,009	1,873	194,882
Net appreciation	<u>861,000</u>	<u>8,354</u>	<u>869,354</u>
Total investment return	<u>1,054,009</u>	<u>10,227</u>	<u>1,064,236</u>
Board designations	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
 Endowment net assets, end of year	 <u>\$ 8,986,889</u>	 <u>\$ 355,155</u>	 <u>\$ 9,342,044</u>

Simon Youth Foundation, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

	Without Donor Restriction	2022 With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 9,660,077	\$ 356,835	\$ 10,016,912
Investment return			
Investment income, net of fees	732,203	7,105	739,308
Net depreciation	<u>(1,959,400)</u>	<u>(19,012)</u>	<u>(1,978,412)</u>
Total investment return	<u>(1,227,197)</u>	<u>(11,907)</u>	<u>(1,239,104)</u>
Appropriation of endowment assets for expenditure	<u>(1,500,000)</u>	<u>-</u>	<u>(1,500,000)</u>
Endowment net assets, end of year	<u>\$ 6,932,880</u>	<u>\$ 344,928</u>	<u>\$ 7,277,808</u>

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Foundation's policies, endowment assets are invested in a manner that is intended to produce results that provide long-term growth while assuming an acceptable level of investment risk. The Foundation expects its endowment funds to provide an average rate of return of approximately 6.5% annually over time. Actual returns in any given year may vary from this amount.

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

The Foundation adopted a policy (the spending policy) of appropriating for expenditure each year up to 3% of its endowment fund's average fair value over the prior 12 quarters through the year end preceding the year in which expenditure is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3.5% annually. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return. The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor stipulations or laws and regulations. There were no underwater endowments at December 31, 2023 and 2022.

In earlier years, the Foundation did not take the annual appropriation as allowed under its spending policy in order to increase the endowment. During 2022, the Foundation took an appropriation which exceeded the appropriation allowed per the annual spending policy. However, management believes the 2022 appropriation is reflective of previous years' appropriations not used.

Note 8. Contributed Nonfinancial Assets

For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2023</u>	<u>2022</u>
In-kind occupancy - academies	\$ 12,698,233	\$ 14,539,907
In-kind occupancy - office	61,950	61,950
Marketing, entertainment and other event related services	<u>45,876</u>	<u>121,005</u>
	<u>\$ 12,806,059</u>	<u>\$ 14,722,862</u>

These nonfinancial assets were recognized within revenue and did not have donor-imposed restrictions.

Occupancy

Contributed space for academies is utilized for educational programs. Contributed space for office space is allocated amongst educational programs, fundraising and management and general based upon the estimated usage of the space.

The value of contributed space is based upon the estimated fair value on the basis of recent comparable rentals in the respective markets.

Marketing, Entertainment and Other Event Related Services

These contributed items were utilized for fundraising activities and the value was estimated based upon the estimated fair value of items provided.

Note 9. Employee Benefit Plan

The Foundation participates in SPG's 401(k) defined-contribution retirement plan covering substantially all employees. An officer of SPG annually determines the amount, if any, of the Foundation's contributions to the Plan. The Foundation pays SPG an overhead allocation for employee benefits. Amounts paid to SPG were \$193,660 in 2023 and \$203,779 in 2022, a portion of which related to benefit plan contributions.

Simon Youth Foundation, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Note 10. Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023 and 2022, comprise the following:

	<u>2023</u>	<u>2022</u>
Total financial assets		
Cash	\$ 1,457,841	\$ 2,170,954
Investments	9,342,589	7,278,353
Contributions receivable	331,049	342,757
	<u>11,131,479</u>	<u>9,792,064</u>
Donor-imposed restrictions		
Restricted funds	106,922	71,695
Endowments	300,483	300,483
	<u>407,405</u>	<u>372,178</u>
Internal designations		
Quasi-endowment	<u>8,986,889</u>	<u>6,932,880</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,737,185</u>	<u>\$ 2,487,006</u>

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment of \$8,986,889 and \$6,932,880 at December 31, 2023 and 2022 respectively, is subject to an annual spending rate of 3% as described in Note 7. Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these principles, the Foundation forecasts its future cash flows and monitors its liquidity and reserves on a monthly basis.

Note 11. Related Party Transactions

The Foundation receives significant contributions from SPG. In addition, the Foundation utilizes space for Academies and offices, which are also contributed by SPG. The space utilized is recorded as in-kind revenue and expense at fair value.

The Foundation also holds investments totaling \$273,552 and \$213,226 at December 31, 2023 and 2022, respectively, in SPG stock.

The Foundation reimburses SPG for payroll expenses, including taxes and benefits.

Simon Youth Foundation, Inc.
Notes to Financial Statements
December 31, 2023 and 2022

Certain Foundation employees and members of the Foundation's Board of Directors make contributions to the Foundation.

SPG-owned malls collect contributions on the Foundation's behalf in various manners, such as point-of-sale transactions, wishing well coin collections and special events on the Foundation's behalf.

Finally, certain members of the Simon family and entities related thereto make contributions to the Foundation.

The related party transactions for the years ended December 31, 2023 and 2022 were:

	<u>2023</u>	<u>2022</u>
Assets		
Malls and Academies	\$ 18,038	\$ 60,722
Liabilities		
Accounts payable		
Simon Property Group - payroll and benefits	\$ 291,292	\$ 384,904
Revenue		
Contributions and grants		
Simon family, Simon Property Group and related entities	\$ 402,500	\$ 549,000
Employees and board members	23,477	79,871
Malls and Academies	1,340,661	1,120,846
	<u>1,766,638</u>	<u>1,749,717</u>
In-kind contributions		
Office and Academy occupancy	1,500,268	1,171,381
	<u>\$ 3,266,906</u>	<u>\$ 2,921,098</u>

Note 12. Commitments

At December 31, 2023, the Foundation had conditional commitments to pay scholarships of approximately \$222,000 over two years, provided the students meet certain criteria. Based upon historical data and anticipated attrition rates, the Foundation anticipates realizing approximately \$97,000 of these scholarship commitments as of December 31, 2023. The conditional commitments by year are as follows:

	<u>Conditional Commitment</u>	<u>With Attrition</u>
2023	\$ 142,500	\$ 65,000
2024	79,500	32,000
	<u>\$ 222,000</u>	<u>\$ 97,000</u>