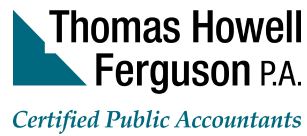


Financial Statements

**Barbara Bush Foundation for Family Literacy, Inc.**

*Years ended December 31, 2023 and 2022  
with Report of Independent Auditors*



Barbara Bush Foundation for Family Literacy, Inc.

Financial Statements

Years ended December 31, 2023 and 2022

**Contents**

<b>Report of Independent Auditors .....</b>	<b>1</b>
<b>Financial Statements</b>	
Statements of Financial Position .....	4
Statements of Activities and Changes in Net Assets .....	5
Statements of Functional Expenses .....	6
Statements of Cash Flows .....	8
Notes to Financial Statements .....	9

## Report of Independent Auditors

Board of Directors  
Barbara Bush Foundation for Family Literacy, Inc.

### ***Opinion***

We have audited the financial statements of Barbara Bush Foundation for Family Literacy, Inc. (the Foundation) which comprise the statements of financial position as of December 31, 2023 and 2022, the related statements of activities and changes in net assets, 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 the Foundation 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 the Foundation 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Page Two

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

Page Three

***Report on Summarized Comparative Information***

We have previously audited Barbara Bush Foundation for Family Literacy, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Thomas Howell Ferguson P.A.*

Tallahassee, Florida  
April 30, 2024

Barbara Bush Foundation for Family Literacy, Inc.

Statements of Financial Position

	December 31,	
	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,955,304	\$ 2,667,798
Prepaid expenses	206,017	175,302
Accounts and grant receivable	257,712	295,638
Contributions receivable	<u>10,000</u>	<u>60,000</u>
Total current assets	3,429,033	3,198,738
Contributions receivable, net of current portion	18,904	27,756
Investments	23,307,226	20,668,954
Office equipment and software, net	91,259	121,716
Operating leases, right-of-use assets	<u>1,728,959</u>	<u>2,065,695</u>
Total assets	<u>\$ 28,575,381</u>	<u>\$ 26,082,859</u>
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable	\$ 195,632	\$ 220,295
Accrued expenses	630,253	686,362
Unearned revenue	23,897	68,112
Operating lease liabilities	<u>372,598</u>	<u>366,686</u>
Total current liabilities	1,222,380	1,341,455
Operating lease liabilities, net of current portion	<u>1,657,854</u>	<u>2,030,452</u>
Total liabilities	<u>2,880,234</u>	<u>3,371,907</u>
Net assets:		
Without donor restrictions:		
Board designated	22,464,070	19,799,951
Undesignated	1,464,394	1,712,142
With donor restrictions:		
Restricted for time or purpose	<u>1,766,683</u>	<u>1,198,859</u>
Total net assets	<u>25,695,147</u>	<u>22,710,952</u>
Total liabilities and net assets	<u>\$ 28,575,381</u>	<u>\$ 26,082,859</u>

See accompanying notes.

Barbara Bush Foundation for Family Literacy, Inc.

Statements of Activities and Changes in Net Assets

	Years ended December 31,			2022
	2023			
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Changes in net assets:</b>				
Revenues and other support:				
Contributions	\$ 4,147,151	\$ -	\$ 4,147,151	\$ 556,197
Nongovernmental grants	670,583	1,177,971	1,848,554	1,402,483
Governmental grants	541,295	-	541,295	385,704
In-kind contributions	368,883	-	368,883	203,594
Other revenue	-	-	-	58,704
Net assets released from restrictions	<u>610,147</u>	<u>(610,147)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>6,338,059</u>	<u>567,824</u>	<u>6,905,883</u>	<u>2,606,682</u>
Expenses:				
Program services	4,312,158	-	4,312,158	4,527,572
Support services				
General and administrative	447,717	-	447,717	498,203
Fundraising	<u>1,490,252</u>	<u>-</u>	<u>1,490,252</u>	<u>1,712,731</u>
Total support services	<u>1,937,969</u>	<u>-</u>	<u>1,937,969</u>	<u>2,210,934</u>
Total expenses	<u>6,250,127</u>	<u>-</u>	<u>6,250,127</u>	<u>6,738,506</u>
Operating income (loss)	87,932	567,824	655,756	(4,131,824)
Investment income (loss), net	<u>2,328,439</u>	<u>-</u>	<u>2,328,439</u>	<u>(2,895,743)</u>
Change in net assets	2,416,371	567,824	2,984,195	(7,027,567)
Net assets at beginning of year	<u>21,512,093</u>	<u>1,198,859</u>	<u>22,710,952</u>	<u>29,738,519</u>
Net assets at end of year	<u>\$23,928,464</u>	<u>\$ 1,766,683</u>	<u>\$25,695,147</u>	<u>\$22,710,952</u>

See accompanying notes.

Barbara Bush Foundation for Family Literacy, Inc.

Statement of Functional Expenses

Year ended December 31, 2023

	<u>Support Services</u>			<u>2023 Total</u>
	<u>Program services</u>	<u>General and administrative</u>	<u>Fundraising</u>	
<b>Expenses</b>				
Salaries and benefits	\$ 2,051,870	\$ 232,338	\$ 920,285	\$ 3,204,493
Professional services	1,212,227	13,324	252,382	1,477,933
Books and materials	186,148	-	-	186,148
Event and conference expenses	228,660	-	9,072	237,732
Accounting fees	20,807	10,404	10,404	41,615
Legal fees	96,404	48,202	61,452	206,058
Insurance	15,482	7,616	7,616	30,714
Office expense	45,439	12,094	17,053	74,586
Dues and subscriptions	62,888	9,125	43,368	115,381
Printing and postage	32,204	401	16,480	49,085
Rent	205,592	101,586	101,586	408,764
Travel	130,346	3,875	41,497	175,718
Training	5,183	1,122	1,123	7,428
Depreciation and amortization	18,908	7,630	7,934	34,472
Total expenses	<u>\$ 4,312,158</u>	<u>\$ 447,717</u>	<u>\$ 1,490,252</u>	<u>\$ 6,250,127</u>

See accompanying notes.



Barbara Bush Foundation for Family Literacy, Inc.

Statement of Functional Expenses

Year ended December 31, 2022

	<b>Program services</b>	<b>Support Services</b>		<b>Total</b>
		<b>General and administrative</b>	<b>Fundraising</b>	
<b>Expenses</b>				
Salaries and benefits	\$ 1,927,716	\$ 238,680	\$ 928,210	\$ 3,094,606
Professional services	1,740,513	17,096	324,431	2,082,040
Books and materials	161,484	-	5,175	166,659
Event and conference expenses	51,433	-	53,357	104,790
Accounting fees	19,933	11,162	8,770	39,865
Legal fees	71,799	40,209	43,830	155,838
Insurance	16,291	9,122	7,168	32,581
Office expense	74,117	25,696	30,395	130,208
Dues and subscriptions	48,350	9,663	53,550	111,563
Printing and postage	11,745	925	28,233	40,903
Rent	198,580	110,069	86,483	395,132
Travel	170,374	18,715	125,195	314,284
Training	20,485	11,152	12,056	43,693
Depreciation and amortization	14,752	5,714	5,878	26,344
Total expenses	<u>\$ 4,527,572</u>	<u>\$ 498,203</u>	<u>\$ 1,712,731</u>	<u>\$ 6,738,506</u>

See accompanying notes.

Barbara Bush Foundation for Family Literacy, Inc.

Statements of Cash Flows

	<b>Years ended December 31,</b>	
	<u><b>2023</b></u>	<u><b>2022</b></u>
<b>Operating activities</b>		
Change in net assets	\$ 2,984,195	\$ (7,027,567)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	34,472	26,344
Unrealized (gain) loss on investments	(1,771,123)	3,807,782
Realized gain on sale of investments	(40,935)	(615,729)
Amortization right-of-use asset	374,271	341,395
Changes in operating assets and liabilities:		
Prepaid expenses	(30,715)	236,713
Contributions and grants receivable	96,778	(142,431)
Accounts payable	(24,663)	61,553
Accrued expenses	(56,109)	114,178
Unearned revenue	(44,215)	(209,177)
Operating lease payments	<u>(404,221)</u>	<u>(9,952)</u>
Net cash provided by (used in) operating activities	<u><b>1,117,735</b></u>	<u><b>(3,416,891)</b></u>
<b>Investing activities</b>		
Purchase of office equipment and software	(4,015)	(129,884)
Purchase of investments	(53,680,861)	(4,980,519)
Proceeds from sale of investments	<u>52,854,647</u>	<u>7,661,919</u>
Net cash (used in) provided by investing activities	<u><b>(830,229)</b></u>	<u><b>2,551,516</b></u>
Increase (decrease) in cash and cash equivalents	287,506	(865,375)
Cash and cash equivalents at beginning of year	<u>2,667,798</u>	<u>3,533,173</u>
Cash and cash equivalents at end of year	<u><b>\$ 2,955,304</b></u>	<u><b>\$ 2,667,798</b></u>
<b>Supplemental cash flow information related to leases is as follows:</b>		
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows – payment on operating leases	\$ 404,221	\$ 9,952
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases	\$ 1,728,959	\$ 2,065,695

See accompanying notes.

# Barbara Bush Foundation for Family Literacy, Inc.

## Notes to Financial Statements

Years ended December 31, 2023 and 2022

### **1. Nature of Operations and Significant Accounting Policies**

Barbara Bush Foundation for Family Literacy, Inc. (the Foundation) is a not-for-profit Florida organization whose mission is committed to building a stronger, more equitable America through literacy. The Foundation's funding is derived primarily from contributions from individuals, businesses, community support, and state funds. The Foundation has various literacy and mentoring programs.

#### **Basis of Accounting**

The Foundation uses the accrual basis of accounting. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

#### **Basis of Presentation**

Effective January 1, 2022, the Foundation has adopted Accounting Standard Update (ASU) No. 2016-02, *Leases (ASC 842)* as the Financial Accounting Standards Board (FASB) believes the standard improves the usefulness and understandability of the Foundation's financial reporting.

#### **Cash and Cash Equivalents**

Cash and cash equivalents consist of deposits with a financial institution and deposits in highly liquid money market funds.

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents.

#### **Contributions Receivable**

The Foundation records unconditional contributions that are expected to be collected within one year at net realizable value. Contributions for future years are recorded initially and subsequent to initial recognition at fair value. The fair value of contributions receivable is determined by calculating the net present value using the U.S. Treasury Securities rate at a 5-year constant maturity, quoted on the investment basis. Although management uses its best judgment at the estimating fair value of the contributions receivable, there are inherent limitations in any valuation technique. Therefore, the value is not necessarily indicative of the amount that could be realized in a current transaction. Future events will also affect the estimates of fair value. The Foundation determines the allowance for uncollectable contributions based on analysis and at December 31, 2023 and 2022, the allowance is \$0.

# Barbara Bush Foundation for Family Literacy, Inc.

## Notes to Financial Statements

### 1. Nature of Operations and Significant Accounting Policies (continued)

#### Investments

Investments are valued at their fair values in the statement of financial position; unrealized gains and losses are included in the statement of activities and changes in net assets. Realized gains/losses on disposition are based on the net proceeds and the adjusted carrying amounts of the securities sold using the specific identification method.

#### Office Equipment and Software

Office equipment and software is recorded at cost when purchased, less accumulated depreciation and amortization. Contributed assets are recorded at fair value at the date of contribution. Depreciation and amortization is computed using the straight-line method over their estimated useful lives ranging from three to five years. The Foundation's policy is to capitalize asset acquisitions in excess of \$1,000.

#### Net Assets

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Donor-imposed restrictions can be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

#### Revenue Recognition

The Foundation recognizes grants, contracts and contributions of cash or other assets as net assets without donor restrictions when received, except when there are donor stipulations that limit the use of the donated assets. Prior to the acceptance of grants, contracts, and contributions with donor restrictions, the Foundation ensures the restrictions are within the Foundation's scope of programming or mission. When a donor's restriction expires, when a stipulated time restriction ends, or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor-imposed restrictions can be met immediately upon receipt, contributions are classified as contributions without donor restrictions.

The Foundation recognizes revenues from exchange transactions when the performance obligation is completed. Receivables are recognized for outstanding invoices. The Foundation does not charge interest on outstanding accounts receivable. The Foundation considers its accounts receivables related to grants and other receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required.

# Barbara Bush Foundation for Family Literacy, Inc.

## Notes to Financial Statements

### 1. Nature of Operations and Significant Accounting Policies (continued)

#### Contributions and Donated Services

Contributions and donated services are recorded as with or without donor restrictions when received, depending on the existence and/or nature of any donor restrictions. Contributions and donated services are recorded at their estimated fair value at the date of receipt.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. These services recognized as revenue during the years ended December 31, 2023 and 2022, include professional services, which were used to support fundraising activities and fulfill program responsibilities. The total amount of goods and services was \$368,883 and \$203,594 for the years ended December 31, 2023 and 2022, respectively, and has been included in the statement of activities and changes in net assets as both revenue and expense.

#### Advertising

Advertising costs are charged to operations when incurred and are included in operating expenses. Advertising expenses were \$23,309 and \$15,278 for the years ended December 31, 2023 and 2022, respectively.

#### Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. The statement of functional expenses contains certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. These expenses include depreciation and amortization, which is allocated on a direct method for assets directly related to the program and allocated based on estimates of time and effort for assets acquired for all departments. Administrative expenses are all allocated based on estimates of time and effort. The information technology department expenses are allocated based on estimates of time and effort and costs of specific technology utilized.

#### Income Taxes

The Foundation is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes has been made in the accompanying financial statements. The Foundation is no longer subject to examinations by major tax jurisdictions for years ended December 31, 2019, and prior.

# Barbara Bush Foundation for Family Literacy, Inc.

## Notes to Financial Statements

### **1. Nature of Operations and Significant Accounting Policies (continued)**

#### **Subsequent Events**

The Foundation has evaluated subsequent events through April 30, 2024, the date the financial statements were available to be issued. During the period from December 31, 2023 to April 30, 2024, the Foundation did not have any material recognizable subsequent events.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

### **2. Concentration of Credit Risk**

The Foundation maintains its cash deposits in various financial institutions which may, at times, exceed the limit insured by the Federal Deposit Insurance Corporation (FDIC). The Foundation has not experienced any losses in such accounts.

The various investments in stocks, securities, mutual funds, and other investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the Foundation.

### **3. Available Resources and Liquidity**

The Foundation receives restricted and unrestricted donor contributions and promises to give, and considers donor contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. The organization manages its liquidity and reserves while maintaining adequate liquid assets to fund near term operating needs and sufficient reserves to provide for long term obligations. The Foundation's Board of Directors (the Board) has restricted use of the investments on an annual basis to four percent of the thirty six month rolling average of the investments. At December 31, 2023 and 2022, \$973,480 and \$1,055,000, respectively, of the investment balance is available to use for annual operations. The Board can annually approve additional funds to be withdrawn from the investment account. The Foundation forecasts its future cash flows and reserves and monitors monthly.

Barbara Bush Foundation for Family Literacy, Inc.

Notes to Financial Statements

**3. Available Resources and Liquidity (continued)**

The table below presents financial assets available for general expenditures within one year at December 31:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,955,304	\$ 2,667,798
Accounts and grants receivable	257,712	295,638
Contributions receivable	10,000	60,000
Investments	<u>23,307,226</u>	<u>20,668,954</u>
Total financial assets	<u>26,530,242</u>	<u>23,692,390</u>
Less:		
Investments and cash limited to use by the board investment policy	<u>(22,464,070)</u>	<u>(19,799,951)</u>
Financial assets available to meet cash needs for general expenditures	<u>\$ 4,066,172</u>	<u>\$ 3,892,439</u>

**4. Contributions Receivable**

Contributions receivable are reported at net present value using a discount rate of 3.84% and 3.99% for pledges entered into in 2023 and 2022, respectively. Contributions receivable are summarized as follows at December 31:

	<u>2023</u>	<u>2022</u>
Contributions receivable	\$ 30,000	\$ 90,000
Discount on long-term contributions	<u>(1,096)</u>	<u>(2,244)</u>
Total contributions receivable, net	<u>\$ 28,904</u>	<u>\$ 87,756</u>

Future maturities of contributions receivable, net of present value discount were as follows at December 31:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 10,000	\$ 60,000
One to five years	<u>18,904</u>	<u>27,756</u>
	<u>\$ 28,904</u>	<u>\$ 87,756</u>

# Barbara Bush Foundation for Family Literacy, Inc.

## Notes to Financial Statements

### 4. Contributions Receivable (continued)

#### Fair Value Option

The Foundation elected the fair value option for contributions receivable. The fair value option election was made to simplify the record keeping. The option allows organizations to irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and financial liabilities. Changes in fair value for assets and liabilities for which the election is made will be recognized in earnings as they occur. The fair value option is permitted on an instrument-by-instrument basis at initial recognition of an asset or liability or upon an event that gives rise to a new basis of accounting for that instrument. The fair value option has also been elected for certain financial instruments that are not accounted for at fair value under other applicable accounting guidance.

### 5. Investments

The Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the Fair Value Measurement and Disclosures Topic are described as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Level 1 and 2 investments may include money market funds, securities and bonds and are reported at fair value. The fair values of debt and equity investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates or 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 (Level 2 inputs).



Barbara Bush Foundation for Family Literacy, Inc.

Notes to Financial Statements

**5. Investments (continued)**

Investments consist of the following at December 31, 2023:

	<u>Market and Carrying Value</u>	<u>Level 1</u>	<u>Level 2</u>
<b>Investments</b>			
Equity securities:			
US equities	\$ 9,622,422	\$ 9,622,422	\$ -
International equities	<u>3,517,267</u>	<u>3,517,267</u>	<u>-</u>
Total equity securities	<u>13,139,689</u>	<u>13,139,689</u>	<u>-</u>
Debt securities:			
Other fixed income	<u>7,741,366</u>	<u>-</u>	<u>7,741,366</u>
Total debt securities	<u>7,741,366</u>	<u>-</u>	<u>7,741,366</u>
Alternative investments:			
Real estate fund	1,564,494	-	1,564,494
Other investments	<u>861,677</u>	<u>861,677</u>	<u>-</u>
Total alternative investments	<u>2,426,171</u>	<u>861,677</u>	<u>1,564,494</u>
Total investments	<u>\$ 23,307,226</u>	<u>\$ 14,001,366</u>	<u>\$ 9,305,860</u>

Investments consist of the following at December 31, 2022:

	<u>Market and Carrying Value</u>	<u>Level 1</u>	<u>Level 2</u>
<b>Investments</b>			
Equity securities:			
US equities	\$ 5,770,127	\$ 5,770,127	\$ -
International equities	<u>2,500,183</u>	<u>2,500,183</u>	<u>-</u>
Total equity securities	<u>8,270,310</u>	<u>8,270,310</u>	<u>-</u>
Debt securities:			
Other fixed income	<u>10,258,464</u>	<u>-</u>	<u>10,258,464</u>
Total debt securities	<u>10,258,464</u>	<u>-</u>	<u>10,258,464</u>
Alternative investments:			
Real estate fund	<u>2,140,180</u>	<u>-</u>	<u>2,140,180</u>
Total alternative investments	<u>2,140,180</u>	<u>-</u>	<u>2,140,180</u>
Total investments	<u>\$ 20,668,954</u>	<u>\$ 8,270,310</u>	<u>\$ 12,398,644</u>

Barbara Bush Foundation for Family Literacy, Inc.

Notes to Financial Statements

**5. Investments (continued)**

Investment activity for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Interest	\$ 614,827	\$ 428,315
Realized gain	40,935	615,729
Unrealized gain (loss)	1,771,123	(3,807,782)
Fees	<u>(98,446)</u>	<u>(132,005)</u>
Total investment income (loss), net	<u>\$ 2,328,439</u>	<u>\$ (2,895,743)</u>

**6. Office Equipment and Software**

Office equipment and software consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
Computers and equipment	\$ 199,360	\$ 198,999
Software	<u>5,400</u>	<u>5,400</u>
	204,760	204,399
Less accumulated depreciation and amortization	<u>(113,501)</u>	<u>(82,683)</u>
	<u>\$ 91,259</u>	<u>\$ 121,716</u>

Depreciation and amortization expense for the year ended December 31, 2023 and 2022 was \$34,472 and \$26,344, respectively.

**7. Revenue from Contracts with Customers**

The following table provides information about significant changes in unearned revenue for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Unearned revenue, beginning of year	\$ 68,112	\$ 277,289
Revenue recognized that was included in unearned revenue at the beginning of the year	(68,112)	(277,289)
Increases in unearned revenue due to cash received during the year	<u>23,897</u>	<u>68,112</u>
Unearned revenue, end of year	<u>\$ 23,897</u>	<u>\$ 68,112</u>

Barbara Bush Foundation for Family Literacy, Inc.

Notes to Financial Statements

**8. Net Assets with Donor Restrictions**

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

	<u>2023</u>	<u>2022</u>
Grants for the Technology Fund	\$ 708,181	\$ 952,132
Grants for the National Action Plan	891,616	135,860
Grants for Read Squad/Book Explorers	142,580	110,867
Grants for Adult Literacy	<u>24,306</u>	<u>-</u>
	<u>\$ 1,766,683</u>	<u>\$ 1,198,859</u>

**9. Leases**

The Foundation leases office space and equipment under operating lease agreements that have initial terms ranging from 3 to 7 years. Some leases include one or more options to renew, generally at the Foundation's sole discretion, with renewal terms that can extend the lease term up to 5 years. In addition, certain leases contain termination options, where the rights to terminate are held by either the Foundation, the lessor or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Foundation will exercise that option. The Foundation's operating leases generally do not contain any material restrictive covenants or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. Lease expense is as follows for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Operating lease cost	<u>\$ 374,271</u>	<u>\$ 373,353</u>

Supplemental balance sheet information related to leases is as follows as of December 31:

	<u>2023</u>	<u>2022</u>
Operating leases:		
Operating lease right-of-use assets	<u>\$ 1,728,959</u>	<u>\$ 2,065,695</u>
Operating lease liabilities, current	\$ 372,598	\$ 366,686
Operating lease liabilities, non-current	<u>1,657,854</u>	<u>2,030,452</u>
Total operating lease liabilities	<u>\$ 2,030,452</u>	<u>\$ 2,397,138</u>
Weighted-average remaining lease term:		
Operating leases	2.5 years	3.5 years
Weighted-average discount rate:		
Operating leases	1.59%	1.64%

Barbara Bush Foundation for Family Literacy, Inc.

Notes to Financial Statements

**9. Leases (continued)**

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet are as follows as of December 31, 2023:

<b><u>Years ending December 31,</u></b>	<b><u>Operating Leases</u></b>
2024	\$ 403,824
2025	412,965
2026	423,289
2027	433,871
2028	444,717
Thereafter	-
Total lease payments	<u>2,118,666</u>
Less imputed interest	<u>88,214</u>
Total present value of lease liabilities	<u><u>\$ 2,030,452</u></u>

**10. Retirement Plan**

The Foundation sponsors a 403(b) plan covering all employees. Employer contributions are based on 8% of annual compensation for all employees. Employees must be with the Foundation at least six months to be eligible. Employer contributions to the plan for the years ending December 31, 2023 and 2022, was \$193,287 and \$176,364, respectively.

**11. Related Party Transactions**

During the years ended December 31, 2023 and 2022, the Foundation received contributions of \$1,387,257 and \$952,271, respectively, from board members and their affiliated entities.