

THE GEORGE AND CAROL OLMSTED FOUNDATION

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**Year Ended December 31, 2025
With Summarized Financial Information for 2024**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The George and Carol Olmsted Foundation
Falls Church, Virginia

Opinion

We have audited the accompanying financial statements of The George and Carol Olmsted Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and change in net assets without donor restrictions, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2025, and the changes in its net assets without donor restrictions and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, 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.

Report on Summarized Comparative Information

The prior-year comparative information included in the accompanying statements of financial position and activities has been derived from the Foundation's December 31, 2024 financial statements which were audited by other auditors whose report thereon, dated February 28, 2025, expressed an unmodified opinion on those financial statements.

A handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style.

Bethesda, Maryland
February 27, 2026

THE GEORGE AND CAROL OLMSTED FOUNDATION
STATEMENT OF FINANCIAL POSITION
December 31, 2025
(With Summarized Financial Information for 2024)

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 297,867	\$ 437,151
Investments	51,329,629	48,005,963
Estimated Federal excise tax receivable	30,215	615
Prepaid expenses	5,179	5,179
	51,662,890	48,448,908
Total current assets		
Furniture	33,779	33,779
Computer equipment	58,792	58,792
Less: Accumulated depreciation	(92,571)	(92,571)
Property and equipment, net	-	-
Office lease security deposit	4,421	4,421
Right-of-use asset, net	401,546	37,191
	\$ 52,068,857	\$ 48,490,520
Total assets		
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 88,769	\$ 73,081
Olmsted Scholar Program, current portion	493,284	514,224
Operating lease liability, current portion	46,765	39,484
	628,818	626,789
Total current liabilities		
Olmsted Scholar Program, net of current portion	298,049	294,964
Operating lease liability, net of current portion	361,316	-
Deferred tax liability	131,700	105,529
	1,419,883	1,027,282
Total liabilities		
Net assets		
Without donor restrictions	50,648,974	47,463,238
	\$ 52,068,857	\$ 48,490,520
Total liabilities and net assets		

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

THE GEORGE AND CAROL OLMSTED FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended December 31, 2025
(With Summarized Financial Information for 2024)

	2025	2024
Revenue		
Realized gain	\$ 2,277,883	\$ 2,834,697
Unrealized gain	1,891,707	1,112,206
Interest and dividend income	1,307,662	1,077,722
Private Equity cash distributions	548,471	223,815
Less: investment fees	(243,362)	(222,740)
Net investment income	5,782,361	5,025,700
Other revenue	1,605	639
Total revenue	5,783,966	5,026,339
Expenses		
Program services	2,356,250	2,307,214
Supporting services (before excise tax)	159,409	152,332
Total expenses	2,515,659	2,459,546
Change in net assets without donor restrictions before excise tax	3,268,307	2,566,793
Excise tax expense	82,571	65,486
Change in net assets without donor restrictions	3,185,736	2,501,307
Net assets without donor restrictions, beginning of year	47,463,238	44,961,931
Net assets without donor restrictions, end of year	\$ 50,648,974	\$ 47,463,238

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

THE GEORGE AND CAROL OLMSTED FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2025
(With Summarized Financial Information for 2024)

	<u>2025</u>			<u>2024</u>
	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total Expenses</u>	<u>Total Expenses</u>
Olmsted Scholar Program	\$ 617,485	\$ -	\$ 617,485	\$ 699,447
Contributions and grants	574,000	-	574,000	497,000
Staff salaries	753,918	83,769	837,687	802,133
Directors' compensation	76,800	19,200	96,000	92,000
Investment fees	-	243,362	243,362	222,740
Scholars' reception, orientation and related travel	121,471	-	121,471	107,732
Employee benefits and related taxes	83,376	9,264	92,640	88,881
Occupancy	53,067	13,267	66,334	63,802
Professional fees	12,324	16,524	28,848	26,750
Travel, lodging, meetings, and meals	12,549	4,570	17,119	17,109
Supplies and office expenses	15,841	3,961	19,802	20,256
Furniture, computers, and accessories	8,499	2,125	10,624	14,293
Depreciation	-	-	-	2,017
Repair and maintenance	14,038	3,509	17,547	13,964
Insurance	7,973	1,993	9,966	9,559
Telephone and internet	3,876	969	4,845	3,993
Local taxes	1,033	258	1,291	610
	<u>2,356,250</u>	<u>402,771</u>	<u>2,759,021</u>	<u>2,682,286</u>
Less: Investment fees included in net investment income	<u>-</u>	<u>(243,362)</u>	<u>(243,362)</u>	<u>(222,740)</u>
Subtotal before excise tax	2,356,250	159,409	2,515,659	2,459,546
Excise tax	<u>-</u>	<u>82,571</u>	<u>82,571</u>	<u>65,486</u>
Total expenses	<u>\$ 2,356,250</u>	<u>\$ 241,980</u>	<u>\$ 2,598,230</u>	<u>\$ 2,525,032</u>

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

THE GEORGE AND CAROL OLMSTED FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2025
(With Summarized Financial Information for 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 3,185,736	\$ 2,501,307
Reconciling adjustments		
Depreciation	-	2,017
Net unrealized gain on sale of investments	(1,891,707)	(1,336,021)
Net realized gain on sale of investments	(2,277,883)	(2,834,697)
Deferred tax liability	26,171	17,227
Amortization of operating lease right-of-use asset	60,764	63,643
Changes in operating assets and liabilities:		
Estimated Federal excise tax receivable	(29,600)	37,659
Prepaid expenses	-	301
Accounts payable and accrued liabilities	15,688	16,896
Olmsted Scholar Program	(17,855)	(27,646)
Operating lease liability	(56,522)	(66,423)
Net cash used in operating activities	(985,208)	(1,625,737)
Cash flows from investing activities		
Purchase of investments	(19,636,209)	(13,081,088)
Proceeds from sale of investments	20,482,133	14,485,467
Net cash provided by investing activities	845,924	1,404,379
Net decrease in cash and cash equivalents	(139,284)	(221,358)
Cash and cash equivalents, beginning of year	437,151	658,509
Cash and cash equivalents, end of year	\$ 297,867	\$ 437,151
Supplemental information		
Payment of excise taxes	\$ 86,000	\$ 10,600

Supplemental non-cash information:

Right-of-use assets obtained in exchange for new operating lease liabilities during the year ended December 31, 2025 totaled \$425,119.

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

THE GEORGE AND CAROL OLMSTED FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

1. Organization

The George and Carol Olmsted Foundation (the Foundation) was established in 1957, and is a Virginia not-for-profit corporation. The primary charitable activities of the Foundation consist of funding the Olmsted Scholar Program and contributing to educational, youth and other charitable organizations. The Foundation's primary source of revenue is investment earnings.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

Net assets with donor restrictions: Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service. There were no net assets with donor restrictions at December 31, 2025.

The financial statements include certain prior year summarized comparative information in total but not by functional expense categories; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

THE GEORGE AND CAROL OLMSTED FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Foundation considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, excluding the money market funds held with investments. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to a limit of \$250,000. The Foundation maintains bank deposit accounts with a commercial bank, which at times, may have cash balances in excess of the FDIC insurance limits. The uninsured portion of this account is backed solely by the assets of the underlying institution. As such, failure of the underlying institution could result in financial loss to the Foundation. Management believes the risk in these situations to be minimal.

Investments

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are presented separately in the Statement of Activities and Change in Net Assets Without Donor Restrictions.

Property and Equipment

Property and equipment in excess of \$10,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses as incurred. Property and equipment were fully depreciated in the prior year, therefore no depreciation expense was recorded for the year ended December 31, 2025.

Income Taxes

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Foundation is classified as a private foundation. As a private foundation, it is subject to an excise tax of 1.39% on its investment income, including dividend, interest income and realized gains on the sales of its marketable securities. Because of this, the Foundation also computes a deferred tax liability or asset on the cumulative unrealized gain or loss on its investments held at December 31, 2025.

The Foundation is also required to make qualifying annual distributions of its principal. The Foundation has met this requirement for 2025.

THE GEORGE AND CAROL OLMSTED FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition – Grants and contributions

The Foundation may receive grants and contributions from individual donors and other entities. Contributions are recognized in the appropriate category of net assets in the period received. The Foundation performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

The Foundation did not receive any grants or contributions during the year ended December 31, 2025.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. The Foundation had not received any conditional contribution, and had no refundable advances as of December 31, 2025.

Use of Estimates

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

THE GEORGE AND CAROL OLMSTED FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets Without Donor Restrictions. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Foundation are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, 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 accompanying financial statements.

Fair Value Measurement

The Foundation adopted the provisions of FASB ASC 820, Fair Value Measurement. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Reclassification

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily related to the presentation of revenues in the Statement of Activities and Change in Net Assets Without Donor Restrictions and had no effect on the previously reported change in net assets.

Subsequent Events

Management has evaluated subsequent events through February 27, 2026, the date at which the financial statements were available to be issued.

THE GEORGE AND CAROL OLMSTED FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

3. Fair Value Measurements and Investments

In accordance with FASB ASC 820, Fair Value Measurement, the Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Foundation has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended December 31, 2025. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.
- *Equities* - Value is based on quoted market price at the reporting date for those or similar investments in active markets.
- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by the Foundation are deemed to be actively traded.

THE GEORGE AND CAROL OLMSTED FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

3. Fair Value Measurements and Investments (continued)

- *Private Equity* - Valued at net asset value (NAV) as determined by the registered investment advisor. The NAV is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liability. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

US GAAP permits, as a practical expedient, the fair value of investments within scope to be estimated using the net asset value (NAV) or its equivalent. NAV or its equivalent is the value per share or value of ownership interest in partner's capital, as provided by the fund, which prepares its financial statements in a manner consistent with measurement principles of an investment company or that have the attributes of an investment company. In many instances, NAV will not equal fair value that would be calculated pursuant to the Fair Value Measurement Topic.

Investments that are measured at fair value using NAV per share as a practical expedient have been omitted from the fair value hierarchy.

The private equity funds consist of NB Private Market Fund III (TE) LLC (Excelsior), NB Crossroads Private Market Funds V (TE) LP (Crossroads), and NB Secondary Opp V Access Fund, LP (Offshore) (Secondary).

- The Foundation has committed to invest \$1,400,000 in Excelsior. As of December 31, 2025, Excelsior closed out its fund, eliminating the Foundation's commitment.
- The Foundation has committed to invest \$1,500,000 in Crossroads. As of December 31, 2025, the unfunded portion of the Foundation's commitment totaled \$450,000.
- The Foundation has committed to invest \$500,000 in Secondary. As of December 31, 2025, the unfunded portion of the Foundation's commitment totaled \$237,500.

The private equity funds have not yet identified all the potential investments that will ultimately be made with the commitments received. Commitments may be drawn down at any time by making the capital call upon at least 10 business days written notice. The private equity funds seek to achieve their investment objective through investments in a diversified portfolio of professionally managed private equity portfolio funds and select direct investments in portfolio companies. The private equity funds will primarily invest in newly formed private equity portfolio funds.

THE GEORGE AND CAROL OLMSTED FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

3. Fair Value Measurements and Investments (continued)

These investments should be considered illiquid. The return of capital and the realization of gains, if any, generally will occur only upon partial or complete disposition of an underlying investment by a portfolio fund. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Before such time, there may be no current return on the investments.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2025:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments				
Equities:				
Large cap funds	\$ 12,782,253	\$ -	\$ -	\$ 12,782,253
Small cap funds	4,686,515	-	-	4,686,515
Internationally developed	6,592,558	-	-	6,592,558
Mid cap funds	6,440,305	-	-	6,440,305
Emerging market and small cap funds	<u>3,230,767</u>	<u>-</u>	<u>-</u>	<u>3,230,767</u>
Total equities	<u>33,732,398</u>	<u>-</u>	<u>-</u>	<u>33,732,398</u>
Mutual funds:				
Growth/hedge funds	3,777,691	-	-	3,777,691
Real estate	2,174,611	-	-	2,174,611
Commodities	1,243,416	-	-	1,243,416
Investment grade taxable	6,965,996	-	-	6,965,996
Global high yield	426,558	-	-	426,558
Internationally developed	<u>177,757</u>	<u>-</u>	<u>-</u>	<u>177,757</u>
Total mutual funds	<u>14,766,029</u>	<u>-</u>	<u>-</u>	<u>14,766,029</u>
Money market funds	<u>975,733</u>	<u>-</u>	<u>-</u>	<u>975,733</u>
Total investments using fair value hierarchy	<u>49,474,160</u>	<u>-</u>	<u>-</u>	<u>49,474,160</u>
Investments measured at NAV per practical expedient - Private equity funds				<u>1,855,469</u>
TOTAL INVESTMENTS				<u>\$ 51,329,629</u>

THE GEORGE AND CAROL OLMSTED FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

4. Availability and Liquidity

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 297,867
Investments	51,329,629
Estimated Federal excise tax receivable	30,215
Less: Private equity funds	<u>(1,855,469)</u>

**Financial assets available to meet cash needs for
general expenditures within one year** **\$ 49,802,242**

The Foundation funds its annual operations by spending approximately 5% of its investment corpus. The Foundation draws down equal portions of its corpus on a monthly basis to satisfy requirements as they become due. Additional expenditures can be made if approved by the Board.

5. Contributions and Grants

The Olmsted Scholar Program, in cooperation with the three U.S. military departments and the Department of Homeland Security, selects career officers each year to receive educational grants for a two-year period of study in a foreign country. The officers are graduates of military academies, or are commissioned through the Reserve Officer Training Corps (ROTC) program or another source of commission.

Grants are recorded in the year in which they are awarded. In addition, Olmsted Scholars are reimbursed for various expenses incurred related to the Olmsted Scholar Program. These reimbursements are expensed in the year requested.

The Internal Revenue Service (IRS), in a letter dated November 24, 1971, approved this scholarship program. Pursuant to the Foundation's request, the IRS approved a modification of the program in a letter dated October 30, 1997. Grants for this program totaled \$617,485 in 2025.

The following is a schedule of the future estimated Scholars' payments:

<u>Year Ending December 31,</u>	
2026	\$ 493,284
2027	256,991
2028	<u>41,058</u>
Total Future Estimated Scholar Payments	<u>\$ 791,333</u>

THE GEORGE AND CAROL OLMSTED FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

5. Contributions and Grants (continued)

Contribution and grants expense for the year ended December 31, 2025 consisted of the following:

US Military Academy	\$ 136,000
US Naval Academy	120,000
US Air Force Academy	120,000
US Coast Guard Academy	27,000
Title 10 Senior Military Colleges	151,000
Society of the Cincinnati	<u>20,000</u>
Total Other Contributions	<u>\$ 574,000</u>

6. Commitment and Contingency

Lease Commitment

The Foundation follows FASB ASC 842 for leases. The Foundation has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. The Foundation has also elected to use a risk-free rate as the discount rate as allowed under FASB ASC 842.

In April 2013, the Foundation signed a 74-month lease, commencing January 2014. In January 2020, the Foundation signed an amendment to the lease extending the term of the lease to June 2025. In June 2025, the Foundation signed another amendment to the lease extending the lease term to July 2032. In addition to two months of abated rent, the Foundation will receive a tenant improvement allowance for up to \$10,000 which the Foundation plans to utilize in future years. Base rent was \$67,738 for the first two years of the extended lease, with an annual increase of 2.5% per year thereafter.

The Foundation recorded a right-of-use asset in the amount of \$401,546 (net of \$23,573 accumulated amortization), and an operating lease liability in the amount of \$408,081 as of December 31, 2025. The risk-free rate of 3.97% was used as the discount rate. The lease expense, including imputed interest and amortization of the right-of-use asset plus the straight-line rent expense for the year ended December 31, 2025, was \$66,334. Rent payments made during the year ended December 31, 2025 totaled \$62,090.

THE GEORGE AND CAROL OLMSTED FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2025

6. Commitment and Contingency (continued)

The following is a schedule of the future minimum lease payments:

<u>Year Ending December 31,</u>		
2026	\$	62,093
2027		68,443
2028		70,153
2029		71,904
2030		73,703
2031 - 2032		120,247
Less: Imputed interest		<u>(58,462)</u>
		408,081
Less: Current portion		<u>(46,765)</u>
Long-term portion	\$	<u>361,316</u>

7. Retirement Plan

In 2004, the Foundation adopted retirement arrangements for the benefit of its employees. Employees may contribute a portion of their current compensation, on either a pre-tax or an after-tax basis, into a 403(b) salary deferral plan. The Foundation also established a SEP IRA retirement plan and currently, on behalf of each employee, makes a 5% contribution of base compensation to this separate retirement plan. Contributions to the Plan during the year ended December 31, 2025 totaled \$40,472.

8. Excise Taxes

The Foundation is subject to excise tax on its net investment income. During the year ended December 31, 2025, the Foundation had net taxable investment earnings of approximately \$4,060,000, which resulted in current excise taxes of approximately \$56,400. The excise tax rate was 1.39% for 2025.

As of December 31, 2025, the market value of the Foundation's investment portfolio was approximately \$9,475,000 greater than the portfolio's original cost. A deferred tax liability of approximately \$131,700 is reflected in the accompanying Statement of Financial Position as of December 31, 2025.