



THE RONALD REAGAN PRESIDENTIAL
FOUNDATION AND INSTITUTE

FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022



Rose, Snyder & Jacobs LLP
ACCOUNTANTS & ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
The Ronald Reagan Presidential
Foundation and Institute

Opinion

We have audited the accompanying financial statements of The Ronald Reagan Presidential Foundation and Institute (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of September 30, 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 financial statements referred to above present fairly, in all material respects, the financial position of The Ronald Reagan Presidential Foundation and Institute as of September 30, 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. 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 Ronald Reagan Presidential Foundation and Institute 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 available to be issued.

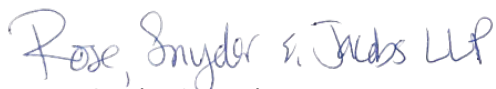
Auditor's Responsibilities for the Audit of the Financial Statements

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 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.


Rose, Snyder & Jacobs LLP

Encino, California
February 16, 2024

THE RONALD REAGAN PRESIDENTIAL FOUNDATION AND INSTITUTE
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

ASSETS		
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,190,138	\$ 3,659,786
Pledges receivable - net (notes 3 and 14)	1,772,806	1,820,939
Museum store inventory - net	968,514	834,953
Prepaid expenses, accounts receivable and other assets (notes 4 and 11)	2,027,436	1,802,168
TOTAL CURRENT ASSETS	12,958,894	8,117,846
INVESTMENTS (note 5)	265,429,288	224,550,712
PLEDGES RECEIVABLE - NET (notes 3 and 14)	36,387,156	56,368,972
LAND, BUILDINGS AND EQUIPMENT - NET (note 6)	89,165,117	92,494,199
BENEFICIAL INTEREST IN REAL PROPERTY (note 7)	4,220,000	4,220,000
OPERATING RIGHT-OF-USE ASSETS - NET (note 1 and 8)	3,216,337	-
FINANCED RIGHT-OF-USE ASSETS - NET (note 1 and 8)	546,135	778,946
TOTAL ASSETS	\$ 411,922,927	\$ 386,530,675
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 4,509,642	\$ 2,647,097
Deferred revenue	8,079,194	4,570,646
Note payable, current portion (note 9)	3,000,000	-
Operating lease liability, current portion (note 1 and 8)	94,969	-
Financed lease liability, current portion (note 1 and 8)	251,106	234,858
TOTAL CURRENT LIABILITIES	15,934,911	7,452,601
LONG-TERM LIABILITIES		
Note payable, net of current portion (note 9)	6,000,000	9,000,000
Charitable remainder annuity trusts (note 10)	45,419	50,394
Deferred revenue	1,506,084	1,767,840
Operating lease liability, net of current portion (note 1 and 8)	3,148,049	-
Financed lease liability, net of current portion (note 1 and 8)	332,968	584,074
TOTAL LIABILITIES	26,967,431	18,854,909
COMMITMENTS AND CONTINGENCIES (note 13)		
NET ASSETS (notes 15 and 16)		
Without donor restrictions	191,785,746	186,065,469
With donor restrictions	193,169,750	181,610,297
TOTAL NET ASSETS	384,955,496	367,675,766
TOTAL LIABILITIES AND NET ASSETS	\$ 411,922,927	\$ 386,530,675

See independent auditors' report and
notes to financial statements.

THE RONALD REAGAN PRESIDENTIAL FOUNDATION AND INSTITUTE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT:			
Contributions	\$ 15,714,300	\$ 3,028,153	\$ 18,742,453
Direct mail	795,804	-	795,804
Pledge support	-	3,312,376	3,312,376
Rental, admission and royalty income	7,972,907	-	7,972,907
Museum store sales	2,520,471	-	2,520,471
TOTAL REVENUE AND OTHER SUPPORT	27,003,482	6,340,529	33,344,011
OPERATING EXPENSES:			
Program services:			
Center for Public Affairs	1,265,826	-	1,265,826
Center for Public Civility	113,533	-	113,533
Presidential Learning Center	3,024,845	-	3,024,845
Library events and exhibits	11,137,518	-	11,137,518
Library and museum support and promotion	2,759,955	-	2,759,955
Ronald Reagan Institute	8,806,447	-	8,806,447
Museum store	2,294,796	-	2,294,796
Support services:			
Fundraising and development	3,119,586	(486,666)	2,632,920
Management and general	3,937,722	-	3,937,722
Member services	838,647	-	838,647
TOTAL OPERATING EXPENSES	37,298,875	(486,666)	36,812,209
NON-OPERATING ACTIVITIES			
Dividends and interest	1,804,763	1,955,369	3,760,132
Net realized and unrealized gain on investments	8,519,931	9,074,465	17,594,396
Total investment income	10,324,694	11,029,834	21,354,528
Interest expense	(606,600)	-	(606,600)
Amounts released from restriction	6,347,576	(6,347,576)	-
TOTAL NON-OPERATING ACTIVITIES	16,065,670	4,682,258	20,747,928
CHANGES IN NET ASSETS	5,770,277	11,509,453	17,279,730
Transfers for endowment purposes	(50,000)	50,000	-
NET ASSETS - BEGINNING OF YEAR	186,065,469	181,610,297	367,675,766
NET ASSETS - END OF YEAR	\$ 191,785,746	\$ 193,169,750	\$ 384,955,496

See independent auditors' report and
notes to financial statements.

THE RONALD REAGAN PRESIDENTIAL FOUNDATION AND INSTITUTE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT:			
Contributions	\$ 11,557,715	\$ 3,989,837	\$ 15,547,552
Direct mail	907,774	-	907,774
Pledge support	-	3,083,735	3,083,735
Rental, admission and royalty income	6,134,822	-	6,134,822
Museum store sales	1,981,312	-	1,981,312
Grant revenue	255,069	-	255,069
TOTAL REVENUE AND OTHER SUPPORT	20,836,692	7,073,572	27,910,264
OPERATING EXPENSES:			
Program services:			
Center for Public Affairs	1,015,770	-	1,015,770
Presidential Learning Center	3,348,673	-	3,348,673
Library events and exhibits	9,489,353	-	9,489,353
Library and museum support and promotion	2,275,942	-	2,275,942
Ronald Reagan Institute	7,493,686	-	7,493,686
Museum store	1,891,180	-	1,891,180
Support services:			
Fundraising and development	2,754,081	47,002	2,801,083
Management and general	3,686,618	-	3,686,618
Member services	904,465	-	904,465
TOTAL OPERATING EXPENSES	32,859,768	47,002	32,906,770
NON-OPERATING ACTIVITIES			
Dividends and interest	1,725,706	1,891,381	3,617,087
Net realized and unrealized loss on investments	(17,043,912)	(18,849,496)	(35,893,408)
Total investment income (loss)	(15,318,206)	(16,958,115)	(32,276,321)
Interest expense	(307,272)	-	(307,272)
Amounts released from restriction	5,451,528	(5,451,528)	-
TOTAL NON-OPERATING ACTIVITIES	(10,173,950)	(22,409,643)	(32,583,593)
CHANGES IN NET ASSETS	(22,197,026)	(15,383,073)	(37,580,099)
Transfers for endowment purposes	(105,000)	105,000	-
NET ASSETS - BEGINNING OF YEAR	208,367,495	196,888,370	405,255,865
NET ASSETS - END OF YEAR	\$ 186,065,469	\$ 181,610,297	\$ 367,675,766

See independent auditors' report and
notes to financial statements.

THE RONALD REAGAN PRESIDENTIAL FOUNDATION AND INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program Services						Support Services			Total	
	Center for Public Affairs	Center on Public Civility	Presidential Learning Center	Library Events and Exhibits	Library and Museum Support and Promotion	Ronald Reagan Institute	Museum Store	Fundraising and Development	Management and General		Member Services
OPERATING EXPENSES:											
Personnel and related expenses	\$ 396,671	\$ 35,902	\$ 1,336,421	\$ 1,176,120	\$ 1,095,643	\$ 2,596,577	\$ 881,291	\$ 1,569,552	\$ 1,574,858	\$ 358,009	\$ 11,021,044
Depreciation and amortization	12,554	-	89,180	3,636,563	68,810	1,050,814	30,865	3,516	43,223	1,095	4,936,620
Provision for doubtful pledges	-	-	-	-	-	-	-	-	-	-	-
Exhibits	-	-	-	2,215,598	-	-	-	-	-	-	2,215,598
Event expenses	685,333	-	261,470	455,269	79,439	2,185,097	-	304,579	2,587	72	3,973,846
Occupancy, equipment and repairs	8,639	22,304	10,792	2,633,921	23,183	484,923	31,602	27,108	138,782	-	3,381,254
Outside services and fees	22,917	51,600	28,319	48,011	408,970	1,115,924	81,132	94,182	979,411	48,403	2,878,869
Advertising and marketing	81,473	-	135,732	49,429	1,033,626	472,444	15,483	10,945	-	12,847	1,811,979
Cost of museum store sales	-	-	-	-	-	-	1,199,886	-	-	-	1,199,886
Direct mail	-	-	2,000	-	-	9,850	-	793,885	-	215,726	1,021,461
Legal and professional fees	26,866	-	616,912	66,808	-	370,502	6,680	50,420	924,436	90,273	2,152,897
Grants and contributions	-	-	434,181	-	-	109,250	-	67,017	-	-	610,448
Travel and entertainment	23,197	2,079	91,554	1,606	4,955	332,915	8,937	179,563	46,944	72	691,822
Museum support	-	-	-	80,764	-	-	-	1,020	-	88,688	170,472
Supplies	8,176	1,648	18,284	32,915	45,329	56,724	38,920	17,800	121,364	23,462	364,622
Insurance	-	-	-	740,514	-	21,427	-	-	106,117	-	868,058
Provision for doubtful pledges	-	-	-	-	-	-	-	(486,667)	-	-	(486,667)
TOTAL OPERATING EXPENSES	\$ 1,265,826	\$ 113,533	\$ 3,024,845	\$ 11,137,518	\$ 2,759,955	\$ 8,806,447	\$ 2,294,796	\$ 2,632,920	\$ 3,937,722	\$ 838,647	\$ 36,812,209

See independent auditors' report and notes to financial statements.

THE RONALD REAGAN PRESIDENTIAL FOUNDATION AND INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program Services					Support Services			Total	
	Center for Public Affairs	Presidential Learning Center	Library Events and Exhibits	Library and Museum Support and Promotion	Ronald Reagan Institute	Museum Store	Fundraising and Development	Management and General		Member Services
OPERATING EXPENSES:										
Personnel and related expenses	\$ 325,771	\$ 1,359,081	\$ 1,079,368	\$ 784,168	\$ 2,230,627	\$ 755,574	\$ 1,382,393	\$ 1,589,554	\$ 514,456	\$ 10,020,993
Depreciation and amortization	37,532	37,793	3,657,410	31,502	1,008,761	29,251	3,513	50,037	1,094	4,856,894
Exhibits	-	-	846,940	-	-	-	-	-	-	846,940
Occupancy, equipment and repairs	2,323	12,275	2,262,983	53,266	422,268	28,185	7,273	107,789	-	2,896,362
Outside services and fees	24,409	100,633	166,328	352,261	992,532	51,409	81,048	879,533	36,867	2,685,020
Event expenses	592,000	266,257	452,391	13,480	1,643,481	-	158,715	8,480	7,933	3,142,737
Legal and professional fees	1,640	822,468	86,796	8,088	319,420	13,860	16,000	710,610	-	1,978,882
Direct mail	-	11,148	-	-	2,735	-	838,907	-	178,559	1,031,349
Advertising and marketing	14,494	100,801	103,760	967,934	411,446	7,908	10,735	-	2,142	1,619,220
Provision for doubtful pledges	-	-	-	-	-	-	47,002	-	-	47,002
Grants and contributions	-	560,106	-	-	124,750	-	37,958	-	-	722,814
Cost of museum store sales	-	-	-	-	-	964,511	-	-	-	964,511
Insurance	-	-	665,793	-	18,979	-	-	96,523	-	781,295
Supplies	2,635	14,852	34,666	55,551	47,457	30,353	12,383	218,031	1,328	417,256
Travel and entertainment	14,966	63,258	33,212	9,692	271,230	10,129	202,783	26,062	853	632,184
Museum support	-	-	99,706	-	-	-	2,373	-	161,232	263,311
TOTAL OPERATING EXPENSES	\$ 1,015,770	\$ 3,348,673	\$ 9,489,353	\$ 2,275,942	\$ 7,493,686	\$ 1,891,180	\$ 2,801,083	\$ 3,686,618	\$ 904,465	\$ 32,906,770

See independent auditors' report and notes to financial statements.

THE RONALD REAGAN PRESIDENTIAL FOUNDATION AND INSTITUTE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 17,279,730	\$ (37,580,099)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Provision for doubtful pledges	(486,667)	47,002
Depreciation and amortization of buildings and equipment	4,703,811	4,654,159
Depreciation of right-of-use - financed assets	317,233	202,735
Amortization of pledges receivable present value discount	(886,872)	(79,563)
Non-cash contribution revenue	(18,682)	(37,438)
Investment (income) loss	(21,354,528)	32,276,321
Change in value of beneficial interest in real property	-	(95,000)
Changes in operating assets and liabilities:		
Pledges receivable	21,364,869	(1,355,524)
Museum store inventory	(133,562)	(6,157)
Prepaid expenses, accounts receivable and other assets	(225,268)	(217,211)
Accounts payable and accrued expenses	1,862,547	951,543
Deferred revenues	3,246,792	790,761
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>25,669,403</u>	<u>(448,471)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(21,344,780)	(1,558,748)
Proceeds from sale of investments	1,878,032	2,583,225
Purchase of land, buildings and equipment	<u>(1,374,729)</u>	<u>(700,859)</u>
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	<u>(20,841,477)</u>	<u>323,618</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Charitable remainder annuity trusts	(4,975)	(10,099)
Payments on financed right-of-use assets	<u>(292,599)</u>	<u>(191,950)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(297,574)</u>	<u>(202,049)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,530,352	(326,902)
CASH AND CASH EQUIVALENTS - beginning of year	<u>3,659,786</u>	<u>3,986,688</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 8,190,138</u>	<u>\$ 3,659,786</u>
SUPPLEMENTARY DISCLOSURE:		
Interest paid in cash	<u>\$ 540,917</u>	<u>\$ 227,253</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Contributions of investments	<u>\$ 18,682</u>	<u>\$ 37,438</u>
Contributions of investments as repayment of pledges receivable	<u>\$ 38,618</u>	<u>\$ 147,746</u>
Right-of-use assets acquired through operating leases	<u>\$ 3,325,484</u>	<u>\$ -</u>
Right-of-use assets acquired through finance leases	<u>\$ -</u>	<u>\$ 245,074</u>

See independent auditors' report and
notes to financial statements.

Note 1 – Organization and Summary of Significant Accounting Policies

Organization: The Ronald Reagan Presidential Foundation was incorporated on February 27, 1985, in the state of California to obtain funding from private sources necessary to construct The Ronald Reagan Presidential Library and Museum (the “Library”) in Simi Valley, California. On April 9, 2014, the organization changed its name to The Ronald Reagan Presidential Foundation and Institute (the “Foundation”). The Foundation is the sole nonprofit organization created by President Reagan charged with advancing his legacy and principles – individual liberty, economic opportunity, freedom and democracy, peace through strength, and national pride.

The Foundation is a non-partisan organization which sustains the Ronald Reagan Presidential Library and Museum in Simi Valley, CA, the Center for Public Affairs, the Walter and Leonore Annenberg Presidential Learning Center, the Air Force One Pavilion, the award-winning Reagan Leadership Center, and the Reagan Institute, which carries out the Foundation’s mission in Washington, D.C.

The Reagan Library houses more than 55 million pages of Presidential, Gubernatorial and personal papers, 1.5 million photographs, and over 60,000 gifts and artifacts chronicling the lives of Ronald and Nancy Reagan. It now also serves as the final resting place of America’s 40th President and his first lady.

Basis of Presentation: The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which involves the application of accrual accounting. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. The Foundation’s net assets without donor restrictions include general, museum store or board-designated amounts. Net assets without donor restrictions include board-designated funds for endowment purposes which function as endowment until otherwise specified by the Board of Trustees. Net assets with donor restrictions comprise pledges due to, and contributions received by, the Foundation for which donors have restricted the use of such funds to a specified purpose or for a period of time. Endowment funds included in net assets with donor restrictions represent donor designated endowment fund earnings and un-appropriated earnings from other endowment funds with donor restrictions in perpetuity. Endowment amounts are maintained in perpetuity, with only the income to be used to support operations or another specified purpose. Such undistributed earnings from donor-restricted endowments, remain as net assets with donor restrictions until appropriated for current year operations upon Board of Trustees approval of annual endowment distributions and utilized in accordance with their purpose restriction (if any), at which time they become net assets without donor restrictions.

See independent auditors’ report.

Note 1 – Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition: Unconditional promises to give are recognized as revenue in the period pledged. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met. An allowance for doubtful amounts is determined using the age of the pledge, creditworthiness of the donor and historical collection experience.

Revenue from museum admission fees, facility rentals and museum store operations is recognized at the time of sale or at the time the event is held.

The Foundation reports contributions and pledge support as either net assets with donor restrictions if such items are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions whose restrictions are met in the same year as the contributions are made are initially classified as net assets with donor restrictions. If a donor changes the restrictions on a contribution, the re-designation is reflected in the statements in the year the designation is changed.

Conditional Pledges: Conditional pledges, having both the existence of a barrier and right of return to the donor are classified as refundable advances when received as a cash advance and are recognized as revenue when the conditions are satisfied. At September 30, 2023 and 2022, deposits and advances received from conditional grants and corporate sponsorships included in deferred revenue totaled \$1,793,061 and \$1,290,625, respectively, and are presented as deferred revenue on the statements of financial position. At September 30, 2023 and 2022, conditional grants and corporate sponsorships awarded, but not yet received and recognized as revenue, totaled \$6,995,828 and \$7,537,500, respectively.

See independent auditors' report.

Note 1 – Organization and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents and Short-Term Investments: Cash and cash equivalents include amounts on hand and on deposit at financial institutions which are intended for operations and exclude money market funds held for investment. Short-term investments include liquid securities intended to be converted to cash within 12 months.

Museum Store Inventory: Inventory consists of goods held for sale in the Foundation’s Museum store and is stated at the lower of cost (first-in, first-out method) or net realizable value.

Investments: Investments are classified as long-term and stated at fair value based on current market price, if available.

Land, Buildings and Equipment: Buildings, exhibits, furniture, fixtures and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives, which range from 5 to 40 years.

Endowment Funds: See note 16 for endowment funds.

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 revenue and expenses during the reporting period. Management uses its historical records and knowledge of its activities in making these estimates. Accordingly, actual results could differ from those estimates.

Collections: The Library stores and displays significant collections of both Presidential and personal artifacts, documents, and photographic information, which are owned and controlled by NARA and therefore are not reflected in these financial statements. The Foundation owns a much smaller collection of personal (non-presidential) items, gifted by President Reagan and Mrs. Reagan and others. While some of these items are displayed in the Museum and other non-public areas of the library, the bulk of these items are kept in permanent storage. The Foundation has, for many years, transferred these stored items to NARA for safekeeping. The Foundation works with NARA to ensure that these items are properly housed and catalogued. None of these Foundation-owned items are recognized as assets on the Foundation’s statement of financial position and to date the Foundation has not disposed of any of its collections.

See independent auditors’ report.

Note 1 – Organization and Summary of Significant Accounting Policies (Continued)

Statement of Functional Expenses: The Foundation allocates its expenses on a functional basis among its various programs and support services. Expenditures that can be identified with a specific program or support service are allocated directly, according to their natural expenditure. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records and estimates made by the Foundation's management.

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Depreciation expense is allocated using a combination of specific identification and square footage. For assets that are specific to certain functions, the corresponding depreciation expense is charged to those functions. For assets that are not specific to certain functions, the corresponding depreciation expense is allocated among program services and support services based primarily on the ratio of space occupied.

Income Taxes: The Foundation is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code ("IRC") and is also exempt from state franchise taxes.

The Foundation adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification 740-10-25, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and provides guidance on the recognition, de-recognition and measurement of benefits related to an entity's uncertain tax positions, if any. The Foundation has identified and evaluated their significant tax positions for which the statute of limitations remains open and determined there are no material unrecognized tax benefits or liabilities to be recorded. The Foundation's policy is to include interest and penalties related to unrecognized tax benefits in income tax expense. Interest and penalties totaled \$0 for the years ended September 30, 2023 and 2022.

Net Assets without Donor Restrictions: Net assets without donor restrictions represent resources which do not have donor-imposed stipulations and are available to support the Foundation's operations.

Net Assets with Donor Restrictions: Net assets with donor restrictions consist of assets whose use is limited by donor imposed, time and/or purpose restrictions. When the restrictions expire the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions of \$6,347,576 and \$5,451,528 were released from restrictions for the years ended September 30, 2023 and 2022, respectively and used by management for general operating purposes.

There are also net assets with donor restrictions that include a stipulation that the donated assets be maintained on a permanent basis while permitting the Foundation to spend the income earned on the assets for the specified purpose designated by the donor.

See note 15 for more information on the composition of net assets with donor restrictions.

See independent auditors' report.

Note 1 – Organization and Summary of Significant Accounting Policies (Continued)

Leases: The Foundation recognizes leases under FASB ASC 842, *Leases*. Under ASC 842, a lessee should recognize in the statements of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term.

The Foundation leases audio and video equipment under financing leases and office space, warehouse space, and equipment under operating leases. The Foundation evaluates the contracts to determine if an arrangement is a lease at inception and classify it as a finance or operating lease. Leased assets and corresponding liabilities are recognized based on the present value of the lease payments over the lease term.

Costs associated with short-term operating leases are expensed as they are incurred. At the time of adopting this standard, the Foundation had no operating or financing leases outstanding. The Foundation adopted the standard using the prospective approach and did not retrospectively apply to prior periods. Right-of-use assets are recorded in long-term assets on the statements of financial position. Current and non-current lease liabilities are recorded as financing and operating lease liabilities within current liabilities and long-term liabilities, respectively, on the statements of financial position.

The Foundation has made certain assumptions and judgments when applying ASC 842, the most significant of which are:

- The Foundation elected the package of practical expedients available for transition that allow the Foundation to not reassess whether expired or existing contracts contain leases under the new definition of a lease, lease classification for expired or existing leases and whether previously capitalized initial direct costs would qualify for capitalization under ASC 842.
- The Foundation did not elect to use hindsight when considering judgments and estimates such as assessments of lessee options to extend or terminate a lease or purchase the underlying asset.
- For all asset classes, the Foundation elected to not recognize a right-of-use asset and lease liability for short-term leases.
- The determination of the discount rate used in a lease is our estimated incremental borrowing rate that is based on what the Foundation would expect to pay to borrow over a similar term an amount equal to the lease payments.

See independent auditors' report.

Note 1 – Organization and Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments: The Foundation has adopted guidance issued by the FASB that defines fair value, establishes a framework for measuring fair value in accordance with existing Generally Accepted Accounting Principles, and expands disclosures about fair value measurements. Assets and liabilities recorded at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The categories are as follows:

<u>Level Input:</u>	<u>Input Definition:</u>
Level I	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs, other than quoted prices included in Level I, that are observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The Foundation's policy is to recognize transfers between Level I, II, and III as of the end of the fiscal year during which the event or circumstances that caused the transfer occurred.

Carrying amounts reported in the statement of financial position for cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities approximate fair value because of their immediate or short-term nature. The fair value of borrowings is not considered to be significantly different than its carrying amount because the stated rates for such debt reflect current market rates and conditions.

See independent auditors' report.

Note 2 – Liquidity of Assets and Availability of Resources

The Foundation’s financial assets available within one year from September 30, 2023 and 2022 for general expenditures are as follows:

	2023	2022
Cash and cash equivalents	\$ 8,190,138	\$ 3,659,786
Accounts receivable	869,689	583,616
Pledges receivable – net, current portion	1,772,806	1,820,939
Total financial assets available to management for general expenditure within one year	\$ 10,832,633	\$ 6,064,341

The Foundation is supported by earned revenue, contributions and endowment support. The Foundation maintains a policy structuring its financial assets to be available as its general expenditures, liabilities, and other obligations require. In addition, the Foundation invests cash in excess of monthly requirements in short-term investments. To help manage unanticipated liquidity needs, the Foundation has a committed line of credit of \$5,000,000, which it could draw upon. Additionally, the Foundation has Board Designated net assets without donor restrictions that, while the Foundation does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

Note 3 – Pledges Receivable

Pledges receivables are expected to be collected as follows at September 30:

	2023	2022
Within one year	\$ 2,706,139	\$ 3,270,939
From one to five years	16,215,182	36,837,688
Over five years	27,873,227	28,186,325
	46,794,548	68,294,952
Present value discount *	(7,701,253)	(8,588,039)
Allowance for doubtful pledges - current	(933,333)	(1,450,000)
Allowance for doubtful pledges - long-term	-	(67,002)
	38,159,962	58,189,911
Less current portion, net	1,772,806	1,820,939
Long-term pledges receivable, net	\$ 36,387,156	\$ 56,368,972

* Anticipated pledge payments are discounted at the U.S. Treasury Bill rate for the pledge period at the time the pledge is received.

Total bequests and conditional pledges, which are not included in the financial statements, were \$53,505,453 and \$54,020,708 at September 30, 2023 and 2022, respectively.

See independent auditors’ report.

Note 4 – Prepaid Expenses, Accounts Receivable and Other Assets

Accounts receivable include amounts owed by NARA for reimbursement of costs incurred by the Foundation on behalf of NARA, as well as amounts owed for pledged gifts and imaging service provider royalties.

Prepaid expenses include temporary exhibition and event costs incurred in advance of the exhibition or event dates. Costs are expensed during the exhibition period or when the event occurs.

Note 5 – Investments

Investments are carried at fair value with realized and unrealized gains and losses, interest and dividends reflected in the statements of activities. Investments are money market funds, equity mutual funds, commodities mutual funds, marketable equity securities and private securities. These funds were measured at fair value using quoted market prices and were classified as Level I. If the fund is not trading on a regular basis, it is classified as Level II. Private securities are valued at the best estimates available and are classified as Level III.

During the years ended September 30, 2023 and 2022, the Foundation had investments in private securities through the Endowment, which do not have quoted market price and is therefore classified as Level III. Management obtains an updated valuation report annually to determine the fair value.

Following is a summary of the fair values of investments measured on a recurring basis at September 30:

	September 30, 2023			
	Level I	Level II	Level III	Total
Money market funds held for investment	\$ 4,411,725	\$ -	\$ -	\$ 4,411,725
Equity mutual funds	15,546,544	80,706,771	-	96,253,315
Fixed income mutual funds	82,581,618	31,400,583	-	113,982,201
Trust funds held for others	376,454	675	-	377,129
Private securities	-	-	50,404,918	50,404,918
Total investments	<u>\$ 102,916,341</u>	<u>\$ 112,108,029</u>	<u>\$ 50,404,918</u>	<u>\$ 265,429,288</u>

	September 30, 2022			
	Level I	Level II	Level III	Total
Money market funds held for investment	\$ 5,993,875	\$ -	\$ -	\$ 5,993,875
Equity mutual funds	16,334,145	55,926,616	-	72,260,761
Fixed income mutual funds	72,223,170	23,449,795	-	95,672,965
Trust funds held for others	372,423	934	-	373,357
Private securities	-	-	50,249,754	50,249,754
Total investments	<u>\$ 94,923,613</u>	<u>\$ 79,377,345</u>	<u>\$ 50,249,754</u>	<u>\$ 224,550,712</u>

See independent auditors' report.

Note 5 – Investments (Continued)

The following table summarizes our fair value measurements using significant Level II and III inputs, and changes therein, for the years ended September 30, 2023 and 2022:

	Level II	Level III
Balance as of September 30, 2021	\$ 99,501,577	\$ 50,249,755
Net purchases (sales)	(955,439)	433,663
Net unrealized gains (losses)	(19,752,314)	(1,671,669)
Net realized gains (losses)	583,521	1,238,005
Balance as of September 30, 2022	79,377,345	50,249,754
Net purchases (sales)	20,842,750	354,583
Net unrealized gains (losses)	11,348,765	(862,677)
Net realized gains (losses)	539,169	663,258
Balance as of September 30, 2023	<u>\$ 112,108,029</u>	<u>\$ 50,404,918</u>

The fundamental investment objectives for investments are to ensure safety and preservation of principal, meet liquidity needs, apply diversification and risk limits appropriate to the investment pools and achieve optimal net investment returns subject to the risk tolerance, investment pool objectives and policy constraints. The asset pools in which the endowment funds are invested require current income which is the minimum needed for expenses and prudent liquidity, growth of income for planning and execution of distributions, and capital growth for the long term and sustainability. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially impact the amounts reported in the financial statements.

Risk and Uncertainties: The Foundation invests in various types of investment securities that are exposed to various risks, such as interest rate, 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 values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of financial position.

See independent auditors' report.

Note 6 – Land, Buildings and Equipment

Land, buildings and equipment consisted of the following at September 30:

	2023	2022
Land	\$ 24,227,916	\$ 24,227,916
Buildings and land improvements	116,389,620	115,815,080
Construction in progress	249,129	1,177,073
Furniture, fixtures and equipment	13,337,001	12,890,640
Exhibits	21,500,455	20,226,755
Museum store furniture and fixtures	805,321	797,250
	176,509,442	175,134,714
Less accumulated depreciation	(87,344,325)	(82,640,515)
Land, buildings and equipment-net	\$ 89,165,117	\$ 92,494,199

Note 7 – Beneficial Interest in Real Property

On October 12, 2020, the Foundation was named as a beneficiary of a beneficial interest in real property. The Foundation has an interest in the asset held in the trust. Under the terms of the trust, the Foundation will receive the net proceeds from the sale of the real property. The Foundation recorded its beneficial interest in this trust at fair market value net of estimated real estate commissions and allocated payment to beneficiary of \$150,000. The estimated market value of the property is based on the property's appraisal, and there are no registered mortgages or liens against the property. The proceeds from the sale shall be used and applied for maintaining the Ronald Reagan Library, procurement of items for exhibits, and promotion and marketing expenses. At September 30, 2023 and 2022, the net fair value of the beneficial interest in real property was \$4,220,000 and \$4,220,000, respectively.

See independent auditors' report.

Note 8 – Financed Right-of-Use Assets and Operating Right-of-Use Assets

Financed Right-of-Use-Assets: On December 3, 2019, the Foundation entered into a lease financing obligation with a third party for the lease of audio and video equipment. The initial value of the lease was \$1,019,434, and bears interest between 5.25% - 7.57% per annum, which are payable monthly in the amount of \$20,089 and expire in July 2025. As of September 30, 2023, the present value of the financed right-of-use assets lease obligations were \$382,014 (net of imputed interest of \$24,951 and other costs of \$14,233). The total net cost of right-of-use assets under financed leases was \$352,012 at September 30, 2023.

On May 11 2022, the Foundation entered into a lease financing obligation with a third party for the lease of audio guides for the museum. The initial value of the lease was \$245,074, and bears interest at 5.125% per annum, which is payable quarterly in the amount of \$11,912 and expires in July 2028. As of September 30, 2023, the present value of the financed right-of-use assets lease obligations were \$202,060 (net of imputed interest of \$26,251). The total net cost of right-of-use assets under financed leases was \$194,123 at September 30, 2023.

The future estimated minimum lease payments required under these non-cancellable capital lease agreements at September 30, 2023 are as follows:

<u>Years ending September 30,</u>	
2024	\$ 288,714
2025	227,779
2026	47,648
2027	47,648
2028	37,720
	<u>649,509</u>
Less: Amounts representing interest and other costs	<u>(65,435)</u>
	584,074
Less: Current portion	<u>(251,106)</u>
Long-term portion	<u>\$ 332,968</u>

Amortization of the right-of-use assets under the financing lease is included in depreciation and amortization expense in the statements of functional expenses.

See independent auditors' report.

Note 8 – Financed Right-of-Use Assets and Operating Right-of-Use Assets (Continued)

Operating Right-of-Use-Assets: During the year ended September 30, 2023, the Foundation entered into a non-cancellable operating lease agreement for its office in Washington, DC that matures in April 2035. Monthly lease payments are \$13,604 and have annual increases thereafter. Rent expense totaled \$55,775 for this lease during the year ended September 30, 2023.

During the year ended September 30, 2023, the Foundation entered into various non-cancelable leases for facilities and equipment that mature through October 2027 with monthly payments ranging between \$984 and \$3,395. Rent expense totaled \$124,041 for these leases during the year ended September 30, 2023.

The future estimated minimum lease payments required under these non-cancellable operating lease agreements at September 30, 2023 are as follows:

Years ending September 30,	
2024	\$ 150,933
2025	342,340
2026	403,618
2027	453,672
2028	438,623
Thereafter	3,177,267
	4,966,453
Less: imputed interest	(1,723,435)
	3,243,018
Less: Current portion, net of imputed interest	(94,969)
Long-term portion	\$ 3,148,049

During the year-ended September 30, 2023, the Foundation’s weighted average discount rate and weighted average remaining lease term was 6.98% and 10.66 years, respectively.

See independent auditors’ report.

Note 9 – Note Payable and Line of Credit

In 2012, the Foundation purchased 140 acres of adjacent land for \$6,000,000. The land was financed with an interest-only loan from a bank with the principal and unpaid interest which was due on June 29, 2017. The loan agreement and note payable were both amended in May 2017 and again in June 2022 to extend the maturity date to June 29, 2027. Interest is calculated and paid monthly at a variable rate based on the greater of (a) the U.S. prime rate published in The Wall Street Journal minus 175 basis points per annum, or (b) 1.75% per annum. The average annual rate paid during the years ended September 30, 2023, and 2022 was 6.1% and 2.2%, respectively. During the years ended September 30, 2023, and 2022, interest expense totaled \$366,458, and \$133,216, respectively.

On September 13, 2019, the Foundation entered into a drawdown loan agreement with the same bank. The drawdown loan is a non-revolving, prime rate adjustable, interest-only loan in the amount of \$3,000,000 with the principal and unpaid interest due at maturity on September 13, 2024. Interest is calculated and paid monthly at a variable rate based on the greater of (a) the U.S. prime rate published in The Wall Street Journal minus 1.8% per annum, or (b) 3.45% per annum. The average annual rate paid during the years ended September 30, 2023, and 2022 was 6.1% and 3.6%, respectively. During the years ended September 30, 2023, and 2022, interest expense totaled \$181,521, and \$106,771 respectively.

The Foundation also has had a line of credit with the same bank since 2019. The line of credit is a revolving, prime adjustable, interest-only loan in the amount of \$5,000,000 with the principal and unpaid interest due at maturity, which was originally on September 13, 2022. The loan agreement and note payable were both amended in August 2022 to extend the maturity date to March 13, 2024. Interest is calculated and paid monthly at a variable rate based on the greater of (a) the U.S. prime rate published in The Wall Street Journal minus 0.75% per annum, or (b) 4.5% per annum. The Foundation took a disbursement on August 4, 2022, in the amount of \$250,000 at a rate of 4.75%. The principal was paid back on August 19, 2022, and interest expense totaled \$495. The Company did not draw on the line of credit during the year ended September 30, 2023.

The loan covenants for all three loans require unrestricted cash and investments remain above \$48 million to be measured on June 30 and December 31 each year. The Foundation was in compliance with its loan covenants.

Note 10 – Charitable Remainder Annuity Trusts

The Foundation is Trustee under certain Irrevocable Annuity Trust Agreements which require future payments to the Grantors. The present value of the expected future payments is recorded as a liability and adjusted annually based on actuarial assumptions.

See independent auditors' report.

Note 11 – Agreement with the National Archives and Records Administration

Upon completion of the Library's construction in 1991, NARA assumed responsibility for the operation, security, and maintenance of the Library as a presidential archival depository. However, the operation and maintenance of certain portions of the Library, including the areas designated for the museum store, the Air Force One Pavilion, and the Foundation offices remain the responsibility of the Foundation. In February 2016 the Foundation assumed responsibility of admissions to the museum. The Foundation had accounts payable to NARA totaling \$110,482 and \$151,195 at September 30, 2023, and 2022, respectively. Accounts receivable from NARA are for reimbursements for utilities and other general costs that are paid by the Foundation and amounted to \$363,316 and \$68,657 at September 30, 2023, and 2022, respectively. Accounts receivable from NARA accounted for approximately 42% and 12% of total accounts receivable at September 30, 2023, and 2022, respectively.

Note 12 – Retirement Plan

The Foundation has a defined contribution retirement plan for its employees under the provisions of IRC Section 403(b). Under the terms of this plan, employees who worked a minimum of 1,000 hours per year are eligible for participation after one year of service and the attainment of age 21. Vesting in Foundation contributions is 20% each year, with a participant 100% vested after five years of credited service. Plan contributions are made solely by the Foundation in the amount of 10% of the plan participants' compensation. Such contributions are made at the Board's discretion, not to exceed the statutory allowable amount. During the years ended September 30, 2023 and 2022, Foundation contributions were \$748,712 and \$495,691, respectively.

The Foundation established a 457(b) pension plan effective September 20, 2019. Under the terms of this plan, certain senior management employees of the Foundation as designated by the Board of Trustees are eligible for contributions. After a designated employee has completed one year of service with the Foundation, the Foundation's annual contribution to an eligible employee's 457(b) pension plan would be equal to the lesser of 10% of the employee's annual total compensation (excluding pension contributions) less any amount the Foundation contributes to the employee's 403(b) plan during a year, or \$19,000 (prorated from the date of one year of service, if applicable). The Board of Trustees may approve an increase to the existing annual contribution amount of \$19,000 in the future subject to the approval of the Board of Trustees. During the years ended September 30, 2023 and 2022, Foundation contributions were \$28,500 and \$38,000, respectively.

Note 13 – Commitments and Contingencies

Legal Matters: No legal proceedings have arisen that, in the opinion of management, would have a material adverse impact on the financial position or results of operations of the Foundation.

Foodservice Agreement: On October 23, 2018, the Foundation entered into an agreement with Sodexo America, Inc. ("Sodexo") wherein Sodexo provides exclusive food services and catering to the Library for a ten-year term commencing January 7, 2019. Under the agreement, Sodexo will invest \$2.4 million in the design, construction and renovation of the Foundation's food service facilities, and the purchase of furniture, fixtures, and equipment. The capital expenditures are being amortized on a straight-line basis over ten years commencing on January 7, 2019.

See independent auditors' report.

Note 13 – Commitments and Contingencies (Continued)

Foodservice Agreement (Continued): As part of the agreement, Sodexo incurred start-up and pre-opening costs and expenses of which only those costs actually expended up to but not exceeding \$250,000 may be liable by the Foundation. These costs are being amortized by Sodexo on a straight-line basis over a period of three years commencing on January 7, 2019. The Foundation has not recorded this liability on the statements of financial position.

If the Agreement with Sodexo is terminated prior to the completion of the amortization of these costs, the Foundation has agreed to reimburse Sodexo for the unamortized amounts. As of September 30, 2023 and 2022, under a revised agreement, the unamortized amounts for the capital expenditures totaled \$2 million and \$2 million, respectively, and are included in deferred revenues on the Statements of Financial Position. During the years ended September 30, 2023 and 2022, unamortized amounts for the start-up costs totaled \$27,966 and \$131,681, respectively.

Scholarships: In 2010, the Foundation received a \$5,000,000 contribution from GE Corporation to fund a ten-year national scholarship program. Terms of the contribution require the Foundation to fund \$300,000 per year for program costs and scholarships. Fund earnings are also restricted for scholarships. The annual amount awarded to each student shall not exceed \$10,000 and a scholarship recipient may be awarded a scholarship in each of four school years for a total of \$40,000. Scholarship recipients must continue to meet specific terms and conditions in order to continue to receive their scholarships.

On February 2, 2016, GE Corporation pledged an additional \$5,000,000 of additional funding to extend the life of the scholarship program and the Foundation has received the full amount from GE Corporation relating to this pledge.

Note 14 – Concentrations

Major Donors: The pledges from three donors accounted for approximately 55% and 56% of total pledges receivable at September 30, 2023 and 2022, respectively.

Major Accounts Receivable: Accounts receivable from two entities accounted for 91% and 83% of total accounts receivable at September 30, 2023 and 2022, respectively.

Concentration of Credit Risk: The Foundation maintains its cash at financial institutions which may, at times, exceed federally insured limits. Historically, the Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

See independent auditors' report.

Note 15 – Net Assets

Net Assets without Donor Restrictions: The Foundation’s net assets without donor restrictions include Board-designated funds functioning as endowment were as follows at September 30:

	2023	2022
Net assets - undesignated	\$ 75,069,039	\$ 79,107,498
Board designated funds functioning as endowment	116,716,707	106,957,971
Total net assets without donor restrictions	\$ 191,785,746	\$ 186,065,469

Net Assets with Donor Restrictions: Net assets with donor restrictions are restricted for the following purposes or periods were as follows at September 30:

	2023	2022
Subject to passage of time:		
Pledges receivable	\$ 8,676,851	\$ 7,801,747
Beneficial interest in real property	4,220,000	4,220,000
Undistributed endowment earnings	61,343,428	53,193,792
Subject to passage of time and purpose:		
Center for Public Affairs and Museum	1,131,289	1,421,184
Ronald Reagan Institute	23,659,324	23,195,322
Education	1,594,317	1,619,549
Subject to expenditure for a specified purpose:		
GE Scholarships	9,165,930	8,580,993
Center for Public Affairs and Museum	180,557	89,503
Ronald Reagan Institute	1,933,802	2,042,893
Education	1,633,191	1,768,750
Donald W. Reynolds Foundation		
Air Force Once Discovery Center	1,023,672	748,846
Walter and Leonore Annenberg Presidential Learning Center	2,863,257	2,327,854
Net assets restricted in perpetuity:		
Walter and Leonore Annenberg Presidential Learning Center	10,000,000	10,000,000
Donald W. Reynolds Foundation		
Air Force Once Discovery Center	6,500,000	6,500,000
Donald W. Reynolds Foundation		
Museum Maintenance	2,725,000	2,725,000
Education	1,000,000	1,000,000
Endowment fund investment in perpetuity	55,519,132	54,374,864
Total net assets with donor restrictions	\$ 193,169,750	\$ 181,610,297

See independent auditors’ report.

Note 15 – Net Assets (Continued)

Net assets with donor restrictions released during the years ended September 30, 2023 and 2022 include earnings from donor-restricted endowment approved for endowment distribution by the Board and net assets released from restrictions by incurring expenses satisfying the donor-restricted purposes or time requirements as summarized in the table below:

	2023	2022
Net assets released from restriction		
Subject to passage of time:		
Collection of pledges receivable	\$ 1,168,330	\$ 1,294,691
Endowment distribution	1,240,236	1,323,778
Subject to expenditure for a specific purpose:		
Center for Public Affairs and Museum	815,863	188,000
Ronald Reagan Institute	1,676,741	1,742,738
Education	1,421,406	902,321
Donald W. Reynolds Foundation		
Air Force Once Discovery Center	25,000	-
Total net assets released from restrictions	\$ 6,347,576	\$ 5,451,528

The Foundation’s endowment funds consist of (a) undesignated funds functioning as an endowment through designation by the Board and (b) donor-restricted endowment funds. The earnings of the Foundation’s endowment funds support the mission and operations of the Foundation.

Note 16 – Endowment Funds

Net Asset Classifications: In August 2008, the Financial Accounting Standards Board (“FASB”) issued guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”). The FASB guidance also improves disclosures about a foundation’s endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the Foundation is subject to UPMIFA. The Foundation classifies the donor-restricted endowment funds of perpetual duration as net assets with donor restrictions (permanently restricted). Gains and investment income on endowment funds are reported as increases in net assets without donor restrictions unless if such amounts are limited to specific uses by donor-imposed restrictions that are not met in the same year. From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level required to be maintained in perpetuity in accordance with UPMIFA or the applicable donor gift document, creating an “underwater” endowment fund. It is the policy of the Foundation not to spend from such funds. There were no such deficiencies as of September 30, 2023 and 2022.

See independent auditors’ report.

Note 16 – Endowment Funds (Continued)

Interpretation of Law: The Board of Trustees has interpreted the state law as requiring the 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. Consistent with UPMIFA and Board policy, the Foundation classifies the corpus of funds subject to UPMIFA as net assets with donor restrictions (permanently restricted) at the original value of gifts (including subsequent gifts) for donor-restricted endowment as required by the donor. Accumulated earnings of donor-restricted endowment are classified as with donor restrictions until distributed in accordance with UPMIFA and Board policy.

Endowment Investment and Spending Policies: The Board of Trustees has adopted an investment policy designed to seek an average total annual return that exceeds the spending or payout rate plus inflation measured over annualized, rolling five and ten year periods. To achieve its investment objectives, funds are allocated among a number of asset classes. The general policy is to diversify investments among both equity and fixed income strategies so as to provide a balance that will enhance total return while avoiding undue risk concentrations in any single asset class or investment category.

It is the Foundation’s policy, subject to the discretion of the Board of Directors, to distribute annually up to five percent (5%) of the average of the investment pool’s market value as of the end of 20 quarters prior to the next fiscal year period. It is understood that the total return basis for calculating spending is sanctioned by the UPMIFA, under which guideline the Foundation is permitted to spend an amount in excess of the current yield (interest and dividends earned), including realized or unrealized appreciation. The Foundation distributed \$1,240,236 and \$1,252,624 under this policy during the fiscal years ended September 30, 2023 and 2022, respectively.

The following is the composition of the endowment fund at September 30, 2023:

ENDOWMENT FUND BALANCES

	Without Donor Restrictions	With Donor Restrictions	Total
General Endowment	\$ 31,424,999	\$ 113,748,423	\$145,173,422
Education			
Annenberg/Education Activities	-	12,863,257	12,863,257
Reynolds/Discovery Center	-	7,523,672	7,523,672
Reynolds/Museum Maintenance	-	2,872,623	2,872,623
Galbraith/LTAP Program	-	540,812	540,812
Taube/Fellows	-	342,990	342,990
Galbraith/Great Communicator Program	-	932,974	932,974
Funds Functioning as Endowment	85,291,708	-	85,291,708
	<u>116,716,707</u>	<u>138,824,751</u>	<u>255,541,458</u>
Endowment Pledges at Present Value	-	3,114,137	3,114,137
Total Endowment Net Assets	<u>\$ 116,716,707</u>	<u>\$ 141,938,888</u>	<u>\$258,655,595</u>

See independent auditors’ report.

THE RONALD REAGAN PRESIDENTIAL FOUNDATION AND INSTITUTE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

Note 16 – Endowment Funds (Continued)

The following are endowment fund activities for the year ended September 30, 2023:

ENDOWMENT FUND CHANGES IN NET ASSETS

INVESTED ENDOWMENT	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance	\$ 106,957,971	\$ 108,570,088	\$ 215,528,059
Investment Returns			
Investment Income	1,722,198	1,756,961	3,479,159
Investment Appreciation	8,659,374	8,830,233	17,489,607
Investment Costs	(139,240)	(142,295)	(281,535)
Net Investment Returns	10,242,332	10,444,899	20,687,231
Appropriated for Expenditure	(483,596)	(1,240,236)	(1,723,832)
Cash Additions to Endowment			
Donor Directed	50,000	21,000,000	21,050,000
Board Directed	-	-	-
Total New Additions	50,000	21,000,000	21,050,000
Reclassifications	(50,000)	50,000	-
Ending balance	\$ 116,766,707	\$ 138,824,751	\$ 255,541,458

ENDOWMENT FUND CHANGES IN NET ASSETS

ENDOWMENT PLEDGES	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance	\$ -	\$ 22,969,868	\$ 22,969,868
New Pledges, net of discounts and payments	-	(19,855,731)	(19,855,731)
Ending balance	\$ -	\$ 3,114,137	\$ 3,114,137

TOTAL ENDOWMENT NET ASSETS

Beginning balance	\$ 106,957,971	\$ 131,539,956	\$ 238,497,927
Changes in Endowment net assets	9,758,736	10,398,932	20,157,668
Ending balance	\$ 116,716,707	\$ 141,938,888	\$ 258,655,595

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THE RONALD REAGAN PRESIDENTIAL FOUNDATION AND INSTITUTE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

Note 16 – Endowment Funds (Continued)

The following is the composition of the endowment fund at September 30, 2022:

ENDOWMENT FUND BALANCES			
	Without Donor Restrictions	With Donor Restrictions	Total
General Endowment	\$ 29,120,049	\$ 84,598,788	\$ 113,718,837
Education			
Annenberg/Education Activities	-	12,327,854	12,327,854
Reynolds/Discovery Center	-	7,248,846	7,248,846
Reynolds/Museum Maintenance	-	2,782,011	2,782,011
Galbraith/LTAP Program	-	448,136	448,136
Taube/Fellows	-	313,016	313,016
Galbraith/Great Communicator Program	-	851,437	851,437
Funds Functioning as Endowment	77,837,922	-	77,837,922
	106,957,971	108,570,088	215,528,059
Endowment Pledges at Present Value	-	22,969,868	22,969,868
Total Endowment Net Assets	\$ 106,957,971	\$ 131,539,956	\$ 238,497,927

The following are endowment fund activities for the year ended September 30, 2022:

ENDOWMENT FUND CHANGES IN NET ASSETS			
	Without Donor Restrictions	With Donor Restrictions	Total
INVESTED ENDOWMENT			
Beginning balance	\$ 122,671,974	\$ 124,088,982	\$ 246,760,956
Investment Returns			
Investment Income	1,723,738	1,751,715	3,475,453
Investment Appreciation	(16,883,517)	(17,292,174)	(34,175,691)
Investment Costs	(148,662)	(151,602)	(300,264)
Net Investment Returns	(15,308,441)	(15,692,061)	(31,000,502)
Appropriated for Expenditure	(405,562)	(1,323,778)	(1,729,340)
Cash Additions to Endowment			
Donor Directed	105,000	1,000,000	1,105,000
Board Directed	-	391,945	391,945
Total New Additions	105,000	1,391,945	1,496,945
Reclassifications	(105,000)	105,000	-
Ending balance	\$ 106,957,971	\$ 108,570,088	\$ 215,528,059

See independent auditors' report.

Note 16 – Endowment Funds (Continued)

The following are endowment fund activities for the year ended September 30, 2022:

ENDOWMENT FUND CHANGES IN NET ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
ENDOWMENT PLEDGES			
Beginning balance	\$ -	\$ 20,364,946	\$ 20,364,946
New Pledges, net of discounts and payments	-	2,604,922	2,604,922
Ending balance	<u>\$ -</u>	<u>\$ 22,969,868</u>	<u>\$ 22,969,868</u>

TOTAL ENDOWMENT NET ASSETS

Beginning balance	\$ 122,671,974	\$ 144,453,928	\$ 267,125,902
Changes in Endowment net assets	(15,714,003)	(12,913,972)	(28,627,975)
Ending balance	<u>\$ 106,957,971</u>	<u>\$ 131,539,956</u>	<u>\$ 238,497,927</u>

Note 17 – Subsequent Events

The Foundation has evaluated events occurring after the date of the accompanying statement of financial position through February 16, 2024, the date the financial statements are available to be issued. The Foundation did not identify any material subsequent events requiring adjustment to the accompanying financial statements.

See independent auditors' report.