



**FINANCIAL  
REVIEW**

ΕΥΧΑΡΙΣΤΙΑ  
ΧΡΙΣΤΟΥ



## INDEPENDENT AUDITOR'S REPORT

Samuel H. Kress Foundation  
Board of Trustees

### *Opinion*

We have audited the accompanying financial statements of the Samuel H. Kress Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024 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 Samuel H. Kress Foundation as of June 30, 2025 and 2024 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Samuel H. Kress Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Samuel H. Kress Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

*Auditor's Responsibility 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 not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (GAAS) will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Samuel H. Kress 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 Samuel H. Kress 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.

A handwritten signature in black ink that reads "Owen J. Flanagan + Co." in a cursive script.

October 24, 2025



## STATEMENTS OF FINANCIAL POSITION

## EXHIBIT A

Samuel H. Kress Foundation  
June 30, 2025 and 2024

	2025	2024
<b>Assets</b>		
Investments, at fair value	\$ 94,131,409	\$ 86,569,130
Operating cash	355,740	447,158
Accrued interest and dividends receivable	78,560	60,151
Prepaid expenses and other assets	55,483	76,140
Property and equipment, net of accumulated depreciation	998,558	1,053,691
<b>Total Assets</b>	<b>\$ 95,619,750</b>	<b>\$ 88,206,270</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Grants payable	\$ 1,714,929	\$ 1,600,500
Accounts payable and accrued expenses	95,842	93,018
Deferred Federal excise tax payable	296,630	226,851
<b>Total Liabilities</b>	<b>2,107,401</b>	<b>1,920,369</b>
Net Assets without Donor Restriction	93,512,349	86,285,901
<b>Total Liabilities and Net Assets</b>	<b>\$ 95,619,750</b>	<b>\$ 88,206,270</b>

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

## STATEMENTS OF ACTIVITIES

## EXHIBIT B

Samuel H. Kress Foundation  
Years Ended June 30, 2025 and 2024

	2025	2024
<b>Revenue</b>		
Net investment return	\$ 11,172,670	\$ 10,855,050
Less:		
Federal excise tax	84,072	61,977
Deferred federal excise tax	69,779	85,207
	153,851	147,184
<b>Investment Return Net of Taxes</b>	<b>11,018,819</b>	<b>10,707,866</b>
<b>Grants and Expenses</b>		
Grants authorized	2,353,422	833,267
Program administration	550,947	763,824
	2,904,369	1,597,091
Investment administration	104,228	269,238
Management and general	783,774	788,309
<b>Total Grants and Expenses</b>	<b>3,792,371</b>	<b>2,654,638</b>
<b>CHANGE IN NET ASSETS FOR YEAR</b>	<b>7,226,448</b>	<b>8,053,228</b>
Net Assets, beginning of year	86,285,901	78,232,673
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 93,512,349</b>	<b>\$ 86,285,901</b>

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

## STATEMENTS OF CASH FLOWS

## EXHIBIT C

Samuel H. Kress Foundation  
Years Ended June 30, 2025 and 2024

	2025	2024
<b>Cash Flows Provided (Used)</b>		
From operating activities:		
Change in Net Assets for Year	\$ 7,226,448	\$ 8,053,228
Adjustments to reconcile change in net assets to net cash used in operating activities:		
<i>Depreciation</i>	93,680	89,916
<i>Net realized gain on investments</i>	(4,582,727)	(3,569,858)
<i>Change in unrealized appreciation of investments</i>	(5,020,174)	(6,130,007)
(Increase) decrease in assets:		
<i>Accrued interest and dividends receivable</i>	(18,409)	(32,206)
<i>Prepaid expenses and other assets</i>	20,657	(22,313)
Increase (decrease) in liabilities:		
<i>Grants payable</i>	114,429	(1,460,943)
<i>Accounts payable and accrued expenses</i>	2,824	(79,983)
<i>Deferred Federal excise tax payable</i>	69,779	85,207
Cash Used in Operating Activities	(2,093,493)	(3,066,959)
From investing activities:		
Capital expenditures	(38,547)	(10,300)
Proceeds from sale of investments	12,390,899	65,193,713
Purchases of investments	(10,350,277)	(62,179,317)
Cash Provided by Investing Activities	2,002,075	3,004,096
Net decrease in cash for year	(91,418)	(62,863)
Cash, Beginning of Year	447,158	510,021
<b>Cash, End of Year</b>	<b>\$ 355,740</b>	<b>\$ 447,158</b>
Supplemental Information:		
<b>Taxes paid</b>	<b>\$ 65,025</b>	<b>\$ 87,825</b>

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

## STATEMENTS OF FUNCTIONAL EXPENSES

## EXHIBIT D

Samuel H. Kress Foundation  
Years Ended June 30, 2025 and 2024

	2025			
	Grants and Program Administration	Investment Administration	Management and General	Total
Grants	\$ 2,353,422			\$ 2,353,422
Salaries	340,813	\$ 41,658	\$ 403,869	786,340
Payroll taxes and benefits	115,347	12,142	116,640	244,129
Professional and consulting fees	23,923	763	45,681	70,367
Trustee honoraria	—	4,950	10,050	15,000
Occupancy and maintenance	22,702	2,389	22,702	47,793
Travel and meetings	9,043	14,443	36,433	59,919
Printing and publications	—	—	2,523	2,523
Office expenses	39,119	4,463	75,616	119,198
Depreciation	—	23,420	70,260	93,680
Subtotal	550,947	104,228	783,774	1,438,949
	<b>\$ 2,904,369</b>	<b>\$ 104,228</b>	<b>\$ 783,774</b>	<b>\$ 3,792,371</b>

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

## STATEMENTS OF FUNCTIONAL EXPENSES

EXHIBIT D  
continued

Samuel H. Kress Foundation  
Years Ended June 30, 2025 and 2024

	<b>2024</b>			
	Grants and Program Administration	Investment Administration	Management and General	Total
Grants	\$ 833,267			\$ 833,267
Salaries	469,727	\$ 148,606	\$ 412,563	1,030,896
Payroll taxes and benefits	114,976	37,434	118,976	271,386
Professional and consulting fees	106,434	17,743	39,563	163,740
Trustee honoraria	—	2,310	4,690	7,000
Occupancy and maintenance	33,703	10,973	33,703	78,379
Travel and meetings	10,903	19,627	43,544	74,074
Printing and publications	—	—	7,154	7,154
Office expenses	28,081	10,066	60,679	98,826
Depreciation	—	22,479	67,437	89,916
Subtotal	763,824	269,238	788,309	1,821,371
	<b>\$ 1,597,091</b>	<b>\$ 269,238</b>	<b>\$ 788,309</b>	<b>\$ 2,654,638</b>

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

Samuel H. Kress Foundation  
June 30, 2025

**NOTE 1**  
**Organization**

The Samuel H. Kress Foundation (“the Foundation”) was established on March 6, 1929 by Samuel H. Kress. The Foundation is incorporated in the State of New York for the purpose of promoting the moral, physical and mental well-being and progress of the human race, using or creating such means or agencies as from time to time the Trustees shall deem expedient to accomplish such purpose. The Foundation’s primary source of revenue is from investments.

**NOTE 2**  
**Summary of Significant**  
**Accounting Policies**

*Basis of Presentation*

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

*Operating Cash*

For purposes of cash flows, cash consists of cash maintained in checking accounts.

*Investment Valuation and Investment Income Recognition*

Investments are carried at fair value. The fair value of some alternative investments has been estimated using the Net Asset Value (“NAV”) as reported by the management of the respective alternative investment fund. Accounting principles generally accepted in the United States of America provide for the use of the NAV as a “Practical Expedient” for estimating the fair value of the Foundation’s interest.

Purchases and sales of securities are recorded on a settlement date basis. Interest and dividend income are recorded when received. Realized and unrealized gains and losses are included in the change in net assets shown on the statement of activities.

*Fair Value Measurements*

The Foundation follows U.S. Generally Accepted Accounting Principles guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level I inputs have the

**NOTE 2**  
**(continued)**

highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. Investments valued using the NAV as a practical expedient are excluded from the fair value hierarchy.

*Investment Risks and Uncertainties*

Alternative investments consist of non-traditional, not readily marketable investments, some of which may be structured as limited partnerships, venture capital funds, hedge funds, private equity funds and common trust funds. The underlying investments of such funds, whether invested in stock or other securities, may not be currently traded in a public market and typically are subject to restrictions on resale. Values determined by investment managers and general partners of underlying securities that are thinly traded or not traded in an active market may be based on historical costs, appraisals, a review of the investees' financial results, financial condition and prospects, together with comparisons to similar companies for which quoted market prices are available or other estimates that require varying degrees of judgment.

Because of the inherent uncertainty of valuations, the estimated fair values may differ significantly from the values that would have been used had a ready market for such investments existed or had such investments been liquidated, and those differences could be material.

*Property and Equipment*

Property and equipment are recorded at cost and are depreciated using the straight-line method over their estimated useful lives: building, 35 years; building fixtures, 5 to 15 years; office furniture and equipment, 5 to 10 years.

*Grants*

The Foundation records grants as expenses and liabilities at the time each grant is authorized by the Trustees and the recipient has been notified or the program is announced to the public. Grants are payable to the grantee according to the terms established by the Trustees and may be subject to routine performance requirements by the grantee.

*Expense Allocation Methodology*

The financial statements report certain categories of expenses, such as occupancy and maintenance, travel and meetings, and office expense that are attributable to one or more program or supporting function of

the Foundation. These expenses are allocated based on estimated time and use. In addition, salary and related benefit costs are allocated based on time and effort of staff.

*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 amounts reported in the financial statements. Actual results could differ from these estimates.

*Accounting for Uncertainty in Income Taxes*

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Foundation has no uncertain tax positions that would require financial statement recognition or disclosure. The Foundation is no longer subject to examinations by applicable taxing jurisdictions for periods prior to June 30, 2022.

*Subsequent Events*

In connection with the preparation of the financial statements the Foundation evaluated subsequent events after the statement of financial position date of June 30, 2025 through October 24, 2025, which was the date the financial statements were available to be issued.

**NOTE 3  
Investments**

A summary of investments reported by major categories is as follows:

	2025		2024	
	Cost	Fair Value	Cost	Fair Value
Short-term cash investments	\$ 2,104,678	\$ 2,104,678	\$ 838,746	\$ 838,746
Large capital equity funds	455,942	538,490	2,750,000	4,822,225
Global strategy equity funds	39,406,667	53,056,326	36,264,382	43,298,948
Fixed income funds	21,781,494	22,063,628	18,816,204	18,756,494
Hedge funds	4,634,525	6,315,432	6,166,750	8,261,165
Special situation funds	3,953,983	9,599,117	4,987,741	10,166,453
	72,337,289	93,677,671	69,823,823	86,144,031
Net receivable for pending trades	453,738	453,738	425,099	425,099
	<b>\$ 72,791,027</b>	<b>\$ 94,131,409</b>	<b>\$ 70,248,922</b>	<b>\$ 86,569,130</b>

**NOTE 3**  
**(continued)**

The following are major categories of investments measured at estimated fair value as of June 30:

Description	Level I	Investments Valued at		2025
		NAV	Total	
Large capital equity funds	\$ —	\$ 538,490	\$ 538,490	
Global strategy equity funds	53,056,326	—	53,056,326	
Fixed income fund	22,063,628	—	22,063,628	
Hedge funds	—	6,315,432	6,315,432	
Special situation funds	—	9,599,117	9,599,117	
Short-term cash investments and pending trades			2,558,416	
	<b>\$ 75,119,954</b>	<b>\$ 16,453,039</b>	<b>\$ 94,131,409</b>	

Description	Level I	Investments Valued at		2024
		NAV	Total	
Large capital equity funds	\$ —	\$ 4,822,225	\$ 4,822,225	
Global strategy equity funds	43,298,948	—	43,298,948	
Fixed income fund	18,756,494	—	18,756,494	
Hedge funds	—	8,261,165	8,261,165	
Special situation funds	—	10,166,453	10,166,453	
Short-term cash investments and pending trades			1,263,845	
	<b>\$ 62,055,442</b>	<b>\$ 23,249,843</b>	<b>\$ 86,569,130</b>	

**NOTE 3**  
**(continued)**

Information regarding the liquidity of alternative investments valued at the NAV per share or equivalent at June 30, 2025 is as follows:

	Fair Value	Unfunded Commitment	Redemption Frequency (if currently eligible)	Redemption Notice Period
Large capital equity funds (a)	\$ 538,490	—	Quarterly up to 25%/33%	45–60 days
Hedge funds (b)	3,693,114	—	Annually	60 days
Hedge funds (b)	777,169	—	Semi-annually	180 days
Hedge funds (b)	1,845,149	—	Annually over 5 years	180 days
Special situation funds (c)	4,258,218	—	Quarterly - 20% gate	180 days
Special situation funds (c)	5,340,899	—	Annually up to 5%	90 days
	<b>\$ 16,453,039</b>	<b>\$ —</b>		

(a) *Large capital equity funds* consist of remaining side pocket investments from one liquidated fund.

(b) *Hedge funds* consist of three investments which all seek to preserve and grow capital through different combinations of long and short investments in different foreign and domestic equity sectors. Three funds have restrictions on redemptions spanning three years.

(c) *Special situation funds* consist of two funds which seek to invest in undervalued companies that may be overlooked or misunderstood, in order to generate favorable, high returns. The funds have limitation on annual withdrawals and full redemptions over three to five years.

**NOTE 4**  
**Investment Return**

The following is a summary of the net return on investments:

	<u>2025</u>	<u>2024</u>
Interest	\$ 9,974	\$ 3,049
Dividends	1,776,222	1,363,798
Realized gains on sale of investments	4,582,727	3,569,858
Net change in unrealized appreciation	5,020,174	6,130,007
Direct investment expenses	(216,427)	(211,662)
	<u><b>\$ 11,172,670</b></u>	<u><b>\$ 10,855,050</b></u>

**NOTE 5**  
**Liquidity and**  
**Availability of**  
**Financial Assets**

The following reflects the Samuel H. Kress Foundation's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use within one year of that date due to contractual or donor-imposed restrictions:

	<u>2025</u>	<u>2024</u>
Investments, at fair value	\$ 94,131,409	\$ 86,569,130
Operating cash	355,740	447,158
Accrued interest and dividends receivable	78,560	60,151
	94,565,709	87,076,439
Less: Illiquid investments	8,230,560	9,622,578
	<u><b>\$ 86,335,149</b></u>	<u><b>\$ 77,453,861</b></u>

Annually the Foundation determines its budget for grants, programs and supporting services in accordance with its spending guidelines. The investment committee, with the assistance of its investment advisor, determines which investments to redeem to meet cash needs.

**NOTE 6**  
**Taxes**

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as a “private foundation.” The Foundation is subject to an excise tax on net investment income at a flat rate of 1.39%.

Deferred federal excise tax on unrealized appreciation of investments is provided at the 1.39% tax rate.

Deferred federal excise expense for 2025 and 2024 was \$69,779 and \$85,207, respectively.

**NOTE 7**  
**Retirement Plan and Commitments**

The Foundation maintains a deferred annuity retirement plan under Section 403(b) of the Internal Revenue Code (“IRC”) for all eligible employees. Under this plan, the Foundation contributes 10% of each employee’s salary annually. The expense for the retirement plan for the years ended June 30, 2025 and 2024 totaled \$50,989 and \$66,593, respectively.

The Foundation has a separate retirement plan under Section 457(b) of the IRC, which limits participation in the plan to only management. The President contributes to this plan and there are no matching provisions.

**NOTE 8**  
**Grants Payable**

A reconciliation of grants payable is as follows:

	<u>2025</u>	<u>2024</u>
Grants payable, July 1	\$ 1,600,500	3,061,443
Grants approved	2,388,113	823,445
Grants paid	(2,265,113)	(2,341,745)
Change in discount to present value	(8,571)	57,357
<b>Grants payable, June 30</b>	<b>\$ 1,714,929</b>	<b>1,600,500</b>

The Foundation received grant refunds of \$26,120 and \$47,535 in fiscal years 2025 and 2024, respectively.

The Foundation expects grants payable will be paid as follows:

<b>2026</b>	\$ 1,543,500
<b>2027</b>	180,000
	<u>1,723,500</u>
Discount	8,571
	<u>\$ 1,714,929</u>

**NOTE 8**  
*(continued)*

The Foundation operated on a five-year grant cycle, and the most recent cycle was FY2020–FY2024.

In FY2023, the most recent five-year grant cycle (2020–2024) was extended by a single year ending June 30, 2025. This was repeated in FY2024, extending the grant cycle by an additional year, now ending June 30, 2026.

**NOTE 9**  
**Property and Equipment**

Property and equipment consist of the following:

	<b>2025</b>	<b>2024</b>
Land	\$ 500,000	\$ 500,000
Building	2,804,558	2,804,558
Furniture, fixtures, and equipment	1,557,471	1,518,924
	<u>4,862,029</u>	<u>4,823,482</u>
Less: Accumulated depreciation	3,863,471	3,769,791
<b>Net Property and Equipment</b>	<b>\$ 998,558</b>	<b>\$ 1,053,691</b>

Depreciation expense for 2025 and 2024 was \$93,680 and \$89,916, respectively.

**NOTE 10**  
**Concentration of Risk**

During the years ended June 30, 2025 and 2024, the Foundation had cash in banks exceeding federally insured limits. The Foundation manages this risk by using only large, established financial institutions.