

**THE KENNETH T. AND EILEEN L. NORRIS FOUNDATION**  
(A Charitable Trust)

**FINANCIAL STATEMENTS**

**November 30, 2025 and 2024**



**Gurseley | Schneider** LLP  
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

## CONTENTS

	<u>Pages</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 14



## **Independent Auditor's Report**

To the Board of Directors  
The Kenneth T. and Eileen L. Norris Foundation  
Torrance, California

We have audited the financial statements of The Kenneth T. and Eileen L. Norris Foundation (the Foundation), which comprise the statements of financial position as of November 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of November 30, 2025 and 2024, and the changes in its net assets 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

*Gursey | Schneider LLP*

February 9, 2026  
Los Angeles, California

**THE KENNETH T. AND EILEEN L. NORRIS FOUNDATION**  
(A Charitable Trust)  
Statements of Financial Position  
November 30, 2025 and 2024

	2025	2024
<b><u>ASSETS</u></b>		
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,252,831	\$ 9,725,628
Investments, at fair value	354,863,544	328,027,411
Accrued interest and dividends	327,988	503,969
Prepaid federal excise taxes	57,807	59,647
Property and equipment, net	75,764	755
Security deposit	9,187	2,071
Right-of-use asset, operating	437,771	-
<b>TOTAL ASSETS</b>	<b>\$ 357,024,892</b>	<b>\$ 338,319,481</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>LIABILITIES:</b>		
Right-of-use liability, net	\$ 453,664	\$ -
Deferred tax liability	3,185,597	3,013,007
<b>TOTAL LIABILITIES</b>	3,639,261	3,013,007
<b>NET ASSETS:</b>		
Without donor restrictions	353,385,631	335,306,474
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 357,024,892</b>	<b>\$ 338,319,481</b>

See Accompanying Notes to Financial Statements

**THE KENNETH T. AND EILEEN L. NORRIS FOUNDATION**  
(A Charitable Trust)  
Statements of Activities and Changes in Net Assets  
Years Ended November 30, 2025 and 2024

	2025	2024
<b>REVENUES AND GAINS:</b>		
Investment income, net	\$ 34,291,572	\$ 57,355,944
<b>EXPENSES:</b>		
Program services	15,256,211	13,792,063
General and administrative	484,774	445,889
Federal excise tax expense	471,430	792,000
<b>TOTAL EXPENSES</b>	<b>16,212,415</b>	<b>15,029,952</b>
<b>CHANGES IN NET ASSETS</b>	<b>18,079,157</b>	<b>42,325,992</b>
<b><u>NET ASSETS - WITHOUT DONOR RESTRICTIONS:</u></b>		
<b>BEGINNING OF YEAR</b>	<b>335,306,474</b>	<b>292,980,482</b>
<b>END OF YEAR</b>	<b>\$ 353,385,631</b>	<b>\$ 335,306,474</b>

See Accompanying Notes to Financial Statements

**THE KENNETH T. AND EILEEN L. NORRIS FOUNDATION**

(A Charitable Trust)

Statements of Functional Expenses

Years Ended November 30, 2025 and 2024

	Year Ended November 30, 2025			Year Ended November 30, 2024		
	Programs	General and Administrative	Total	Programs	General and Administrative	Total
Grants	\$ 13,864,000	\$ -	\$ 13,864,000	\$ 12,485,068	\$ -	\$ 12,485,068
Compensation and benefits	1,045,619	298,148	1,343,767	1,017,989	290,270	1,308,259
Occupancy	83,854	45,152	129,006	58,720	31,619	90,339
Professional fees	110,165	59,320	169,485	108,309	58,320	166,629
Conferences and travel expenses	20,447	11,010	31,457	24,292	13,080	37,372
Office and administration	132,126	71,144	203,270	97,685	52,600	150,285
	<u>\$ 15,256,211</u>	<u>\$ 484,774</u>	<u>\$ 15,740,985</u>	<u>\$ 13,792,063</u>	<u>\$ 445,889</u>	<u>\$ 14,237,952</u>

See Accompanying Notes to Financial Statements

**THE KENNETH T. AND EILEEN L. NORRIS FOUNDATION**

(A Charitable Trust)

Statements of Cash Flows

Years Ended November 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 18,079,157	\$ 42,325,992
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Realized and unrealized gains on investments, net	(26,426,577)	(49,561,216)
Amortization of premium or discount on investments, net	10,419	(87,953)
Amortization of right-of-use asset	15,893	-
Deferred tax expense	172,590	488,339
Depreciation	5,045	-
Change in operating assets and liabilities:		
(Increase) decrease in accrued interest and dividends	175,981	(6,730)
(Increase) decrease in prepaid federal excise taxes	1,840	(16,736)
(Increase) decrease in security deposit	(7,116)	-
(Decrease) in grants payable, net	<u>-</u>	<u>(98,932)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(7,972,768)</u>	<u>(6,957,236)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale, maturity and redemption of investments	19,907,119	20,812,744
Purchase of investments	(20,327,094)	(13,683,577)
Purchase of property and equipment	<u>(80,054)</u>	<u>-</u>
<b>CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	<u>(500,029)</u>	<u>7,129,167</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(8,472,797)	171,931
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<u>9,725,628</u>	<u>9,553,697</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u>\$ 1,252,831</u>	<u>\$ 9,725,628</u>
<b><u>CASH PAID DURING THE YEAR FOR:</u></b>		
Federal excise taxes paid	<u>\$ 297,000</u>	<u>\$ 320,397</u>

See Accompanying Notes to Financial Statements

## THE KENNETH T. AND EILEEN L. NORRIS FOUNDATION

(A Charitable Trust)

Notes to Financial Statements

November 30, 2025 and 2024

### NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

The Kenneth T. and Eileen L. Norris Foundation (the "Foundation"), a charitable trust, was created in September 1963 by gift of property from Kenneth T. and Eileen L. Norris. The Foundation is a private foundation as defined in Section 509(a) of the Internal Revenue Code, and, accordingly, the Foundation and its trustees are subject to the provisions of the Internal Revenue Code of 1986 and the laws of the State of California. The terms of the trust indenture provide that, either directly or indirectly, the assets and income are to be applied exclusively for charitable purposes.

Grants are awarded to tax-exempt organizations that fall into one of the Foundation's five funding areas:

1. Medicine
2. Education and Science
3. Youth and Community
4. San Diego Area
5. Cultural (the Arts)

Additionally, the Trustees of the Foundation have limited ability to make discretionary contributions to other qualified tax-exempt organizations.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation** - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

**Net Assets** - The statements of financial position and statements of activities and changes in net assets report total assets, liabilities, net assets, and changes in net assets in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Financial Statements of Not-for-Profit Organizations*. Accordingly, net assets of the Foundation and changes therein present balances and transactions according to the existence or absence of donor-imposed restrictions and are classified as follows:

*Net Assets - Without Donor Restrictions* - Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the objectives of the Foundation.

*Net Assets - With Donor Restrictions* - Net assets that are subject to donor-imposed restrictions that limit the use of their contributions. Donor restrictions may result in temporarily restricted net assets, where the use of contributions is limited by donor-imposed stipulations that either expire by the passage of time or when used for specified purposes. Donor restrictions may also result in permanently restricted net assets, where the donor stipulations neither expire by the passage of time nor can be fulfilled or otherwise removed by the Foundation's actions.

For the years ended November 30, 2025 and 2024, all activities of the Foundation are classified as unrestricted due to the lack of donor-imposed restrictions.

THE KENNETH T. AND EILEEN L. NORRIS FOUNDATION

(A Charitable Trust)

Notes to Financial Statements

November 30, 2025 and 2024

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**Use of Estimates** - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents** - For purposes of reporting cash flows, cash and cash equivalents include cash and investments in U.S. Treasury bills and money market investments with original maturities of 90 days or less at the date of acquisition. The carrying value of cash and cash equivalents approximates its fair value.

**Concentrations of Credit Risk** - The Foundation maintains its corporate cash accounts at one bank. Except for money market accounts, the Federal Deposit Insurance Corporation insures accounts up to \$250,000. Amounts of cash held in money market accounts are not insured. On November 30, 2025 and 2024, the Foundation held \$500,000 and \$9.1 million, respectively, in various money market investments.

**Investments** - Investments are stated at fair value with unrealized gains and losses on investments resulting from fair value fluctuations recorded in the statements of activities in the period that such fluctuations occur. Purchases and sales of investments are recorded on the trade date. Interest income is recorded as earned on an accrual basis. Dividend income is recorded upon the ex-dividend date. Bond premiums and discounts are amortized to the first call date using a method that approximates the effective interest method. Realized gains and losses are recorded upon disposition of securities. Investment income and realized and unrealized gains and losses are recognized as unrestricted net assets unless their use is temporarily or permanently restricted by donors to a specified purpose or future period.

**Risks and Uncertainties** - 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 values of investment securities will occur in the near term. Such changes could materially affect the amounts reported in the statements of financial position and statements of activities.

**Property and Equipment** - Property and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives. Furniture and fixtures are depreciated over seven years, consistent with IRS guidelines. Routine repairs, maintenance, and other ordinary costs—such as moving expenses—that do not extend an asset's useful life are expensed as incurred. Additions and improvements that enhance the value or service potential of the assets are capitalized.

**Right-of-Use Assets and Liabilities** - The Foundation determines if an arrangement is a lease at inception in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), *Topic 842 - Leases*. Right-of-use ("ROU") assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease.

Lease assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. The Foundation's lease term for the purpose of the computation of the present value of minimum lease payments may include options to extend or terminate the lease when it is reasonably certain that it will exercise the option. The Foundation uses the risk-free rate (4.09%) available at the lease commencement date, in determining the present value of lease payments, as the rate implicit in the lease is not readily available for such leases.

**THE KENNETH T. AND EILEEN L. NORRIS FOUNDATION**

(A Charitable Trust)

Notes to Financial Statements

November 30, 2025 and 2024

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

Operating leases are included in the operating lease ROU assets and operating lease liabilities on the balance sheet. For operating leases, lease expense is recognized on a straight-line basis in operations over the lease term.

**Contributions Recognition** - The Foundation records contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Contributions are measured and recorded at fair value on the date of donation. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Foundation recognizes revenue as support pursuant to the terms of the donations. Unless specifically restricted by the donors, all donations are considered available for unrestricted use.

During the years ended November 30, 2025 and November 30, 2024, the Foundation received no contributions.

**Grants** - Grants made by the Foundation are recognized as an expense in the period in which they are approved by the board of trustees, provided the grant is not subject to future contingencies. If these grants are paid over a period exceeding one year, they are recorded at the net present value of future cash payments, using an applicable risk-free rate of return which approximates the U.S. Treasury bill rate. Grants that are conditioned upon future events are expensed when those conditions are substantially met. As of November 30, 2025 and November 30, 2024 the Foundation had no grants payable.

Cash payments made on unconditional grants were \$13,864,000 and \$12,584,000 during the years ended November 30, 2025 and 2024, respectively.

**Functional Expenses** - The costs of providing the various programs and activities have been summarized on a functional basis. Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with program and supporting service are allocated based on estimates determined by management. The Foundation uses salaries based on job functions as a measure to allocate indirect costs for compensation and benefits among program or supporting services, and space occupancy as a basis to allocate occupancy and general overhead related indirect costs.

**Income Taxes** - The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the "Code"). As a qualified Section 501(c)(3) organization, it is exempt from income taxes on the basis that it qualifies for exemption under Section 501(a) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. However, the Foundation is subject to income taxes on any net income that is derived from a trade or business, regularly continued, and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded for unrelated business income as there was no net income from any such trade or business for the years ended November 30, 2025 and 2024.

Since the Foundation has been classified as a private foundation, it is subject to federal excise tax on investment income. The Foundation recognized both current excise taxes at the rate of 1.39%.

THE KENNETH T. AND EILEEN L. NORRIS FOUNDATION

(A Charitable Trust)

Notes to Financial Statements

November 30, 2025 and 2024

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

The Foundation provides for deferred federal excise taxes and deferred tax liability on unrealized gains on investments at this rate of 1.39%, which is an estimate of the effective rate expected to be paid at the time the gains are realized, if ever.

Federal income tax regulations also require the Foundation to distribute, before the close of the following year, five percent of the market value of its aggregate non-charitable assets, reduced by federal excise taxes, or are subject to 30% excise tax on undistributed income. The Foundation makes timely qualified distributions in order to satisfy the minimum distribution requirements of the code.

The Foundation recognizes the impact of tax positions in the financial statements if the positions are more likely than not to be sustained on audit, based on the technical merits of the position. The Foundation has no unrecognized tax benefits, tax penalties, or interest. The Foundation's federal income tax and informational returns for tax years ending November 30, 2022 and subsequent years remain subject to examination by the Internal Revenue Service. The returns for California, the Foundation's most significant jurisdiction, remain subject to examination by the California Franchise Tax Board for years 2021 and subsequent.

The Foundation does not anticipate that there will be any material changes in the unrecognized tax positions over the next twelve months.

**Subsequent Events** - Subsequent events have been evaluated through February 9, 2026, the date the financial statements were available to be issued, and management has determined that no additional disclosures are required.

**NOTE 3 - LIQUIDITY**

Financial assets consist of the Foundation's cash, cash equivalents, investments, and related receivables. The following schedule summarizes the Foundation's financial assets available to meet cash needs for financial obligations due within one year of November 30, 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,252,831	\$ 9,725,628
Investments, at fair value	354,863,544	328,027,411
Accrued interest and dividends	<u>327,988</u>	<u>503,969</u>
	<u>\$ 356,444,363</u>	<u>\$ 338,257,008</u>

The Foundation has an investment policy authorized by the board of directors that provides guidance and oversight for the management of cash and cash equivalents and investments. The policy provides that the Foundation maintain an adequate level of cash to meet on-going operational requirements including minimum required charitable giving. In addition, the policy sets forth the structure for investment of excess cash based on the financial needs of the Foundation, the time horizon of those needs, and Foundation's investment philosophy.

**THE KENNETH T. AND EILEEN L. NORRIS FOUNDATION**

(A Charitable Trust)

Notes to Financial Statements

November 30, 2025 and 2024

**NOTE 4 - INVESTMENTS**

The Foundation's investments are reported at fair value. Fair value is defined as the price that would be received upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. A three-tiered hierarchy is employed to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect assumptions market participants would use in pricing the asset developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 - Quoted prices in active markets for identical investments
- Level 2 - Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 - Significant unobservable inputs (including the entity's own assumptions in determining fair value of investments)

As of November 30, 2025 and 2024, the Foundation's investments consisted of:

	2025		2024	
	Cost or Amortized Cost	Fair Value	Cost or Amortized Cost	Fair Value
Equity securities	\$ 18,772,961	\$ 175,775,237	\$ 21,515,815	\$ 180,451,744
Corporate bonds	283,381	273,302	2,884,787	2,856,838
Exchange-traded funds	104,787,746	171,611,485	85,477,126	138,226,440
State governments obligations	1,068,536	1,042,043	1,073,260	1,020,862
Mutual funds	1,098,730	6,161,477	1,098,730	5,471,527
<b>Total Investments</b>	<b>\$ 126,011,354</b>	<b>\$ 354,863,544</b>	<b>\$ 112,049,718</b>	<b>\$ 328,027,411</b>

**THE KENNETH T. AND EILEEN L. NORRIS FOUNDATION**  
(A Charitable Trust)  
Notes to Financial Statements  
November 30, 2025 and 2024

**NOTE 4 - INVESTMENTS - (CONTINUED)**

As of November 30, 2025 and 2024, the Foundation's investments were classified by level within the fair value hierarchy as follows:

	2025			2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Equity securities	\$ 175,775,237	\$ -	\$ 175,775,237	\$ 180,451,744	\$ -	\$ 180,451,744
Corporate bonds	-	273,302	273,302	-	2,856,838	2,856,838
Exchange-traded funds	171,611,485	-	171,611,485	138,226,440	-	138,226,440
State government obligations	1,042,043	-	1,042,043	1,020,862	-	1,020,862
Mutual funds	6,161,477	-	6,161,477	5,471,527	-	5,471,527
Total - Investments	<u>\$ 354,590,242</u>	<u>\$ 273,302</u>	<u>\$ 354,863,544</u>	<u>\$ 325,170,573</u>	<u>\$ 2,856,838</u>	<u>\$ 328,027,411</u>

There were no investments classified in the Level 3 fair value hierarchy.

Investment income for the years ended of November 30, 2025 and 2024 is computed as follows:

	2025	2024
Interest	\$ 450,471	\$ 836,527
Dividends	7,648,855	7,188,385
Net realized and unrealized gains	26,426,577	49,561,216
Investment expenses:		
Advisory fees	<u>(234,331)</u>	<u>(230,184)</u>
Investment income, net of fees	<u>\$ 34,291,572</u>	<u>\$ 57,355,944</u>

Advisory fees included above consist of both fees paid to outside investment advisors and direct internal salary allocation related to the direct conduct and supervision of the strategic and tactical activities of generating investment return.

**NOTE 5 - PROPERTY AND EQUIPMENT**

As of November 30, 2025 and 2024, property and equipment consist of the following:

	2025	2024
Furniture and fixtures	\$ 80,053	\$ 17,508
Less: accumulated depreciation	<u>(4,289)</u>	<u>(16,753)</u>
	<u>\$ 75,764</u>	<u>\$ 755</u>

Depreciation expense for the years ended November 30, 2025 and 2024 was \$5,045 and \$0, respectively.

**THE KENNETH T. AND EILEEN L. NORRIS FOUNDATION**

(A Charitable Trust)

Notes to Financial Statements

November 30, 2025 and 2024

**NOTE 6 - RIGHT-OF-USE ASSETS AND LIABILITIES**

On July 14, 2025, the organization entered into a new operating lease for office space. Rent expense is recognized on a straight-line basis over the amended lease term of sixty-six and one-half months, with the lease scheduled to mature on January 31, 2031. The lease contains one five-year renewal option at fair market value. The Foundation has not considered the renewal option in determining the lease term as this renewal option is not reasonably certain to be exercised.

The organization maintains a lease deposit of \$9,187 related to this lease as of November 30, 2025.

Rent expense for the years ended November 30, 2025 and 2024 was \$88,850 and \$57,774, respectively. Rent expense is presented in the statements of functional expense with other occupancy expenses.

The future aggregate rental payments under the lease are summarized as follows:

<u>Years Ending November 30:</u>	
2026	\$ 74,448
2027	99,079
2028	102,062
2029	105,230
2030	108,398
Thereafter	<u>18,376</u>
	507,593
Less: imputed interest	<u>(53,929)</u>
	<u>\$ 453,664</u>

**NOTE 7 - FEDERAL INCOME AND EXCISE TAXES**

The components of the Foundation's federal excise tax expense in the statements of activities for the years ended November 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Current	\$ 298,840	\$ 303,661
Deferred	<u>172,590</u>	<u>488,339</u>
	<u>\$ 471,430</u>	<u>\$ 792,000</u>

**THE KENNETH T. AND EILEEN L. NORRIS FOUNDATION**

(A Charitable Trust)

Notes to Financial Statements

November 30, 2025 and 2024

**NOTE 8 - RELATED PARTY TRANSACTIONS**

Certain trustees of the Foundation are also officers of KTN Enterprises, Inc. ("KTNE"). KTNE provides all investment management, administrative and accounting services to the Foundation. KTNE charges the Foundation an administrative fee for these services based on an approximate percentage of total invested assets under management. These annual administrative fees were \$1,780,000 and \$1,680,000 for the years ended November 30, 2025 and 2024, respectively and included in the corresponding expense categories on the statements of functional expenses.

Certain members of the Board are compensated for their service. Fees paid to the trustees were \$90,000 and \$85,000 for the years ended November 30, 2025, and 2024, respectively.

The Foundation's board of trustees has adopted a conflict-of-interest policy and re-affirms its belief that its mission is fostered by having on the Board persons active in the community, including those who serve on the boards of charitable organizations who are or may become grant recipients. Board members with an affiliation with the grantees were not involved in the grant-making decision process. During the years ended November 30, 2025 and 2024, such organizations received approximately \$320,000 and \$320,000, respectively, from the Foundation.