

FINANCIAL STATEMENTS

W. M. Keck Foundation
Years Ended December 31, 2023 and 2022
With Report of Independent Auditors

Ernst & Young LLP



W. M. Keck Foundation

Financial Statements

Years Ended December 31, 2023 and 2022

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Report of Independent Auditors

The Board of Directors
W. M. Keck Foundation

Opinion

We have audited the financial statements of the W. M. Keck Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation at December 31, 2023 and 2022, and the results of its operations 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 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.

Responsibility 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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 of 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 omission, 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.

Ernst + Young LLP

May 23, 2024

W. M. Keck Foundation

Statements of Financial Position

	December 31	
	2023	2022
	<i>(In Thousands)</i>	
Assets		
Cash and cash equivalents	\$ 34,880	\$ 38,898
Interest and dividends receivable	1,846	1,581
Prepaid federal excise taxes	37	620
Investments, at fair value	1,509,672	1,323,945
Receivable from brokers	—	149
Right-of-use asset	2,786	3,193
Other assets	881	2,061
Total assets	<u>\$ 1,550,102</u>	<u>\$ 1,370,447</u>
Liabilities and net assets		
Payable to brokers	\$ 1,880	\$ 116
Accounts payable and accrued expenses	2,515	1,607
Lease liabilities	3,001	3,372
Grants payable	21,682	26,538
Deferred federal excise taxes payable	7,499	4,946
Total liabilities	<u>36,577</u>	<u>36,579</u>
Net assets	<u>1,513,525</u>	<u>1,333,868</u>
Total liabilities and net assets	<u>\$ 1,550,102</u>	<u>\$ 1,370,447</u>

See accompanying notes.

W. M. Keck Foundation

Statements of Activities

	Year Ended December 31	
	2023	2022
	<i>(In Thousands)</i>	
Revenues, income and gains (losses):		
Net investment income and gains (losses):		
Interest	\$ 7,094	\$ 5,100
Dividends	18,399	12,724
Net realized gains on investments	49,190	30,145
Change in net unrealized gains (losses) in market value of investments	183,639	(435,353)
Investment management expenses	(8,387)	(8,114)
Taxes withheld	(114)	(128)
Total net investment income and gains (losses)	<u>249,821</u>	<u>(395,626)</u>
Other income	2	101
Total revenues, income and gains (losses)	<u>249,823</u>	<u>(395,525)</u>
Expenses:		
Grants	59,628	62,679
Salaries, employee benefits and payroll taxes	4,449	4,175
Professional services, contract services and other management and general services	2,604	3,165
Federal excise tax provision (benefit)	3,485	(4,630)
Total expenses	<u>70,166</u>	<u>65,389</u>
Change in net assets	179,657	(460,914)
Net assets, beginning of year	<u>1,333,868</u>	<u>1,794,782</u>
Net assets, end of year	<u>\$ 1,513,525</u>	<u>\$ 1,333,868</u>

See accompanying notes.

W. M. Keck Foundation
Statements of Cash Flows

	Year Ended December 31	
	2023	2022
	<i>(In Thousands)</i>	
Operating activities		
Change in net assets	\$ 179,657	\$ (460,914)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	606	588
Net realized gains on investments	(49,190)	(30,145)
Change in net unrealized gains (losses) in market value of investments	(183,639)	435,353
Changes in operating assets and liabilities:		
Interest and dividends receivable	(265)	(53)
Prepaid federal excise taxes	583	(425)
Other assets	1,047	(656)
Receivable from brokers	149	17,604
Payable to brokers	1,763	(35,177)
Accounts payable and accrued expenses	443	(509)
Lease liabilities	(370)	(343)
Other payable	465	–
Deferred federal excise taxes payable	2,553	(6,052)
Grants payable	(4,856)	(5,152)
Net cash used in operating activities	<u>(51,054)</u>	<u>(85,881)</u>
Investing activities		
Purchases of investments	(278,597)	(463,859)
Proceeds on disposition of investments	325,700	533,929
Acquisition of fixed assets	(67)	(14)
Net cash provided by investing activities	<u>47,036</u>	<u>70,056</u>
Net decrease in cash and cash equivalents	(4,018)	(15,825)
Cash and cash equivalents, beginning of year	38,898	54,723
Cash and cash equivalents, end of year	<u>\$ 34,880</u>	<u>\$ 38,898</u>
Supplemental disclosures		
Taxes paid during the year	<u>\$ 350</u>	<u>\$ 1,850</u>

See accompanying notes.

W. M. Keck Foundation

Notes to Financial Statements

December 31, 2023

1. Organization

Formation and Goals of the Foundation

W. M. Keck established the W. M. Keck Foundation (the Foundation) as a charitable trust in 1954. In 1959, Mr. Keck changed the trust entity to a corporate entity by forming the W. M. Keck Foundation as a Delaware corporation and transferring the trust's assets, and eventually by bequeathing the residue of his estate, to the corporation. It is this Delaware corporation that exists today and continues to be known as the W. M. Keck Foundation. The Foundation's goals are principally to identify and support university and college research and education programs in the areas of science, engineering, and medicine. In addition, the Foundation gives some consideration to promoting liberal arts education and, in Southern California, to supporting community services, health care, pre-collegiate education, and the arts. Operations are funded by the Foundation's returns on its investment portfolio.

2. Summary of Significant Accounting Policies

Use of Estimates

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

Grant Payments

In accordance with accounting standards for not-for-profit entities, unconditional grant payments are recognized as an expense in the period in which they are approved. If these grants are to be paid over a period exceeding one year, they are recorded at the net present value of the future cash payments, using an applicable Treasury Bill rate. Grants that are conditioned upon a future and uncertain event are expensed when these conditions are substantially met.

Cash and Cash Equivalents

Cash and cash equivalents are defined as liquid investments with remaining maturities of three months or less at time of purchase.

W. M. Keck Foundation

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Fair value is established based on quoted prices from recognized securities exchanges.

Investments in private equity funds are measured at fair value, using the net asset value (NAV) as a practical expedient, which is based on net asset values reported by the fund managers. Pursuant to provisions of Accounting Standards Update (ASU) 2009-12, *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, the Foundation believes that the net asset value of these investments as of December 2023 and 2022 approximates their fair value as of that date. However, because of the inherent uncertainty of valuation, the estimated fair values for these securities and interests may differ from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Purchases and sales of securities are recorded on the trade date. Dividend income is recorded based upon the ex-dividend date. Interest income is recorded as earned on an accrual basis. Realized gains and losses are recorded upon disposition of securities based on the specific identification method. Unrealized gains and losses are included on the statements of activities and represent the net change in fair value for investments held at the end of the year.

Fair Value of Financial Instruments

The Foundation's statements of financial position include, but are not limited to, the following financial instruments: cash and cash equivalents, accounts payable, and accrued liabilities. The Foundation considers the carrying amounts of these assets and liabilities on the statements of financial position to approximate the fair value of these financial instruments because of the relatively short period of time between origination of the instruments and their expected realization.

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents and investments. The investment portfolio is managed within the Foundation's established investment guidelines.

W. M. Keck Foundation

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Fixed Assets

Fixed assets are carried at cost, less accumulated depreciation, and are included in other assets on the statements of financial position. Depreciation is computed on the straight-line method over the estimated useful life of each type of asset or the term of the related lease, whichever is shorter. The depreciable lives for leasehold improvements are ten years, for furniture and equipment five years, and for software three years.

Leases

Under Accounting Standards Codification No. (ASC) 842, the Foundation determines if an arrangement is a lease at inception based on whether the Foundation has the right to control the asset during the contract period and other facts and circumstances. The Foundation has obligations as a lessee for office space and office equipment with initial noncancelable terms in excess of one year. The Foundation classified these leases as operating leases. Operating leases are included in right-of-use (ROU) assets and lease liabilities on the statements of financial position. ROU assets represent the Foundation's right to use an underlying asset for the lease term, and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease, both of which are recognized at the commencement date based on the present value of future lease payments over the lease term. For this purpose, the Foundation considers only payments that are fixed and determinable at the time of commencement. The office space lease contains a renewal option of five years. Because the Foundation is not reasonably certain to exercise the renewal option, the optional periods are not included in determining the lease term, and associated payments under the renewal option are excluded from lease payments. As the implicit rates for the Foundation's leases were not readily determinable, the Foundation's incremental borrowing rate was used in determining the present value of lease payments. The Foundation's incremental borrowing rate is a hypothetical rate based on the rate of interest the Foundation would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The office space lease agreement contains variable costs, such as common area maintenance, insurance, real estate taxes or other costs. Variable lease costs are expensed as incurred on the statements of activities. Leases with a lease term of 12 months or less at inception are not recorded on the statements of financial position and are expensed on a straight-line basis over the lease term in the statements of activities. The Foundation's lease agreements generally do not contain any residual value guarantees or restrictive covenants.

W. M. Keck Foundation

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The Foundation applies the principles of Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, for all financial assets and liabilities that are recognized or disclosed at fair value in the financial statements. This standard defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. The standard clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the Foundation establishes a three-level fair value hierarchy, that prioritizes the inputs used in measuring fair value as follows:

Level 1 – Assets that have readily observable prices (quoted prices in active markets accessible at the measurement date for assets). The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 – Assets that are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial assets and liabilities in this category generally include asset-backed securities, corporate bonds and loans, municipal bonds, forward contracts, future contracts, interest and credit swap agreements, options, and interest rate swaps.

Level 3 – Assets whose fair value cannot be determined by using observable measures and can only be calculated using estimates or risk-adjusted value ranges, when little or no market data is available. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities. The fair values are, therefore, determined using factors that involve considerable judgment and interpretations, including, but not limited to, private and public comparable, third-party appraisals, discounted cash flow models, and fund manager estimates. The fair value hierarchy gives the lowest priority to Level 3 inputs.

W. M. Keck Foundation

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Assets and liabilities measured at fair value are based on one or more of three valuation techniques noted below:

- (a) *Market approach.* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- (b) *Cost approach.* Amount that would be required to replace the service capacity of an asset (replacement cost).
- (c) *Income approach.* Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing, and excess earnings models).

The Foundation's assets measured at fair value on a recurring basis at December 31, 2023 were as follows (in thousands):

	Level 1	Level 2	Investments at NAV	Total
Assets:				
Common and preferred stock	\$ 575,769	\$ –	\$ –	\$ 575,769
Corporate bonds	–	24,955	–	24,955
Municipal bonds	–	3,721	–	3,721
Government bonds	21,578	727	–	22,305
Foreign investments	67,248	26,139	–	93,387
Mortgage- and asset-backed securities	–	65,737	–	65,737
Mutual funds	409,192	–	–	409,192
Private equity funds	–	–	314,606	314,606
Total	\$ 1,073,787	\$ 121,279	\$ 314,606	\$ 1,509,672

W. M. Keck Foundation

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

The Foundation's assets measured at fair value on a recurring basis at December 31, 2022 were as follows (in thousands):

	Level 1	Level 2	Investments at NAV	Total
Assets:				
Common and preferred stock	\$ 507,576	\$ —	\$ —	\$ 507,576
Corporate bonds	—	22,091	—	22,091
Municipal bonds	—	3,510	—	3,510
Government bonds	14,393	17	—	14,410
Foreign investments	57,820	22,097	—	79,917
Mortgage- and asset-backed securities	—	51,444	—	51,444
Mutual funds	341,172	—	—	341,172
Private equity funds	—	—	303,825	303,825
Total	\$ 920,961	\$ 99,159	\$ 303,825	\$ 1,323,945

The Foundation has classified its mutual funds, equity securities, preferred stock, and certain of its government bonds and foreign investments that have quoted prices in active markets as Level 1 within the fair value hierarchy. These securities are valued under the market approach using inputs observable in active markets for identical securities. The Foundation has classified certain of its government bonds, corporate bonds, municipal bonds, foreign bonds, and mortgage- and asset-backed securities as Level 2 investments. The fair value of these assets is valued under the market approach using inputs observable in active markets for similar assets. The Foundation has measured its investments in private equity funds at fair value using the net asset value as a practical expedient, which is based on net asset values reported by the fund managers. These investments that use net asset value as a practical expedient are not classified in the fair value hierarchy. The fair value of the underlying assets in private equity funds is valued under the income approach using discounted cash flows and other inputs not observable in active markets.

W. M. Keck Foundation

Notes to Financial Statements (continued)

3. Liquidity and Availability of Resources

The Foundation's financial assets available within one year of the statement of financial position date for general expenditure are as follows (in thousands):

	December 31	
	2023	2022
Cash and cash equivalents	\$ 34,880	\$ 38,898
Interest and dividends receivable	1,846	1,581
Liquid investments (excludes private equity)	<u>1,195,066</u>	<u>1,020,120</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,231,792</u>	<u>\$ 1,060,599</u>
Supplemental disclosure		
Grant commitments due within one year	<u>\$ (18,750)</u>	<u>\$ (21,030)</u>

Liquidity Management

The Foundation has \$1,231,792,000 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure. None of the financial assets are subject to donor restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments.

W. M. Keck Foundation

Notes to Financial Statements (continued)

4. Investments

The cost and fair value of investments are as follows (in thousands):

	December 31			
	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Common and preferred stock	\$ 252,230	\$ 575,769	\$ 314,178	\$ 507,576
Corporate bonds	25,463	24,955	24,413	22,091
Municipal bonds	3,625	3,721	3,452	3,510
Government bonds	21,808	22,305	15,866	14,410
Foreign investments	74,044	93,387	73,371	79,917
Mortgage- and asset-backed securities	69,633	65,737	56,487	51,444
Mutual funds	387,168	409,192	356,319	341,172
Private equity funds	136,236	314,606	124,033	303,825
	<u>\$ 970,207</u>	<u>\$ 1,509,672</u>	<u>\$ 968,119</u>	<u>\$ 1,323,945</u>

The change in net unrealized gains on investments is reflected on the statements of activities and is summarized as follows (in thousands):

	Year Ended December 31	
	2023	2022
Net unrealized gains, beginning of year	\$ 355,826	\$ 791,179
Net unrealized gains (losses) on investments for the year	183,639	(435,353)
Net unrealized gains, end of year	<u>\$ 539,465</u>	<u>\$ 355,826</u>

The Foundation has made total capital contributions (net of distributions/return of capital) of \$136,236,000 to private equity funds as of December 31, 2023. The private equity funds are primarily invested in assets valued using Level 3 inputs and, as of December 31, 2023, are subject to lock-up provisions up to nine years, subject to certain further extension adjustments. The Foundation had total future capital commitments related to private equity funds of \$135,048,000 as of December 31, 2023.

W. M. Keck Foundation

Notes to Financial Statements (continued)

5. Taxes

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes. However, the Foundation is classified under the Internal Revenue Code (IRC) as a private foundation and, as such, was subject to a flat rate federal excise tax of 1.39% on net investment income.

For the years ended December 2023 and 2022, the Foundation accrued a 1.39% excise tax on net investment income.

Private foundations are required to distribute annually, in qualifying charitable distributions, an amount equal to approximately 5% of the average fair market value of the Foundation's assets (the minimum distribution). If the Foundation does not distribute the required minimum distribution, a one-year grace period is granted to distribute the undistributed income.

The Foundation uses the liability method for accounting for excise taxes. The federal excise tax provision (benefit) consists of the following (in thousands):

	Year Ended December 31	
	2023	2022
Current	\$ 932	\$ 1,422
Deferred	2,553	(6,052)
	<u>\$ 3,485</u>	<u>\$ (4,630)</u>

Deferred federal excise taxes arise primarily from the net unrealized appreciation in the fair value of investments and the Foundation uses the federal excise tax rate of 1.39% for the years presented.

The Foundation completed an analysis of its tax positions, in accordance with Financial Accounting Standards Board ASC 740, *Income Taxes*, and determined that there are no uncertain tax positions taken or expected to be taken. The Foundation has recognized no interest or penalties related to uncertain tax positions. The Foundation is subject to routine audits by the taxing jurisdictions; however, there are currently no audits in progress for any tax periods (tax years 2019 through 2023 remain open and subject to selection for such routine audits).

W. M. Keck Foundation

Notes to Financial Statements (continued)

6. Functional Classification of Expenses

Functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Foundation are reported as expenses of that functional area. Indirect or shared costs are allocated between Program Services and Management and General Services based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

The following is a functional classification of the Foundation's expenses:

	Year Ended December 31, 2023		
	Program Services	Management and General	Total
	<i>(In Thousands)</i>		
Grants	\$ 59,628	\$ –	\$ 59,628
Salaries, employee benefits and payroll taxes	4,002	447	4,449
Professional services, contract services and other management and general services	2,252	352	2,604
Total functional expenses	<u>\$ 65,882</u>	<u>\$ 799</u>	<u>\$ 66,681</u>
	Year Ended December 31, 2022		
	Program Services	Management and General	Total
	<i>(In Thousands)</i>		
Grants	\$ 62,679	\$ –	\$ 62,679
Salaries, employee benefits and payroll taxes	3,802	373	4,175
Professional services, contract services and other management and general services	2,700	465	3,165
Total functional expenses	<u>\$ 69,181</u>	<u>\$ 838</u>	<u>\$ 70,019</u>

W. M. Keck Foundation

Notes to Financial Statements (continued)

7. Grants Payable and Conditional Grant Commitments

Grants payable and conditional grant commitments as of December 31, 2023 are as follows (in thousands):

	<u>Unconditional</u>	<u>Conditional</u>
2024	\$ 18,750	\$ 1,675
2025	3,000	13,500
2026	–	13,500
2027 and thereafter	–	95,250
	<u>21,750</u>	<u>123,925</u>
Less present value discount	(68)	–
	<u>\$ 21,682</u>	<u>\$ 123,925</u>

Projected timetable and payment amounts shown above for conditional grants are estimated. Conditional grants will be recorded as an expense in the period when the conditions to the grant are substantially met. These grants are conditioned upon other donors matching the amounts contributed by the Foundation, receipt of building permits and other regulations, and compliance with budget, timetable, and grant agreement requirements.

W. M. Keck Foundation

Notes to Financial Statements (continued)

8. Lease Commitments

The Foundation has operating leases related to office space and office equipment. New leases commenced for office space and for office equipment in 2019. The office equipment lease expired in 2022 and continued on a month-to-month basis. Statement of financial position information related to operating leases are as follows (in thousands):

	December 31	
	2023	2022
Right-of-use asset	\$ 2,786	\$ 3,193
Lease liabilities	3,001	3,372

As of December 31, 2023, the Foundation's office space lease has an original lease period expiring in 2029. The office space lease includes an option to renew for an additional five years.

The components of lease costs, lease term and discount rate are as follows (in thousands):

	December 31	
	2023	2022
Operating lease cost	\$ 546	\$ 546
Variable lease cost	430	372
Total operating lease cost	\$ 976	\$ 918

	December 31	
	2023	2022
Weighted-average remaining lease term for operating leases	5.92 years	6.92 years
Weighted-average discount rate for operating leases	4.05%	4.05%

W. M. Keck Foundation

Notes to Financial Statements (continued)

8. Lease Commitments (continued)

The following table summarizes the maturity of the Foundation's operating lease liabilities as of December 31, 2023 (in thousands):

2024	\$	520
2025		541
2026		563
2027		585
2028		609
Thereafter		<u>578</u>
Total operating lease payments		3,396
Less: imputed interest		<u>(395)</u>
Present value of operating lease liabilities	\$	<u><u>3,001</u></u>

Supplemental cash flow information related to leases are as follows (in thousands):

	Year Ended December 31	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flow from operating leases	\$ 500	\$ 447
Reductions to ROU assets resulting from reductions to lease obligations:		
Operating lease	\$ (408)	\$ (399)

9. Employee Retirement Plan

The Foundation maintains a qualified 401(k) Profit Sharing Plan (the Plan) for eligible employees. Employees can contribute a percentage of their pretax compensation subject to Internal Revenue Service (IRS) limitations. The Foundation matches 200% of the employee's deferral, but not more than 6% of the employee's compensation in total until IRS compensation limits are reached. The Foundation's matching contributions to the Plan were approximately \$389,000 and \$324,000 for the years ended December 31, 2023 and 2022, respectively.

On December 15, 2022, The Foundation, on behalf of the Plan, entered into an agreement with Aon Consulting, Inc. (Aon), on behalf of the Aon Pooled Employer Plan (PEP), to merge the Plan into the PEP effective February 1, 2023.

W. M. Keck Foundation

Notes to Financial Statements (continued)

9. Employee Retirement Plan (continued)

Under the agreement, Aon is responsible for the establishment and maintenance of the PEP. In addition, Aon is named the administrator and fiduciary of the PEP. The matching percentage of the employees' deferrals noted above remains the same.

10. Subsequent Events

The Foundation's management has evaluated subsequent events through May 23, 2024, which is the date these financial statements were available to be issued.

Management has determined that no material subsequent events have occurred during that period that would require the Foundation to either recognize the financial impact of such events in the accompanying financial statements or disclose any such events to ensure the financial statements are not misleading.

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