Wayne County Community Foundation

Consolidated Financial Statements

As of and for the Years Ended
June 30, 2026 and 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Wayne County Community Foundation
Wooster, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Wayne County Community Foundation, a nonprofit organization (the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2026 and 2025, the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Wayne County Community Foundation, as of June 30, 2026 and 2025, and the changes in 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 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 the period of one year from the date of this report.

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.

Rea & Associates, Inc.

Rea & Associates, Inc.
Wooster, Ohio
September 10, 2026

WAYNE COUNTY COMMUNITY FOUNDATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2026 AND 2025

ASSETS

	2026	2025
CURRENT ASSETS:		
Cash and cash equivalents	$ 47,148	$ 32,362
Investments	177,034,517	155,159,490
Contributions and pledges receivable, current portion:		
Pledges receivable	383,300	125,143
Interest in charitable lead annuity trust	40,000	40,000
Prepaid expenses	29,896	25,252
Total current assets	177,534,861	155,382,247
PROPERTY AND EQUIPMENT:		
Building and land	652,911	652,911
Furniture, fixtures and equipment	89,476	50,401
Building improvements	862,550	-
	1,604,937	703,312
Less: accumulated depreciation	(31,011)	(49,559)
Total property and equipment, net	1,573,926	653,753
OTHER ASSETS:		
Long-term contributions and pledges receivable, net of current portion:		
Pledges receivable	724,500	52,000
Interest in a charitable lead annuity trust	13,142	53,142
Insurance policies, cash surrender value	292,387	290,051
Total other assets	1,030,029	395,193
Total assets	$ 180,138,816	$ 156,431,193

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

LIABILITIES AND NET ASSETS

	2026	2025
CURRENT LIABILITIES:		
Agency fund liability	$ 26,696,283	$ 23,360,962
Accounts payable	250,168	-
Grants payable	10,000	20,000
Scholarships payable	1,224,169	1,090,234
Charitable gift annuity, current portion	10,532	10,532
Total current liabilities	28,191,152	24,481,728
LONG-TERM LIABILITIES:		
Charitable gift annuity - net of current portion	54,567	57,872
Total long-term liabilities	54,567	57,872
Total liabilities	28,245,719	24,539,600
NET ASSETS:		
Without donor restrictions:		
Board designated endowment funds	26,808,391	28,192,470
Board designated for specific purpose	5,000,000	-
Total without donor restrictions	31,808,391	28,192,470
With donor restrictions	120,084,706	103,699,123
Total net assets	151,893,097	131,891,593
Total liabilities and net assets	$ 180,138,816	$ 156,431,193

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

WAYNE COUNTY COMMUNITY FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2026

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND SUPPORT:			
Contributions and donations	$ 2,803,236	$ 6,399,561	$ 9,202,797
Change in gift annuity	-	(7,227)	(7,227)
Administrative fee revenue	123,449	-	123,449
Other income	39,278	29,144	68,422
Total contributions, investment income and other income	2,965,963	6,421,478	9,387,441
Other changes in net assets:			
Satisfaction of donor and program requirements in accordance with spending policy	4,683,303	(4,683,303)	-
Released for administrative fees	773,972	(773,972)	-
Total other changes in net assets	5,457,275	(5,457,275)	-
Total revenue and support	8,423,238	964,203	9,387,441
EXPENSES:			
Program services	8,710,710	-	8,710,710
Support activities:			
Management and general	379,132	-	379,132
Fundraising	167,693	-	167,693
Total support activities	546,825	-	546,825
Total expenses	9,257,535	-	9,257,535
Net change before investment activity	(834,297)	964,203	129,906
INVESTMENT ACTIVITY:			
Investment gain	4,450,218	15,421,380	19,871,598
Change in net assets	3,615,921	16,385,583	20,001,504
Net assets, beginning of year	28,192,470	103,699,123	131,891,593
Net assets, end of year	$ 31,808,391	$ 120,084,706	$ 151,893,097

WAYNE COUNTY COMMUNITY FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2025

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND SUPPORT:			
Contributions and donations	$ 5,937,583	$ 2,700,552	$ 8,638,135
Change in gift annuity	-	268	268
Administrative fee revenue	97,328	-	97,328
Other income	27,062	32,138	59,200
Total contributions, investment income and other income	6,061,973	2,732,958	8,794,931
Other changes in net assets:			
Satisfaction of donor and program requirements in accordance with spending policy	5,505,063	(5,505,063)	-
Released for administrative fees	701,337	(701,337)	-
Total other changes in net assets	6,206,400	(6,206,400)	-
Total revenue and support	12,268,373	(3,473,442)	8,794,931
EXPENSES:			
Program services	9,291,844	-	9,291,844
Support activities:			
Management and general	274,470	-	274,470
Fundraising	141,449	-	141,449
Total support activities	415,919	-	415,919
Total expenses	9,707,763	-	9,707,763
Net change before investment activity	2,560,610	(3,473,442)	(912,832)
INVESTMENT ACTIVITY:			
Investment gain	3,066,017	11,767,760	14,833,777
Change in net assets	5,626,627	8,294,318	13,920,945
Net assets, beginning of year	22,565,843	95,404,805	117,970,648
Net assets, end of year	$ 28,192,470	$ 103,699,123	$ 131,891,593

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

WAYNE COUNTY COMMUNITY FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2026

		SUPPORTING SERVICES		
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Personnel costs:				
Employee benefits	$ 24,582	$ 15,498	$ 13,360	$ 53,440
Payroll taxes	9,166	4,955	10,652	24,773
Salaries	165,706	100,114	79,401	345,221
Total personnel costs	199,454	120,567	103,413	423,434
Accounting and auditing services	-	35,750	-	35,750
Advertising and promotion	-	10,401	26,746	37,147
Community support	10,975	-	-	10,975
Conferences and meetings	957	901	19	1,877
Pledges satisfied by direct payment	50,000	-	-	50,000
Depreciation	-	15,242	-	15,242
Development	1,889	5,431	4,486	11,806
Dues and subscriptions	-	50,943	-	50,943
Grants and scholarships	8,429,120	-	-	8,429,120
Information technology	-	1,599	-	1,599
Insurance	-	22,037	-	22,037
Occupancy	10,178	25,444	15,266	50,888
Office expenses	5,569	29,884	15,195	50,648
Professional services	-	60,733	-	60,733
State filing fee	-	200	-	200
Travel and meetings	2,568	-	2,568	5,136
	8,511,256	258,565	64,280	8,834,101
Total expenses	$ 8,710,710	$ 379,132	$ 167,693	$ 9,257,535

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

WAYNE COUNTY COMMUNITY FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

		SUPPORTING SERVICES		
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Personnel costs:				
Employee benefits	$ 17,435	$ 10,992	$ 9,476	$ 37,903
Payroll taxes	8,419	4,550	9,784	22,753
Salaries	152,088	91,887	72,876	316,851
Total personnel costs	177,942	107,429	92,136	377,507
Accounting and auditing services	-	33,300	-	33,300
Advertising and promotion	-	8,609	22,136	30,745
Community support	3,615	-	-	3,615
Conferences and meetings	1,166	1,097	23	2,286
Depreciation	-	1,050	-	1,050
Development	1,916	5,508	4,551	11,975
Dues and subscriptions	-	46,411	-	46,411
Grants and scholarships	9,094,405	-	-	9,094,405
Information technology	-	1,808	-	1,808
Insurance	-	13,372	-	13,372
Occupancy	7,393	18,482	11,089	36,964
Office expenses	3,536	18,961	9,643	32,140
Professional services	-	18,243	-	18,243
State filing fee	-	200	-	200
Travel and meetings	1,871	-	1,871	3,742
	9,113,902	167,041	49,313	9,330,256
Total expenses	$ 9,291,844	$ 274,470	$ 141,449	$ 9,707,763

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

WAYNE COUNTY COMMUNITY FOUNDATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026 AND 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 5,077,414	$ 11,836,850
Cash paid to grantees and scholarships	(9,690,237)	(10,440,827)
Cash paid to vendors and employees	(681,300)	(730,964)
Cash (used in) provided by operating activities	(5,294,123)	665,059
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	50,642,301	44,210,266
Capital expenditures	(935,415)	(652,911)
Purchase of investments	(46,503,860)	(44,888,005)
Cash provided by (used in) investing activities	3,203,026	(1,330,650)
CASH FLOWS FROM FINANCING ACTIVITIES		
Charitable gift annuity obligations (paid) received	(3,305)	(9,275)
Perpetual in nature donor restricted contributions	2,109,188	670,953
Cash (used in) provided by financing activities	2,105,883	661,678
Increase (decrease) in cash and cash equivalents	14,786	(3,913)
Cash and cash equivalents, beginning of year	32,362	36,275
Cash and cash equivalents, end of year	$ 47,148	$ 32,362

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

	2026	2025
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in net assets	$ 20,001,504	$ 13,920,945
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	15,242	1,050
Pledges satisfied by direct payment	50,000	-
Interest and dividend reinvested	(4,675,875)	(4,447,977)
Net realized gain on sale of investments	(29,386,742)	(7,219,050)
Net unrealized loss (gain) on investments	10,555,812	(5,667,062)
Investment loss on agency funds	3,536,798	2,393,740
Perpetual in nature donor restricted contributions	(2,109,188)	(670,953)
Change in cash surrender value of life insurance	(2,336)	(4,185)
Donated securities	(2,556,663)	(1,106,419)
Change in charitable gift annuity obligations value	-	(1,525)
(Increase) decrease in cash from changes in:		
Contributions and pledges receivable	(890,657)	219,535
Prepaid expenses	(4,644)	(1,204)
Agency fund liability	(201,477)	3,143,128
Accounts payable	250,168	-
Grants payable	(10,000)	(10,000)
Scholarships payable	133,935	115,036
Total adjustments	(25,295,627)	(13,255,886)
Cash (used in) provided by operating activities	$ (5,294,123)	$ 665,059

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Foundation

Wayne County Community Foundation (the "Foundation") is a tax-exempt public organization established in December 1978, with income from funds contributed by individuals, families, businesses and non-profit agencies. The Foundation works to improve the quality of life in greater Wayne County, Ohio by making grants to local nonprofit organizations and providing scholarships to benefit local students. The Foundation responds to the changing needs of the community and builds on local strengths in the areas of arts-culture, civic interests, conservation-environment, education, health, wellness, and human services.

Basis of Consolidation

The consolidated financial statements of the Foundation include the activity of Wayne County Community Foundation, WCCF Holdings, LLC, and WCCF Properties, LLC. WCCF Holdings, LLC was formed as a single member nonprofit limited liability company to increase the Foundation's capacity to evaluate, accept and manage gifts of real property. WCCF Properties, LLC was newly formed in March 2025 as a single member nonprofit limited liability company to hold the Foundation's real estate property intended for Foundation use. All accounts and transactions between the organizations have been eliminated in the consolidated financial statements (the "financial statements").

Fund Accounting

In order to maintain proper accounting for donor or board specified purposes, the Foundation maintains separate funds. The funds are then classified as held for others (liability) or without donor restrictions, with time or purpose donor restrictions or perpetual in nature restricted net assets. Contributions and grant distributions are recorded into the appropriate funds based on donor suggestions or board policies, as applicable. Investment activity and administrative fees are allocated to individual funds.

Classification of Net Assets

Net assets, contributions, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in continuing activities, grants, and operations of the Foundation at the discretion of the Foundation's governing body. Designations by the Board of Trustees ("Board"), while separately stated, are considered without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or purpose specified by the donor. Grants and contributions received with donor-imposed restrictions are recorded as without donor restrictions if the restrictions are expected to be met within the same period. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. The Foundation may expend part, or all of the income or other economic benefit derived from the donated asset. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets (Continued)
As of June 30, 2026, the net assets of the Foundation are comprised of a collection of 623 separate funds that were generously donated to benefit the various charitable and educational needs of the community. These funds have been pooled together and invested in a diverse set of assets, managed by professional investment administrators. The funds include both with donor restrictions and without donor restrictions funds to be used by the Board to function as permanent and unrestricted endowments. Of the 623 total funds, 29% are permanently restricted, 31% temporarily restricted, 25% unrestricted and 15% Agency funds.

Cash and Cash Equivalents
For the purposes of the statements of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. However, cash maintained in professionally managed investment accounts is considered an investment rather than a cash equivalent. At times during the year, the Foundation maintained funds on deposit at its banks in excess of FDIC insurance limits.

Investments
Investments in equity and debt securities are recorded at fair value with any realized or unrealized gains and losses reported in the consolidated statement of activities and changes in net assets. Investment income is recognized as revenue in the period it is earned, and gains and losses are recognized as changes in net assets in the accounting period in which they occur. Donated Securities received are recorded at market value at the date of the donation and are immediately sold.

Most holdings are collectively invested in one portfolio, referred to as the "pooled investment account." Certain funds hold investments in separate accounts. The overall portfolio is directed by the Foundation's Board of Trustee's investment committee in consultations with a professional investment advisor, Clearstead Advisors, LLC. More than a dozen professional investment managers are utilized to diversify the portfolio. Fidelity Investments acts as custodian of 99% of the portfolio.

The income, gains, and losses from the pooled investment account are allocated monthly to the individual funds based on each fund's proportional fair market value.

Investments, Fair Value Measurements
As defined in FASB ASC 820, "Fair Value Measurements", fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable firm inputs. The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the examination of the inputs used in the valuation techniques, the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments, Fair Value Measurements(Continued)
Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical assets or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Investment Policy
To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a preferred diversified asset allocation. The target investment allocation was 65% Domestic and International Equities, 25% Fixed Income and Cash, and 10% Alternative. The Foundation has set performance objective and risk guidelines they use to measure the performance of its portfolio.

Spending Policy
Unless otherwise indicated in the fund agreement or instrument, the Foundation will generally distribute a percentage of the value of each fund annually. The percentage is evaluated annually by the Foundation and can be revised from time to time, taking into account both preservation of principal, as well as investment, custodial, and administrative costs. Currently, the spending policy, applied to perpetual in nature restricted funds, is calculated based on 4.50% of the average market value of the prior twelve quarter fund balances as of June 30, the Foundation's fiscal year-end. Payments in excess of annual spending policy are only allowable with special approval of the Board.

Insurance Policies
The Foundation is the beneficiary of several life insurance policies received from donors. The policies are stated at the cash surrender value net of any surrender charges. The value of these policies in the Consolidated Statements of Financial Position amount to $292,387 and $290,051 for the years ended June 30, 2026 and 2025, respectively.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment purchased by the Foundation are carried at cost. Donated property and equipment are recorded at estimated fair value at the date of donation. Expenditures which substantially increase the useful lives of existing assets are capitalized. Routine maintenance and repairs and capital expenditures of less than $5,000 are expensed as incurred. The cost and related accumulated depreciation of property and equipment sold or otherwise disposed of are removed from the accounts and any gain or loss is reflected in the current year's activities. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation expense was $15,242 and $1,050 for the years ended June 30, 2026 and 2025, respectively.

Revenue Recognition

The Foundation follows the guidance in FASB ASC 958-605 for recognizing contribution gifts and bequests.

The Foundation recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. 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 met.

When a restriction expires through accomplishment of purpose or passage of time, the with donor restrictions net assets are reclassified to without donor restrictions and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Although with donor restricted contributions are typically reported as support that increases with donor restricted net assets, they may be reported as without donor restriction support if the restrictions are met in the same reporting period.

Income Tax Status

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code") and operates as a public charity.

WCCF Holdings, LLC and WCCF Properties, LLC are both single-member nonprofit limited liability companies solely owned by Wayne County Community Foundation.

The Foundation is required to operate in conformity with the Code to maintain its tax-exempt status.

Accounting for Uncertainty in Income Taxes

Accounting principles generally accepted in the United States of America ("U.S. GAAP") require management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken certain tax positions that more-likely-than-not would not be sustained upon examination by applicable taxing authorities. The amount recognized is measured as the amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Foundation recognizes interest and penalties accrued related to unrecognized tax uncertainties in income tax expense, if any. The Foundation determined that there are no material uncertain tax positions.

NOTE 1: 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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Vacation, Personal Annual Leave Policy

Vacation and personal leave compensation are expensed when paid. Accrual of these benefits as earned would not have a material effect on the financial statements.

Advertising and Promotion

The Foundation participates in various advertising and marketing programs. All costs related to marketing and advertising the Foundation's services are expensed in the period incurred. Advertising costs charged to operations was $37,147 and $30,745 for the years ended June 30, 2026 and 2025, respectively.

Functional Expense Allocations

The costs of program services and supporting activities have been summarized on a functional basis in the Statements of Functional Expenses. These statements present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Expenses are charged to functional areas based on specific identification when possible. Expenses that cannot be specifically identified to a function are allocated to the functional areas based on factors such as direct relationship of expense, time spent by employees, and other estimates prepared by management.

In-Kind Donated Services

The Foundation received donated services (general assistance and fundraising events) which do not meet the criteria for recognition under FASB ASC 958-605 or cannot be objectively measured. These donations, while not recognized in the financial statements, provide valuable resources to the Foundation.

Leases

The Foundation determines if a contract contains a lease when the contract conveys the right to control the use of identified assets for a period in exchange for consideration. Upon identification and commencement of a lease, the Foundation establishes a right-of-use ("ROU") asset and a lease liability. Operating leases, if any, are included in ROU assets – operating leases, current portion of lease liabilities – operating leases, and lease liabilities – operating leases on the accompanying balance sheets. Finance leases, if any, are included in property and equipment, current portion of lease liabilities – finance leases and lease liabilities – finance leases.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The total lease term is determined by considering the initial term per the lease agreement, which is adjusted to include any renewal options that the Foundation is reasonably certain to exercise as well as any period that the Foundation has control over the asset before the stated initial term of the agreement. If the Foundation determines a reasonable certainty of exercising termination or early buyout options, then the lease terms are adjusted to account for these facts. The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Foundation does not separate non-lease components from lease components for the vehicle ROU asset class. This election has been made to significantly reduce the administrative burden, which would be imposed on the Foundation.

The Foundation uses the risk-free rate as the discount rate for all classes of underlying assets when the interest rate is not implicitly or explicitly stated in the lease agreement at commencement date.

The Foundation does not recognize ROU assets and lease liabilities for leases with a term of 12 months or less.

Reclassification

Certain amounts reported in the 2025 financial statements have been reclassified to conform to the presentation to the 2026 financial statements. These reclassifications did not have an impact on net loss as previously reported.

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through September 10, 2026, which is the date the financial statements were available to be issued.

NOTE 2: LIQUIDITY AND AVAILABILITY

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated time and purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund competitive grants to the community, scholarships for individuals, and operating expenses.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that the Foundation will be able to support mission fulfillment, ensuring the sustainability of the Foundation.

NOTE 2: LIQUIDITY AND AVAILABILITY (CONTINUED)

The table below presents the financial assets at June 30 available for general expenditures within one year:

	2026	2025
Financial assets at year-end		
Cash and cash equivalents	$ 47,148	$ 32,362
Investments	177,034,517	155,159,490
Contributions and pledges receivable, current portion	423,300	165,143
Insurance policies, cash surrender value	292,387	290,051
Total financial assets	177,797,352	155,647,046
Less: Financial assets not available to be used within one year		
Endowment funds - donor restricted perpetual in nature	61,025,484	59,048,388
Board designated for specific purpose	5,000,000	-
Donor restricted for time or purpose	59,120,983	44,650,735
Agency fund liability	26,696,283	23,360,962
Charitable gift annuity	60,072	68,404
Financial assets not available to be used within one year	151,902,822	127,128,489
Financial assets available to meet general expenditures within one year	$ 25,894,530	$ 28,518,557

NOTE 3: INVESTMENTS AND FAIR VALUE MEASUREMENTS

The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

Money Market Accounts
These cash funds are valued at principal plus interest at a variable rate.

Equities
Equities are considered available-for-sale and are recorded at fair value. These securities are valued at quoted market prices in active markets for identical assets.

Fixed Income
Fixed Income are considered available-for-sale and are recorded at fair value. These securities are valued at quoted market prices in active markets for identical assets.

Alternatives (Mutual Funds/Private Equity)
Mutual funds are based on quoted market prices. Private equity investments include nonmarketable investments that are illiquid and valuation is determined through consideration of information provided by investment managers.

NOTE 3: INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the financial instruments carried at fair value, on a recurring basis, as of June 30, 2026:

	Level 1	Level 2	Level 3	Total
Investment Type:				
Cash:				
Cash	$ 5,331,601	$ -	$ -	$ 5,331,601
Designated cash	323,367	-	-	323,367
Total cash	5,655,698	-	-	5,655,698
Equities:				
Large cap	64,804,639	-	-	64,804,639
Mid cap	4,707,862	-	-	4,707,862
Small cap	9,960,126	-	-	9,960,126
International equities	34,957,176	-	-	34,957,176
Total equities:	114,429,803	-	-	114,429,803
Fixed income	40,827,096	-	-	40,827,096
Alternatives:				
Mutual funds	15,682,705	-	-	15,682,705
Private equity	-	-	439,945	439,945
Total alternatives	15,682,705	-	439,945	16,122,650
Total investments at fair value	$176,594,572	$ -	$ 439,945	$177,034,517

NOTE 3: INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the financial instruments carried at fair value, on a recurring basis, as of June 30, 2025:

	Level 1	Level 2	Level 3	Total
Investment Type:				
Cash	$ 6,541,978	$ -	$ -	$ 6,541,978
Equities:				
Large cap	57,744,202	-	-	57,744,202
Mid cap	3,973,810	-	-	3,973,810
Small cap	6,293,660	-	-	6,293,660
International equities	29,903,970	-	-	29,903,970
Total equities:	97,915,642	-	-	97,915,642
Fixed income	34,826,066	-	-	34,826,066
Alternative:				
Mutual funds	15,875,804	-	-	15,875,804
Total investments at fair value	$155,159,490	$ -	$ -	$155,159,490

	2026	2025
Net investment income consists of the following:		
Interest and dividends	$ 4,675,875	$ 4,447,977
Net realized gains	29,386,742	7,219,050
Net unrealized (losses) gains	(10,555,812)	5,667,062
Less: investment fees	(98,409)	(106,572)
Total investment income	23,408,396	17,227,517
Less: allocated to agency fund liability	(3,536,798)	(2,393,740)
Total net investment income	$ 19,871,598	$ 14,833,777

NOTE 4: CONTRIBUTIONS AND PLEDGES RECEIVABLE

Contributions and pledges receivable at June 30 consist of the following:

	2026	2025
Pledges receivable	$ 1,107,800	$ 177,143
Interest in charitable lead annuity trust	53,142	93,142
	$ 1,160,942	$ 270,285

Contributions and pledges receivable represent promises to give which have been made by donors to designated funds. Several receivables have been promised in installments over several years. Contributions also included a commitment from a donor through the interest in a charitable lead annuity trust. All receivables are considered collectible by the Foundation and, accordingly, no allowance for uncollectible balances has been established.

NOTE 4: CONTRIBUTIONS AND PLEDGES RECEIVABLE (CONTINUED)

The value of all material receivables and interest in a charitable lead annuity trust with payments exceeding one year, have been discounted to net present value at rates of 2.0% and 3.5%, respectively.

Amounts presented in the Consolidated Statements of Financial Position at June 30 are as follows:

	2026	2025
Current portion	$ 423,300	$ 165,143
Long-term portion	737,642	105,142
	$ 1,160,942	$ 270,285

Payments at June 30 are due in:

One year	$ 423,300
Two years	360,225
Three years	200,700
Four years	200,000
Less: Net Present Value Discount	(23,283)
Total	$ 1,160,942

NOTE 5: ENDOWMENT

The Foundation's endowments consist of numerous funds, established for a variety of purposes, which have been pooled together for investment purposes. The endowments include both donor-restricted and Board designated funds. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the original gift as the donor-restricted endowment absent explicit donor restrictions to the contrary.

As a result of this interpretation, the Foundation classifies as perpetual in nature restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in perpetual in nature restricted net assets is classified as with time or purpose donor-restricted net assets until those amounts are appropriated for expenditures by the Foundation. In addition, certain funds are restricted by the donor for specific purposes and are classified as temporarily restricted until expended for the specified purpose. These funds are currently considered as part of the endowment due to the long-term nature of the donor specific purpose.

NOTE 5: ENDOWMENT (CONTINUED)

The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Foundation and the endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Endowment net assets composition by type of fund for June 30, 2026 is as follows:

	Without Donor Restrictions	With Donor Restrictions		
		Time or Purpose	Perpetual in Nature	Total
Donor restricted endowment:				
Original donor-restricted gifts	$ -	$ -	$ 62,587,190	$ 62,587,190
Accumulated investment gains	-	19,871,598	-	19,871,598
Donor restricted time or purpose	-	37,625,918	-	37,625,918
Board designated endowment funds	31,808,391	-	-	31,808,391
Total funds	$ 31,808,391	$ 57,497,516	$ 62,587,190	$151,893,097

	Without Donor Restrictions	With Donor Restrictions		
		Time or Purpose	Perpetual in Nature	Total
Endowment net assets - beginning of year	$ 28,192,470	$ 44,650,735	$ 59,048,388	$131,891,593
Investment return:				
Net appreciation	4,450,218	3,162,048	12,219,105	19,871,598
Contributions and other income	2,965,963	2,935,440	3,486,038	9,387,441
Transfers of fund activity	-	12,259,332	(12,259,332)	-
Satisfaction of donor and program requirements in accordance with spending policy	5,457,275	(5,510,039)	52,764	-
Disbursements	(9,257,535)	-	-	(9,257,535)
Net change	3,615,921	12,846,781	3,538,802	20,001,504
Endowment net assets - end of year	$ 31,808,391	$ 57,497,516	$ 62,587,190	$151,893,097

NOTE 5: ENDOWMENT (CONTINUED)

Endowment net assets composition by type of fund for June 30, 2025 is as follows:

	Without Donor Restrictions	With Donor Restrictions Time or Purpose	With Donor Restrictions Perpetual in Nature	Total
Donor restricted endowment:				
Original donor-restricted gifts	$ -	$ -	$ 59,048,388	$ 59,048,388
Accumulated investment gains	-	14,833,777	-	14,833,777
Donor restricted time or purpose	-	29,816,958	-	29,816,958
Board designated endowment funds	28,192,470	-	-	28,192,470
Total funds	$ 28,192,470	$ 44,650,735	$ 59,048,388	$131,891,593

	Without Donor Restrictions	With Donor Restrictions Time or Purpose	With Donor Restrictions Perpetual in Nature	Total
Endowment net assets - beginning of year	$ 22,565,843	$ 37,080,134	$ 58,324,671	$117,970,648
Investment return:				
Net appreciation	3,066,017	2,534,702	9,233,058	14,833,777
Contributions and other income	6,061,973	2,062,005	670,953	8,794,931
Transfers of fund activity	-	9,233,058	(9,233,058)	-
Satisfaction of donor and program requirements in accordance with spending policy	6,206,400	(6,259,164)	52,764	-
Disbursements	(9,707,763)	-	-	(9,707,763)
Net change	5,626,627	7,570,601	723,717	13,920,945
Endowment net assets - end of year	$ 28,192,470	$ 44,650,735	$ 59,048,388	$131,891,593

Funds with Deficiencies – From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

NOTE 5: ENDOWMENT (CONTINUED)

As of June 30, 2026 and 2025, one fund with deficiency was reported in net assets with donor restrictions as follows:

	2026	2025
Fair value of underwater endowment funds	$ 82,715	$ 72,054
Original endowment gift amount	(118,507)	(118,461)
Deficiencies of underwater endowment funds	$ (35,792)	$ (46,407)

NOTE 6: NET ASSETS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or the occurrence of other events specified by donors at June 30 as follows:

	2026	2025
Grants and scholarships	$ 4,683,303	$ 5,505,063
Administrative fees	733,972	701,337
Assets released from restriction	$ 5,457,275	$ 6,206,400

The Foundation charges an administrative fee to all funds, except the Acorn Funds. These fees are reflected as assets released from restriction in the consolidated statement of activities and changes in net assets. The following annual fee schedule was effective March 1, 2009:

Agency endowments	0.50%
Designated funds:	
Minimum charge of $250 annually	1.00%
During a campaign (under $1,000,000)	0.75%
During a campaign (over $1,000,000)	0.50%
Maintenance fund only	
Donor advised funds:	
Under $100,000	1.00%
$100,000 - $500,000	0.75%
Over $500,000	0.50%
Scholarship, Unrestricted and Field of Interest funds:	
Minimum charge of $250 annually	
Under $1,000,000	1.00%
Over $1,000,000	0.75%
Gift annuity funds	1.00%

NOTE 6: NET ASSETS (CONTINUED)

Designated funds are divided into active campaign and maintenance modes depending on whether the fund is in the midst of an active fundraising campaign or in a post campaign maintenance mode.

Total fees charged under this schedule amounted to $980,077 and $881,030 for the years ended June 30, 2026 and 2025, respectively. A portion of these fees are reported as management and general expenses on the consolidated statement of activities and changes in net assets with the remainder of fees being reported as a reduction in the agency fund liability in the consolidated statement of financial position.

Donor restricted net assets consist of contributions designated but not yet used for certain purposes at June 30 as follows:

	2026	2025
Donor restrictions for time or purpose:		
Grants and scholarships	$ 57,533,308	$ 44,697,142
Underwater funds	(35,792)	(46,407)
	57,497,516	44,650,735
Donor restrictions perpetual in nature:		
Grants and scholarships	62,587,190	59,048,388
	$ 120,084,706	$ 103,699,123

The Board of Directors has designated $5,000,000 of net assets without donor restrictions for investment in a private equity investment vehicle. The private equity investment is one aspect of a larger investment strategy. This designation reflects the Board's intended allocation of resources and may be modified at its discretion. As of the year ended June 30, 2026, $439,945 of the approved $5,000,000 has been invested. The Foundation is not obligated to invest the full designated amount and may withdraw pre-funded cash amounts that have not been utilized for capital calls at its discretion.

NOTE 7: LEASES

The Foundation leases its office space through a relationship established in 2005. Rent is paid on a monthly basis at $2,500 per month, with the current agreement ending on July 31, 2026. The landlord is responsible for real estate taxes, building fire insurance and repairs to the property. The Foundation is responsible for partial maintenance, utilities and liability insurance on the property. Lease expense related to this lease was $30,000 for both of the years ended June 30, 2026 and 2025, respectively.

Minimum lease payments due on June 30 under the operating lease obligations are due as follows:

2027	$ 2,500
Total	$ 2,500

NOTE 8: CHARITABLE GIFT ANNUITIES

The Foundation is obligated under four annuity contracts, whereby the Foundation is the owner of the assets subject to a promise to pay the respective annuity amount to individuals. The terms of the annuities are as follows:

	Date Established	Term	Payment Frequency	Payment Amount	Discount Factor	Interest Rate
Annuity 1	2006	Life	Semi-Annual	$ 716.15	3.9%	5.6%
Annuity 2	2018	Life	Quarterly	$ 762.50	8.9%	3.4%
Annuity 3	2019	Life	Quarterly	$ 400.00	9.8%	2.0%
Annuity 4	2023	Life	Quarterly	$ 1,112.50	5.2%	5.8%

The change in value of the gift annuity agreements in the consolidated statements of activities and changes in net assets relates to the amortization of the discount on the annuities. The estimated amount due to the individuals specified in those agreements (net of discount) were $65,099 and $68,404 for the years ended June 30, 2026 and 2025, respectively.

The following table presents a reconciliation of the gift annuity obligation fair value measurements using significant unobservable inputs (Level 3) at June 30:

	2026	2025
Beginning balance	$ 68,404	$ 79,204
Net unrealized (gain) loss	7,227	(268)
Payments	(10,532)	(10,532)
Ending balance	$ 65,099	$ 68,404

Amounts presented in the consolidated statements of financial position are as follows:

	2026	2025
Current	$ 10,532	$ 10,532
Long-term	54,567	57,872
	$ 65,099	$ 68,404

NOTE 9: CONDITIONAL PROMISES TO GIVE

The Foundation awards annual scholarships, some of which are renewable and conditional upon the recipient staying in school or maintaining a specific grade point average. Conditional promises to give are recognized when the conditions of the promise have been substantially met. Conditional promises that are substantially met are recorded in the consolidated statements of financial position and amounted to $1,224,169 and $1,090,234 for the years ended June 30, 2026 and 2025, respectively.

NOTE 10: AGENCY FUND LIABILITY

Agency funds represent amounts held by the Foundation on behalf of other tax-exempt charitable organizations. The following is a reconciliation of the activity during June 30:

	2026	2025
Current	$ 23,360,962	$ 17,824,094
Contributions	1,323,251	4,705,969
Investment income	3,536,797	2,393,740
Foundation administrative fees	(123,343)	(97,328)
Investment fees	(16,332)	(14,055)
Distributions	(1,385,052)	(1,451,458)
Ending agency funds	$ 26,696,283	$ 23,360,962

NOTE 11: RETIREMENT PLAN

The Foundation has a 403(b) Deferred Compensation Plan and SEP Plan. The Foundation contributes to an amount equal to 5% of each full-time employee’s compensation to the SEP plan. Contributions to the SEP plan amounted to $14,640 and $13,344 for the years ended June 30, 2026 and 2025, respectively.