

ILLINOIS STATE UNIVERSITY FOUNDATION

Consolidated Financial Statements and Report of Independent Certified Public Accountants

Illinois State University Foundation and Subsidiaries

June 30, 2026 and 2025

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GRANT THORNTON LLP
Grant Thornton Tower
171 N. Clark St., Suite 200
Chicago, IL 60601

D +1 312 856 0200
F +1 312 602 8099

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Illinois State University Foundation

Opinion

We have audited the consolidated financial statement of Illinois State University Foundation and subsidiaries (the "Foundation"), which comprise the consolidated statement of financial position as of June 30, 2026, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2026, 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 audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other matter

The consolidated financial statements of the Foundation as of and for the year ended June 30, 2025 were audited by other auditors who expressed an unmodified opinion on those financial statements in their report dated October 10, 2025.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 the consolidated financial statements are issued.

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Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 US 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

Grant Thornton LLP

Chicago, Illinois
October 16, 2026

Illinois State University Foundation and Subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,

	2026	2025
ASSETS		
Cash and cash equivalents	$ 12,971,647	$ 1,969,481
Pledges receivable, net	18,718,572	13,381,947
Other receivables and prepaid expenses	573,161	722,992
Investments - at fair value	325,473,829	297,689,027
Investment in real estate - at cost	600,631	600,631
Assets held under split-interest agreements	1,364,962	1,364,674
Beneficial interests in trusts	3,005,139	4,136,308
Beneficial interests in split-interest agreements	272,478	233,565
Property and equipment, net	10,861,771	11,277,746
Cash surrender value of life insurance	1,363,217	1,265,531
Total assets	$ 375,205,407	$ 332,641,902
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and other liabilities	$ 5,225,184	$ 3,146,227
Obligations under split-interest agreements	758,595	672,189
Long-term debt	-	1,711,330
Total liabilities	5,983,779	5,529,746
Net assets		
Net assets without donor restrictions	28,164,804	27,633,030
Net assets with donor restrictions	341,056,824	299,479,126
Total net assets	369,221,628	327,112,156
Total liabilities and net assets	$ 375,205,407	$ 332,641,902

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

Illinois State University Foundation and Subsidiaries

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year ended June 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions and grants	$ 451,259	$ 28,947,706	$ 29,398,965
Contributions of nonfinancial assets	-	12,697,833	12,697,833
Investment return, net	1,360,635	31,795,662	33,156,297
Change in value of beneficial interests in trusts and split-interest agreements	-	298,998	298,998
Service contract with the University	3,606,229	-	3,606,229
Other revenue	1,218,471	1,636,699	2,855,170
Net assets released from restrictions	33,799,200	(33,799,200)	-
Total support and revenue	40,435,794	41,577,698	82,013,492
Expenses			
Program services			
Student aid, scholarships and awards	6,910,804	-	6,910,804
University programs	23,498,071	-	23,498,071
Total program services	30,408,875	-	30,408,875
Support services			
Management and general	6,373,845	-	6,373,845
Fundraising	3,121,300	-	3,121,300
Total support services	9,495,145	-	9,495,145
Total expenses	39,904,020	-	39,904,020
CHANGE IN NET ASSETS	531,774	41,577,698	42,109,472
Net assets - beginning of year	27,633,030	299,479,126	327,112,156
Net assets - end of year	$ 28,164,804	$ 341,056,824	$ 369,221,628

The accompanying notes are an integral part of this consolidated financial statement.

Illinois State University Foundation and Subsidiaries

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions and grants	$ 553,183	$ 23,256,072	$ 23,809,255
Contributions of nonfinancial assets	-	12,712,405	12,712,405
Investment return, net	4,692,911	23,297,423	27,990,334
Change in value of beneficial interests in trusts and split-interest agreements	-	135,385	135,385
Service contract with the University	3,553,281	-	3,553,281
Other revenue	322,850	1,569,631	1,892,481
Net assets released from restrictions	32,168,451	(32,168,451)	-
Total support and revenue	41,290,676	28,802,465	70,093,141
Expenses			
Program services			
Student aid, scholarships and awards	6,191,612	-	6,191,612
University programs	22,681,044	-	22,681,044
Total program services	28,872,656	-	28,872,656
Support services			
Management and general	6,457,867	-	6,457,867
Fundraising	3,316,705	-	3,316,705
Total support services	9,774,572	-	9,774,572
Total expenses	38,647,228	-	38,647,228
CHANGE IN NET ASSETS	2,643,448	28,802,465	31,445,913
Net assets - beginning of year	24,989,582	270,676,661	295,666,243
Net assets - end of year	$ 27,633,030	$ 299,479,126	$ 327,112,156

The accompanying notes are an integral part of this consolidated financial statement.

Illinois State University Foundation and Subsidiaries

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2026

	Program Services	Support Services: Management and General	Support Services: Fundraising	Total
Salaries and benefits	$ 1,831,722	$ 2,981,942	$ 1,531,793	$ 6,345,457
Student aid, scholarships and awards	6,910,804	-	-	6,910,804
Contractual services	3,513,887	225,367	40,036	3,779,290
Bad debt expense	-	338,668	-	338,668
Bank and investment fees	223	72,062	30,356	102,641
Computer	61,997	2,647	500,000	564,644
Conferences	225,752	98,652	11,743	336,147
Depreciation	105,871	396,874	-	502,745
Equipment and facility expense	13,479,140	407,123	71,071	13,957,334
Insurance	509,531	6,857	-	516,388
Interest	-	26,425	-	26,425
Memberships	100,657	48,141	25,583	174,381
Miscellaneous	7,201	34,792	69,004	110,997
Professional fees	156,564	141,767	-	298,331
Occupancy	509,348	150,843	68,864	729,055
Postage and printing	67,329	66,804	222,954	357,087
Promotional expense	1,018,577	421,530	241,818	1,681,925
Supplies	903,460	573,078	201,469	1,678,007
Telecommunications	(28,000)	29,395	6,956	8,351
Travel	1,034,812	350,878	99,653	1,485,343
	$ 30,408,875	$ 6,373,845	$ 3,121,300	$ 39,904,020

The accompanying notes are an integral part of this consolidated financial statement.

Illinois State University Foundation and Subsidiaries

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2025

	Program Services	Support Services: Management and General	Support Services: Fundraising	Total
Salaries and benefits	$ 1,069,493	$ 2,892,001	$ 1,466,849	$ 5,428,343
Student aid, scholarships and awards	6,191,612	-	-	6,191,612
Contractual services	946,518	177,691	32,856	1,157,065
Bad debt expense	-	225,313	-	225,313
Bank and investment fees	109	66,608	21,595	88,312
Computer	5,649	2,519	635,197	643,365
Conferences	248,389	75,093	21,445	344,927
Depreciation	297,531	196,930	-	494,461
Equipment and facility expense	14,168,120	255,204	92,462	14,515,786
Insurance	3,972	39,664	-	43,636
Interest	-	60,419	-	60,419
Memberships	67,625	74,856	28,160	170,641
Miscellaneous	7,432	486,471	48,593	542,496
Professional fees	15,806	136,081	-	151,887
Occupancy	394,755	107,148	57,101	559,004
Postage and printing	56,361	38,579	242,830	337,770
Promotional expense	896,267	622,261	380,184	1,898,712
Supplies	843,777	622,731	180,517	1,647,025
Telecommunications	32,743	16,252	6,422	55,417
Travel	1,296,210	362,046	102,494	1,760,750
University Support	2,330,287	-	-	2,330,287
	$ 28,872,656	$ 6,457,867	$ 3,316,705	$ 38,647,228

The accompanying notes are an integral part of this consolidated financial statement.

Illinois State University Foundation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30,

	2026	2025
Cash flows from operating activities		
Contributions, gifts and pledges	$ 30,159,893	$ 26,757,018
Service fee revenues	1,270,617	171,151
Payments on behalf of University departments and programs	(25,928,324)	(28,416,199)
Payments for operating expenses	(1,504,727)	(2,119,791)
Payments for scholarships and fellowships	(5,798,628)	(6,089,271)
Other receipts	1,584,554	1,721,330
Other expenditures	(455,337)	(861,911)
Net cash used in operating activities	(671,952)	(8,837,673)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	142,974,256	154,987,529
Purchase of investments	(135,941,024)	(160,551,821)
Purchase of property and equipment	(86,771)	(466,483)
Net cash provided by (used in) investing activities	6,946,461	(6,030,775)
Cash flows from financing activities		
Principal paid on debt	(1,711,330)	(133,505)
Private gifts for endowment purposes	6,709,756	8,931,340
Payments to annuitants	(270,769)	(212,529)
Net cash provided by financing activities	4,727,657	8,585,306
CHANGE IN CASH AND CASH EQUIVALENTS	11,002,166	(6,283,142)
Cash and cash equivalents - beginning of year	1,969,481	8,252,623
Cash and cash equivalents - end of year	$ 12,971,647	$ 1,969,481

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

Illinois State University Foundation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

Years ended June 30,

	2026	2025
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	$ 42,109,472	$ 31,445,913
Depreciation	502,745	494,461
Gain on investments	(33,156,297)	(27,990,334)
Bad debt expense	338,668	225,313
Change in value of beneficial interests in trusts and split-interest agreements	(298,998)	(135,385)
Private gifts for endowment purposes	(6,709,756)	(9,156,653)
Changes in operating assets and liabilities:		
Other receivables and prepaid expenses	149,831	(232,309)
Pledges receivable	(5,675,294)	(630,136)
Cash surrender value life insurance	(97,686)	(37,790)
Accounts payable and other liabilities	2,078,957	(2,661,422)
Obligations under split-interest agreements	86,406	(159,331)
Net cash used in operating activities	$ (671,952)	$ (8,837,673)
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 26,425	$ 60,419

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Illinois State University Foundation (Foundation) was incorporated in May 1948 for the principal purpose of providing fundraising and other assistance to Illinois State University (University) in order to attract private gifts to support the University's instructional, research and public service activities. The Foundation is an organization as described in Section 501(c)(3) of Internal Revenue Code (IRC) and, accordingly, is exempt from federal income tax.

The Foundation is a component unit of the University; therefore, and the Foundation's financial statements are included as part of the University's financial statements and the State of Illinois Comprehensive Annual Financial Report.

The Foundation has formed three limited liability companies (LLC) to assist in carrying out the Foundation's mission to assist the University. The Foundation is the sole member of each of these LLCs. The governing board for each LLC, known as "Launching Futures, LLC", "Launching Futures II, LLC" and "Launching Futures III, LLC", consists of the executive officers of the Foundation. LLC activity is included as part of the Foundation's consolidated financial statements. All significant intercompany transactions have been eliminated.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

Basis of Presentation

The financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, gains and losses are classified based on donor-imposed restrictions as follows:

Net Assets without Donor Restrictions - These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, proving services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions - These net assets result from gifts of cash and others assets that are received with donor stipulations that limit the use of the donated assets, either temporarily until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, or permanently, in which the donor has stipulated the funds be maintained in perpetuity.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all liquid debt instruments purchased with original maturities of three months or less to be cash equivalents that are not designated for investment purposes. The Foundation has accounts at a bank that are insured by the Federal Deposit Insurance Corporation. The Foundation did not experience any losses in these accounts and believes it is not exposed to any significant credit risk related to its cash balances.

Pledge Receivables

Unconditional promises to give (pledges) are recorded as an asset and contribution in the period in which they are received. Conditional promises to give are recorded in the period in which the conditions have been met or it is deemed that it is remote that the condition will not be met.

Promises to give that are collectible beyond one year are recorded at fair value of their estimated future cash flows. All pledges are presented net of an allowance for doubtful collections. Management calculates the allowance based upon collection history of prior contribution receivables.

Investments

Investments are recorded at fair value. Investment return includes interest and dividends and realized and unrealized appreciation (depreciation). Investment expenses, such as custodial fees and investment advisory fees, are netted against investment return in the accompanying consolidated statements of activities and changes in net assets. Investment securities are exposed to various risks, such as interest, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and that such a change could materially affect the amounts reported in the consolidated financial statements.

The Foundation includes, as a part of its portfolio, investments that are restricted by donors for use in the future activities of the University. Investment return that is initially restricted by donor stipulation is included in net assets with donor restrictions. Other investment return is reflected in the consolidated statements of activities and changes in net assets as with donor restrictions or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation’s real estate investments are carried at cost.

The Foundation’s long-term and endowment investments are pooled for the purposes of allocating realized gains and losses, unrealized gains and losses and ordinary income, net of investment fees, to Foundation accounts on the basis of percentage of share in the pool.

Alternative investments, including hedge funds, private equity funds, and limited partnerships, are recorded at net asset value (NAV). The NAV of alternative investments is based on valuations provided by the administrators of the specific financial instrument. The underlying investments in these financial instruments may include marketable debt and equity securities, commodities, foreign currencies, derivatives, real assets (such as real estate), and private equity investments. Foundation policy states that assets are to be invested in a diversified portfolio of equity, fixed income and alternative strategies. No investment is to be made that will cause the total investment in equities or fixed income securities issued or guaranteed by any one person, firm, or corporation to exceed 5% of the then fair market value of the Foundation; provided, this restriction is not to apply to either well diversified mutual funds, pooled funds, unit trust, or the like, or direct obligations of the U.S. Government and its fully guaranteed agencies.

Split-Interest Agreements

Split-interest agreements are valued at fair value at the time of donation with a corresponding liability recorded for the present value of the expected payments due to the donors or third-party beneficiary with the difference recorded as contributions in the net asset type based on the donor's restriction. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions.

Beneficial Interests in Trusts

The Foundation recognizes beneficial interests in trusts as contribution income upon receipt based on the Foundation's share of fair value of the underlying trust assets. Subsequent to initial contribution recognition, changes in fair value of the underlying trust assets are recognized separately in the consolidated statements of activities and change in net assets of the Foundation.

Beneficial Interests in Split-Interest Agreements

The Foundation is the beneficiary of certain split-interest agreements held by independent trustees. Contribution revenue is recognized at the date a trust has been established with an initial valuation based on the expected present value of the Foundation's interest in a trust's assets. Present value computations consider, among other factors, appropriate interest rates and estimated donor mortality which are assessed annually for reasonableness. Subsequent to initial valuation, changes are recognized separately in the consolidated statements of activities and change in net Assets of the Foundation.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or fair value if acquired by gift. For financial statement reporting, the Foundation uses the following estimated useful lives:

Category	Capitalization Threshold	Estimated Useful Lives
Land	$ 100,000	-
Buildings	100,000	30-60 years
Building improvements	25,000	30 years
Site improvements	25,000	15 years
Leasehold improvements	25,000	remaining term of lease
Furniture and equipment	5,000	7 years

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Long-Lived Asset Impairment

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flow expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value, and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. There was no impairment loss recognized during the years ended June 30, 2026 and 2025.

Cash Surrender Value of Life Insurance

Cash surrender value of life insurance represents the surrender value of insurance policies where donors have transferred ownership of the policies to the Foundation, and the Foundation is named as beneficiary. Life insurance policies are carried at net cash surrender value.

Contributions and Net Assets

Contributions are recognized at fair value in the period in which the pledges are made. Contributions received are distinguished between those that increase net assets with donor restrictions and those that increase net assets without donor restrictions. Restricted net assets result from donor restrictions that the contributions are to be used for restricted purposes or due to the passage of time. When the restriction has been met, the restricted net assets are released to unrestricted net assets.

Restricted contributions received in the same year in which the restriction is met are recorded as net assets with donor restrictions.

Contributed Assets and Services

Contributed nonfinancial assets include art, real estate, software, equipment, subscriptions and other objectively measurable assets that are available for financial support and are recorded at their fair value at the date of contribution. These in-kind contributions are recognized as restricted revenue and net assets released from restriction with a corresponding expense in the consolidated statements of activities and change in net assets. Contributed property can be used by the University in accordance with donor intent or, if allowed by the donor, monetized by placing the property for sale.

The value of contributed services of a number of volunteers is not reflected in the consolidated financial statements since the services are not specialized services that would otherwise be purchased.

The Foundation received the following contributions of nonfinancial assets for the years ended June 30:

	2026	2025
Software	$ 12,266,500	$ 11,780,000
Others	431,333	932,405
	$ 12,697,833	$ 12,712,405

Expense Allocation

The costs of providing programs and other activities have been summarized on a functional basis in the consolidated statements of activities and change in net assets. The consolidated statements of functional expenses present the natural classification of expenses by function. Directly identifiable expenses are charged to programs and support services. Expenses related to more than one function are charged to programs and support services on the basis of periodic time and expense studies and estimates made by management. Management and general expenses include those expenses not directly identifiable with any other specific function but provide for overall support and direction of the Foundation.

Tax Status

The Internal Revenue Service has recognized the Foundation as exempt from income taxes under provisions of Section 501(c)(3) of the IRC. The Foundation follows the accounting guidance for accounting for uncertainty in income taxes. The Foundation is subject to federal and state income taxes to the extent

it has unrelated business income. In accordance with the guidance for uncertainty in income taxes, management has evaluated their material tax positions and determined that there are no income tax effects with respect to its financial statements.

Reclassifications

Certain amounts in the 2025 consolidated financial statements have been reclassified to conform to the 2026 presentation. The reclassifications had no impact on net assets or the change in net assets.

Subsequent Events

Subsequent events have been evaluated through October 16, 2026, which is the date the consolidated financial statements were available to be issued. No subsequent events required recognition or disclosure in the consolidated financial statements.

NOTE 2 - INVESTMENTS

Investments at June 30, 2026, consisted of the following:

	Cost	Fair Value
Common stock	$ 855,628	$ 1,932,108
Mutual funds - investing in		
Stocks	51,110,228	107,477,887
Bonds	61,220,472	65,297,155
Alternative funds	64,936,088	111,881,514
Real asset marketable funds	16,755,559	31,792,156
Cash and cash equivalents	7,093,009	7,093,009
Total	$ 201,970,984	$ 325,473,829

Investments at June 30, 2025, consisted of the following:

	Cost	Fair Value
Common stock	$ 772,025	$ 1,514,876
Mutual funds - investing in		
Stocks	54,036,129	98,357,605
Bonds	57,954,085	61,511,431
Alternative funds	52,148,501	90,763,922
Real asset marketable funds	14,597,511	28,120,363
U.S. treasury bills	4,897,761	4,897,761
Cash and cash equivalents	12,523,069	12,523,069
	$ 196,929,081	$ 297,689,027

Total investment return, net for the year ended at June 30, consisted of the following:

	2026	2025
Dividend and interest income	$ 1,192,553	$ 1,108,642
Realized gains	9,749,405	4,502,776
Unrealized gains	22,799,595	22,801,176
Investment related fees	(585,256)	(422,260)
	$ 33,156,297	$ 27,990,334

NOTE 3 - ASSETS HELD AND OBLIGATIONS UNDER SPLIT-INTEREST AGREEMENTS

Split-interest agreements are agreements where donors enter into a trust or other arrangement under which the Foundation is the beneficiary. Charitable gift annuities are agreements in which the Foundation accepts a contribution and agrees to an obligation to make periodic stipulated payments to donors or third-party beneficiaries for a specified time. Charitable lead trusts are agreements in which the Foundation accepts a contribution and receives all income generated by the investment during the life of the donor. Upon death of the donor, the annuity is then transferred to the beneficiary.

On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. Adjustments to reflect the present value of the estimated annuity payments and changes in actuarial assumptions are included in the consolidated statements of activities and change in net assets. The present value of the estimated future payments is calculated using an actuarial discount rate and applicable mortality tables.

NOTE 4 - BENEFICIAL INTERESTS IN TRUSTS

As of June 30, 2026 and 2025, the Foundation has recorded its beneficial interests in four perpetual trusts. Interests in the perpetual trusts have been recorded as permanent endowments based on the intent for the trusts to operate in perpetuity.

These trusts consist of investment portfolios which are in the custody of an independent trustee who has the authority to manage investment decisions. The Foundation retains the sole interest in two of the trusts and a one-third and a one-half interest in the other two trusts, respectively. The trustees do not have variance power to redirect the interests in the trusts to other entities.

NOTE 5 - BENEFICIAL INTERESTS IN SPLIT-INTEREST AGREEMENTS

The Foundation has been named the beneficiary of two charitable remainder trusts which are managed by third parties. Under the terms of one trust, the third-party trustee pays specified distributions to individual beneficiaries and to two organizations, of which the Foundation is one, during the agreement’s term. At the time of the last individual’s death, the trust will convert to a perpetual trust, with the Foundation having a one-half interest. The income from the trust is restricted to scholarships.

According to the terms of the second trust, an individual beneficiary is entitled to annual payments during his lifetime. The Foundation is the beneficiary of two-thirds of the remaining trust assets upon the death of the individual beneficiary or 25 years after the death of the donor, whichever occurs first. The proceeds distributed from the trust will be restricted to scholarships.

The recorded beneficial interests are based on the present value of future cash flows to the Foundation.

NOTE 6 - FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements. Fair value is defined to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date. A three-level hierarchy has been established for fair value measurements based upon the inputs to the valuation of an asset or liability as follows:

Level 1 - Valuation is based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuation is derived from inputs, other than quoted prices included in Level 1, which are observable for the asset or liability either directly or indirectly. Investments classified as Level 2 are generally valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. The significant inputs used in this approach include interest rates, prepayment timing, yield spreads, maturities, credit losses and credit ratings of the securities.

Level 3 - Valuation is derived from unobservable inputs that are not corroborated by market data.

Fair values of U.S. treasury bills and certain mutual funds are based on observable prices provided by its investment managers and its custodian bank. Both the investment managers and the custodian bank use a variety of pricing sources to determine market valuations. The Foundation analyzes market valuations received to verify reasonableness and to understand the key assumptions used and their sources.

Fair values of common stock have been determined from observable market quotations as provided by its investment managers and its custodian bank.

Fair values of investments in alternative investments, including various mutual funds, limited partnerships and real asset marketable funds, are provided by managers of the funds. Such alternative investments include private investment entities in which public market quotations to enter and exit the investments are not provided. Each entity provides the Foundation with a NAV per unit invested. Each of the entities' financial statements are prepared in a manner consistent with investment companies and report their investments at fair value.

Money market funds are comprised of short-term fixed income securities. Because of the nature of these assets, carrying amounts approximate fair values, which have been determined from public quotations, when available.

Beneficial interests in trusts are valued at the proportional share of interest at the closing price on which the trusts' underlying individual assets are based as reported to the Foundation by the trustees.

There have been no changes in valuation techniques used for any assets measured at fair value during the year ended June 30, 2026.

The following table presents the Foundation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2026:

	Level 1	Level 2	Level 3	Total
Investments:				
Common stock	$ 1,932,108	$ -	$ -	$ 1,932,108
Mutual funds	19,660,307	-	-	19,660,307
Money market funds	7,093,009	-	-	7,093,009
	$ 28,685,424	$ -	$ -	28,685,424
Investments measured at NAV				296,788,405
Total investments at fair value				$325,473,829
Assets held under split-interest agreements:				
Mutual funds	$ 1,173,801	$ -	$ -	$ 1,173,801
Hedged and alternative funds	-	131,585	-	131,585
Real assets marketable funds	-	7,136	-	7,136
Money market funds	52,440	-	-	52,440
Total assets held under split-interest agreements	$ 1,226,241	$ 138,721	$ -	$ 1,364,962
Beneficial interests in trusts	$ -	$ -	$ 3,005,139	$ 3,005,139
Beneficial interests in split-interest agreements	$ -	$ -	$ 272,478	$ 272,478

The following table presents the Foundation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2025:

	Level 1	Level 2	Level 3	Total
Investments:				
Common stock	$ 1,514,876	$ -	$ -	$ 1,514,876
Mutual funds	14,783,523	-	-	14,783,523
U.S. treasury bills	4,897,761	-	-	4,897,761
Money market funds	12,523,069	-	-	12,523,069
	$ 33,719,229	$ -	$ -	33,719,229
Investments measured at NAV				263,969,798
Total investments at fair value				$297,689,027
Assets held under split-interest agreements				
Mutual funds	$ 1,192,875	$ -	$ -	$ 1,192,875
Hedged and alternative funds	-	154,945	-	154,945
Real assets marketable funds	-	14,250	-	14,250
Money market funds	2,604	-	-	2,604
Total assets held under split-interest agreements	$ 1,195,479	$ 169,195	$ -	$ 1,364,674
Beneficial interests in trusts	$ -	$ -	$ 4,136,308	$ 4,136,308
Beneficial interests in split-interest agreements	$ -	$ -	$ 233,565	$ 233,565

The following table represents a reconciliation of all Level 3 assets measured at fair value on a recurring basis for the years ended June 30, 2026 and 2025:

	Beneficial Interests in Trusts	Beneficial Interests in Split-Interest Agreements
Balance as of June 30, 2024	$ 2,615,689	$ 227,546
Investment income	55,456	-
Net appreciation	172,663	20,106
Contributions	1,391,254	-
Payments to beneficiaries	(98,754)	(14,087)
Balance as of June 30, 2025	4,136,308	233,565
Investment income	11,799	-
Net appreciation	180,816	55,216
Contributions	-	-
Payments to beneficiaries	(1,323,834)	(16,304)
Balance as of June 30, 2026	$ 3,005,139	$ 272,478

NOTE 7 - INVESTMENTS IN ENTITIES THAT CALCULATE NET ASSET VALUE PER SHARE

The fair value of alternative investments has been estimated using the NAV per share of the investments. Alternative investments held at June 30 consisted of the following:

	Fair Value		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
	2026	2025			
Mutual funds - investing in: Stocks	$100,198,047	$ 92,473,819	$ -	Monthly	5 days
Bonds	52,916,688	52,611,694	-	Various from weekly to monthly	Various from 5 to 90 days
Alternative funds - limited partnerships	82,018,645	72,728,774	31,581,569	Illiquid until termination date	Illiquid until termination date
Alternative funds - other	29,862,869	18,035,148	10,000,000	Various from weekly to quarterly	Various from 5 to 65 days
Real asset marketable funds	31,792,156	28,120,363	12,914,459	Illiquid until termination date	Illiquid until termination date
Total investments at NAV	$296,788,405	$263,969,798	$ 54,496,028		

Mutual funds investing in bonds - funds seek to invest U.S. and global investment grade bonds and other fixed income securities in an attempt to outperform the broad U.S. bond market.

Mutual funds investing stocks - the fund invests primarily in a diversified portfolio of common stocks and equity-linked securities of companies in the global public equity market.

Alternative funds - limited partnerships - investments in partnerships include interests in private capital funds and other commingled fund structures organized as limited partnerships or similar entities. These partnerships may hold a wide range of underlying investments, including private operating companies, venture capital, derivatives, and publicly traded securities. Such investments are typically structured as limited partnerships or similar entities in which the investor does not have control over the underlying assets.

Alternative funds - other - the funds seek to provide investors with a marketable alternative strategies investment program capable of producing consistently positive returns regardless of the direction of the broader market.

Real asset marketable funds - the funds seek long-term capital appreciation and superior risk-adjusted net returns through private equity investments and property acquisition strategies. Strategic focus areas include emphasis on natural gas and oil, power and other natural resources opportunities and value-added, distressed, and opportunistic private real estate funds.

NOTE 8 - PLEDGES RECEIVABLE

Pledges receivable balances at June 30 consist of the following:

	2026	2025
Pledges receivable		
Due within one year	$ 6,950,381	$ 5,219,967
Due within one to five years	14,059,555	9,607,517
Due in five or more years	200,045	250,070
Total pledges receivable	21,209,981	15,077,554
Less		
Unamortized discount	(1,281,536)	(824,403)
Allowance for doubtful accounts	(1,209,873)	(871,204)
Pledges receivable, net	$ 18,718,572	$ 13,381,947

The discount rate used ranged from 4.42% to 4.43% for June 30, 2026 and 2025, respectively.

NOTE 9 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at June 30:

	2026	2025
Buildings	$ 13,939,247	$ 13,939,247
Building improvements	1,579,767	1,512,884
Site improvements	2,450,835	2,445,585
Furniture and equipment	79,601	64,964
	18,049,450	17,962,680
Less: accumulated depreciation	(8,167,679)	(7,664,934)
	9,881,771	10,297,746
Land	980,000	980,000
Property and equipment, net	$ 10,861,771	$ 11,277,746

Depreciation expense charged to operations for the years ended June 30, 2026 and 2025, was $502,745 and $494,461, respectively.

NOTE 10 - LONG-TERM DEBT

Long-term debt consists of the following at June 30:

	2026	2025
Commerce Bank, mortgage note payable; due in monthly installments of $16,160, including interest at 3.34%; matured in December 2025. A building on North Main Street in Normal, Illinois, with a cost of $3,300,000, was pledged as collateral.	$ -	$ 1,711,330

NOTE 11 - NET ASSETS

Net assets with donor restrictions consisted of the following as of June 30:

	2026	2025
Subject to expenditure for specific purpose:		
Scholarships and fellowships	$ 101,176,619	$ 84,876,958
Instructional department uses	56,503,449	47,910,813
University capital projects	18,483,536	10,676,089
Other	17,170,177	14,538,266
	193,333,781	158,002,126
Restricted for investment in perpetuity, the income from which is expendable as follows:		
Scholarships and fellowships	93,301,411	89,355,720
College and academic development	40,036,504	37,903,350
University capital projects	7,829,562	7,803,101
Other	6,555,566	6,414,829
	147,723,043	141,477,000
Total net assets with donor restrictions	$ 341,056,824	$ 299,479,126

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Net assets without donor restrictions consisted of the following as of June 30:

	2026	2025
Designated by the Board	$ 6,120,904	$ 5,337,756
Undesignated	22,043,900	22,295,274
	$ 28,164,804	$ 27,633,030

NOTE 12 - ENDOWMENT FUNDS

The Foundation’s endowment consists of approximately 1,000 individual funds established for a variety of purposes. The endowment includes donor-restricted and board designated endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment and (c) accumulations to the perpetual 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 donor-restricted endowment funds is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Foundation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the institution
7. Investment policies of the Foundation

Endowment net assets as of June 30 were as follows:

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 272,353,801	$ 272,353,801
Board designated quasi-endowment funds	6,120,904	-	6,120,904
	$ 6,120,904	$ 272,353,801	$ 278,474,705

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 243,319,160	$ 243,319,160
Board designated quasi-endowment funds	5,337,756	-	5,337,756
	$ 5,337,756	$ 243,319,160	$ 248,656,916

Changes in endowment, not total, net assets for the fiscal years ended June 30, 2026 and 2025, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment investments at June 30, 2024	$ 4,875,165	$ 219,434,802	$ 224,309,967
Investment income	11,212	538,104	549,316
Net appreciation	444,716	24,173,089	24,617,805
Contributions	6,663	10,978,611	10,985,274
Appropriations of endowment assets for expenditure	-	(8,182,017)	(8,182,017)
Expenditures from quasi-endowment funds	-	(3,930,234)	(3,930,234)
Other additions	-	306,805	306,805
Endowment investments at June 30, 2025	5,337,756	243,319,160	248,656,916
Investment income	14,251	655,928	670,179
Net appreciation	687,527	31,644,238	32,331,765
Contributions	15,000	9,165,877	9,180,877
Appropriations of endowment assets for expenditure	66,370	(8,892,563)	(8,826,193)
Expenditures from quasi-endowment funds	-	(3,562,665)	(3,562,665)
Other additions	-	23,826	23,826
Endowment investments at June 30, 2026	$ 6,120,904	$ 272,353,801	$ 278,474,705

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. There were no deficiencies of this nature as of June 30, 2026 and 2025.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Under the Foundation's policies, endowment assets are invested in a manner that is intended to produce results that seek an average total annual return of spending net of inflation and administrative cost. The Foundation expects its endowment funds to provide total distribution of approximately 4.5% annually over time. Actual returns in any given year may vary from this amount.

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 current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation's Board of Directors has adopted a hybrid approach spending policy to determine the spending distribution. This approach takes into consideration the duration and preservation of the endowments, purpose of the endowment funds, general economic conditions, the possible effect of inflation or deflation, expected total return from income and the investment policy.

The spending distribution calculation is the sum of a) the prior year's spending distribution, plus 4.5% of the value of any new gifts; the sum of which is adjusted by the most recently calculated annual Higher Education Price Index, then weighted at 70% added to b) the year-end market value times 4.5% then weighted at 30%.

NOTE 13 - FUNDRAISING FEES

A fundraising fee of 1.25% of the December 31, 2025 and 2024 market value was assessed from each endowed funds' annual distribution to help support the Foundation's fundraising and general operations. On July 1, 2025 and 2024, a total of $8,892,563 and $8,182,017, respectively, was distributed to endowed funds' expendable balances, and fundraising fees totaling $2,843,649 and $2,617,087, respectively, were distributed to the Foundation budget.

NOTE 14 - RELATED PARTY TRANSACTIONS

Effective July 1, 2024, the Foundation renewed the Support Agreement, for an additional one year, with the University's Board of Trustees (acting for and on behalf of the University) whereby the University agrees to provide to the Foundation fair and reasonable compensation in exchange for development and fundraising services up to a maximum value. The agreement expired on June 30, 2025; however, has provisions to extend support into 2026. The maximum values under the agreement were $4,000,000 and $3,700,000 for the years ended June 30, 2026 and 2025, respectively. Under terms of the agreements, in fiscal year 2026 and 2025, the University provided support in the form of personnel, office space, office equipment, computer support, and communication services, estimated at $3,606,229 and $3,553,281, respectively. Cash payments and support pursuant to the Support Agreement are included as part of the Service contract with the University and revenue and expenses have been allocated among the support services in the accompanying consolidated statements of activities and change in net assets.

As of June 30, 2026 and 2025, the Foundation had payables to the University of $4,793,608 and $2,523,533, respectively.

The Foundation's Launching Futures, LLC, received from the University lease payments of $115,002 and $230,004 for the Alumni Center during the years ended June 30, 2026 and 2025. The lease was renewed in 2021 for an additional five years. At June 30, 2026 and 2025, the Foundation had receivables from the University of $211,980 and $230,004, respectively.

NOTE 15 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date were as follows as of June 30:

	2026	2025
Financial assets		
Cash and cash equivalents	$ 12,971,647	$ 1,969,481
Pledges receivable, net	18,718,572	13,381,947
Accounts receivable and prepaid expenses	573,161	722,992
Investments - at fair value	325,473,829	297,689,027
Financial assets at year-end	357,737,209	313,763,447
Less: amounts unavailable for general expenditure within one year, due to:		
Pledges receivable, collectible beyond one year	(12,164,658)	(8,463,597)
Purpose restrictions	(51,915,295)	(41,981,771)
Endowment fund investments	(278,474,705)	(248,656,916)
Add back: estimated spending distribution	3,182,167	2,844,559
Financial assets available to meet cash needs for general expenditure within one year	$ 18,364,718	$ 17,505,722

The Foundation has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.