Lane Community College Foundation

FINANCIAL STATEMENTS

For the Years Ended June 30, 2026 and 2025

Jones & Roth CPAs & Business Advisors

LANE COMMUNITY COLLEGE FOUNDATION
FINANCIAL STATEMENTS
For the Years Ended June 30, 2026 and 2025

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3 - 4
Statements of Activities	5 - 6
Statements of Cash Flows	7
Statements of Functional Expenses	8 - 9
Notes to Financial Statements	10 - 20

Jones & Roth
CPAs & Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Lane Community College Foundation
Eugene, Oregon

Opinion

We have audited the accompanying financial statements of Lane Community College Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lane Community College Foundation as of June 30, 2026 and 2025, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Lane Community College 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 Lane Community College Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

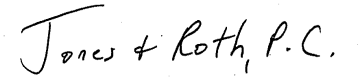
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, 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 Lane Community College 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 Lane Community College 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.



Jones & Roth, P.C.
Eugene, Oregon
November 4, 2026

FINANCIAL STATEMENTS

LANE COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2026 and 2025

	2026	2025
Assets		
Current assets		
Cash and cash equivalents	$ 828,566	$ 1,666,666
Prepaid expenses	65,780	59,062
Note receivable, current portion	-	3,937
Interest receivable	38,956	48,499
Unconditional promises to give, current portion	1,523,389	1,016,114
Total current assets	2,456,691	2,794,278
Noncurrent assets		
Investments	30,108,855	27,353,230
Note receivable, net of current portion	-	28,083
Unconditional promises to give, noncurrent, less allowance for uncollectible promises and unamortized discount	2,101,000	872,659
Total noncurrent assets	32,209,855	28,253,972
Total assets	$ 34,666,546	$ 31,048,250

	2026	2025
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 150,972	$ 556,406
Deferred event revenue	138,000	131,500
Total current liabilities	288,972	687,906
Noncurrent liabilities		
Obligations under split-interest agreements	650,261	647,750
Total liabilities	939,233	1,335,656
Net assets		
Without donor restrictions	859,181	768,268
With donor restrictions	32,868,132	28,944,326
Total net assets	33,727,313	29,712,594
Total liabilities and net assets	$ 34,666,546	$ 31,048,250

The accompanying notes are an integral part of these statements.

LANE COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2026 and 2025

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
Donations	$ 242,419	$ 4,221,750	$ 4,464,169
Change in split-interest agreements	-	(27,821)	(27,821)
Net investment income	131,453	323,277	454,730
Net realized and unrealized gains on investments	-	3,213,311	3,213,311
Special project income	90,529	12,574	103,103
In-kind administrative contributions by LCC	385,600	-	385,600
In-kind contributions, real estate	-	-	-
In-kind contributions, equipment	-	88,869	88,869
In-kind contributions, auction items	26,853	11,373	38,226
In-kind contributions, other	-	637	637
Administrative fee income	200,433	-	200,433
Other program income	-	1,063	1,063
Net assets released from restrictions	3,921,227	(3,921,227)	-
Total revenue and other support	4,998,514	3,923,806	8,922,320
Expenses			
Program services	3,615,320	-	3,615,320
Management and fundraising	1,292,281	-	1,292,281
Total expenses	4,907,601	-	4,907,601
Change in net assets	90,913	3,923,806	4,014,719
Net assets, beginning of year	768,268	28,944,326	29,712,594
Net assets, end of year	$ 859,181	$ 32,868,132	$ 33,727,313

2025		
Without Donor Restrictions	With Donor Restrictions	Total
$ 231,310	$ 2,382,505	$ 2,613,815
-	(14,628)	(14,628)
110,644	261,091	371,735
-	2,019,358	2,019,358
73,517	31,152	104,669
340,474	-	340,474
-	587,000	587,000
-	73,546	73,546
14,866	-	14,866
-	808	808
265,621	-	265,621
-	1,765	1,765
3,335,080	(3,335,080)	-
4,371,512	2,007,517	6,379,029
3,052,506	-	3,052,506
1,272,744	-	1,272,744
4,325,250	-	4,325,250
46,262	2,007,517	2,053,779
722,006	26,936,809	27,658,815
$ 768,268	$ 28,944,326	$ 29,712,594

The accompanying notes are an integral part of these statements.

LANE COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2026 and 2025

	2026	2025
Cash flows from operating activities		
Change in net assets	$ 4,014,719	$ 2,053,779
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized gains on investments	(3,213,311)	(2,019,358)
Donations of investments	(63,739)	(56,833)
(Increase) decrease in:		
Prepaid expenses	(6,718)	(5,556)
Other receivables	9,543	(14,237)
Unconditional promises to give	(1,735,616)	594,320
Increase (decrease) in:		
Accounts payable	(405,434)	128,783
Deferred revenue	6,500	103,500
Obligations under split-interest agreements	2,511	14,628
Net cash provided (used) by operating activities	(1,391,545)	799,026
Cash flows from investing activities		
Proceeds from sale of investments	15,032,010	4,438,624
Purchase of investments	(14,510,585)	(6,820,967)
Collection of principal on note receivable	32,020	18,832
Net cash provided (used) by investing activities	553,445	(2,363,511)
Net decrease in cash and cash equivalents	(838,100)	(1,564,485)
Cash and cash equivalents, beginning of year	1,666,666	3,231,151
Cash and cash equivalents, end of year	$ 828,566	$ 1,666,666

The accompanying notes are an integral part of these statements.

LANE COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2026 and 2025

	2026		
	Program Services	Management and Fundraising	Total
Scholarships	$ 1,585,515	$ -	$ 1,585,515
Grants	81,485	-	81,485
Awards and stipends	1,740	-	1,740
Special project expense	-	115,259	115,259
Personnel expenses	116,631	533,823	650,454
Personnel expenses provided by LCC	-	385,600	385,600
Other office expenses	-	190,485	190,485
Faculty support	768,746	-	768,746
Program support	816,042	-	816,042
Buildings and improvements support	77,072	-	77,072
Other program expenses	67,210	-	67,210
Payments to grantors	-	67,114	67,114
Distribution of in-kind contributions	100,879	-	100,879
Total functional expenses	$ 3,615,320	$ 1,292,281	$ 4,907,601

2025		
Program Services	Management and Fundraising	Total
$ 1,563,820	$ -	$ 1,563,820
63,846	-	63,846
9,665	-	9,665
-	101,253	101,253
113,683	541,939	655,622
-	340,474	340,474
-	215,763	215,763
608,237	-	608,237
509,394	-	509,394
96,561	-	96,561
12,946	-	12,946
-	73,315	73,315
74,354	-	74,354
$ 3,052,506	$ 1,272,744	$ 4,325,250

The accompanying notes are an integral part of these statements.

1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

Lane Community College Foundation (the Foundation) is a charitable corporation formed to encourage and involve the community in further developing educational opportunities by augmenting the facilities and functions of Lane Community College (LCC).

The Foundation receives support from the local community in the form of cash and other noncash contributions. These contributions are received from individuals, as well as from the business sector. Other sources of revenue periodically include special projects as determined by the Foundation's Board of Trustees.

Basis of Accounting

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

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Foundation considers cash to be all highly liquid investments available for current use with an initial maturity of three months or less. At times, balances may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC).

Concentrations of Credit Risk

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash and cash equivalents and investments.

Cash and cash equivalents are maintained at one financial institution. The Foundation has not experienced any losses on its cash and cash equivalents. The FDIC secures accounts in insured institutions up to $250,000 per depositor. At times, the balance of the Foundation accounts may exceed the federally insured limits. At June 30, 2026 and 2025, the Foundation had $-0- in excess of federally insured limits.

Concentrations of Receivables

Approximately 82 percent and 79 percent of the Foundation's receivables were due from two individuals or businesses as of June 30, 2026 and 2025, respectively.

Investments

Investments are carried at market value, and realized and unrealized gains and losses are reflected in the statements of activities. Gains or losses are reported as increases or decreases in net assets without donor restrictions unless the donor places temporary or perpetual restrictions on the gains and losses. Investment income is also reported as an increase in net assets with or without donor restrictions, depending on the existence or absence of donor restrictions.

Investments consist of real property and funds that are managed by professional fund managers chosen by the Board of Trustees and are invested in U.S. Government and Agency obligations, corporate bonds, equity securities, mortgage-backed securities, money market accounts, and certificates of deposit.

1. Nature of Organization and Summary of Significant Accounting Policies, continued

Concentration of Revenues

During the years ended June 30, 2026 and 2025, contributions from a single donor respectively made up approximately 29 and 16 percent of total revenues.

Property and Equipment

Purchased property and equipment are recorded at cost. Donated equipment is recorded at fair market value at the time the property is received. Expenses for maintenance and repairs are expensed, while renewals and improvements are capitalized. Depreciation is computed over the estimated useful lives of the property and equipment using the straight-line method. There was no depreciation expense recorded for the years ended June 30, 2026 and 2025.

Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions are primarily from the Lane County, Oregon area.

Obligations Under Split-interest Agreements

Obligations under split-interest agreements and charitable remainder trusts are recorded when incurred at the present value, discounted at rates of 5.0 percent for the years ended June 30, 2026 and 2025, respectively, of the distributions to be made to the donor-designated beneficiaries. Distributions under charitable remainder annuity trusts are fixed amounts, while distributions under charitable remainder unitrusts are a specified percentage of the trust assets' fair value determined annually. Distributions are paid over the lives of the beneficiaries or another specified period. Present values are determined using discount rates established by the Internal Revenue Service (IRS) and actuarially determined expected lives. Obligations under the split-interest agreements are revalued annually at June 30 to reflect actual experience. The net revaluations, together with any remaining recorded obligations after all trust obligations under terminated agreements have been met, are recorded as increases/decreases in contributions on the statements of activities. The net revaluation of split-interest agreements as of June 30, 2026 and 2025, was ($27,821) and ($14,628), respectively.

Net Assets

Net assets of the Foundation consisted of the following:

Without donor restrictions – These net assets are available for general obligations of the Foundation.

With donor restrictions – These net assets are restricted by donors to be used for specific purposes or as perpetually restricted endowment funds.

Advertising Expenses

Advertising expenses are expensed when incurred. Advertising costs totaled $6,637 and $5,857 for the years ended June 30, 2026 and 2025, respectively.

1. Nature of Organization and Summary of Significant Accounting Policies, continued

Endowment Fund Policy

The Board of Trustees has established guidelines for the utilization of the Endowment Fund maintained to benefit the general purposes of the Foundation. The policy sets forth that the Foundation shall accept current and deferred gifts to the Endowment Fund. The Foundation's policy is to maintain the principal of the fund in perpetuity. The policy allows up to 4 percent of the endowments fair market value based on a three-year rolling average balance, including interest earned, to be expended in a given fiscal year as determined by the Board of Trustees.

If an endowment's fair market value falls below the required minimum investment at the time the endowment was executed, the Foundation will not distribute any payout until the assets exceed that minimum. Any income not utilized in a given year may be retained for future use according to the endowment's established purpose or reinvested in the endowment's principal. The Foundation's Board of Trustees is responsible for determining the annual distribution percentage and the method of calculation as deemed to be in the best interest of the Endowment Fund.

Endowment Fund assets are pooled in the Foundation's Endowment Fund and managed by professional investment firms. The goal of the Endowment Fund is to maintain the principal with sufficient returns to both grow the Endowment Fund and meet the income requirements for annual distributions to support the Endowment Fund's established purpose such as providing annual scholarships. The Endowment Fund's investment strategy is a conservative growth model which includes stocks, bonds, mutual funds, real estate investment trust, and other assets.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Donated Administrative Support

Donated administrative support received from LCC is recorded as revenue. This type of support is also recorded as an expense in the accompanying statements of activities. LCC provides for a portion of the Foundation's operating budget, including a percentage of salaries and related expenses.

Donated Assets

Noncash donations are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. The Foundation allocates expense as the donated assets are used to the appropriate program or supporting service.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America requires the Foundation to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

1. Nature of Organization and Summary of Significant Accounting Policies, continued

Functional Expenses

Expenses for the Foundation are summarized according to functional classifications of program services and support services. The Foundation's purpose is entirely fundraising; therefore, this amount is not separately stated in support services.

The Foundation allocates its expenses on a functional basis among its program services and support services. Expenses that can be identified with a specific program or support service are allocated directly to that program or support service according to their natural expenditure classification. Other expenses that are common to multiple functions are allocated amongst program and support services based on estimated personnel hours worked in each area.

Program Services – Costs that are identifiable with a program and are clearly described by that program.

Support Services – Management, general, and fundraising expenses.

Administrative Fees

Administrative fees are charged on donor restricted gifts for the Foundation's administration of the gifts and are recorded as revenue without donor restrictions.

Income Taxes

The Foundation is a charitable organization exempt from payment of federal income taxes and Oregon excise taxes. All filing requirements of Internal Revenue Code (IRC) Section 501(c)(3) and Oregon Revised Statutes (ORS) 128.670 have been met. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(iv). The Foundation's information returns are generally subject to examination by taxing authorities for a period of three years after filing.

2. Investments

Substantially all of the Foundation's investments are held in a pooled account managed by a professional fund manager selected by the Board of Trustees. Investment management fees are recorded when incurred.

At June 30, the summary of investments was as follows:

	2026	2025
Money market/cash management accounts	$ 464,433	$ 424,055
Certificates of Deposit	4,500,000	4,250,000
U.S. Government and Agency bonds and obligations	15,947,953	14,623,772
Equity securities	596,869	580,611
Corporate bonds	4,627,985	4,361,302
Other fixed income	1,979,241	1,544,977
Other funds	1,992,374	1,568,513
Total investments	$ 30,108,855	$ 27,353,230

2. Investments, continued

Donor restricted investment income has been reduced by investment expense of $115,298 and $88,054 for the years ended June 30, 2026 and 2025, respectively.

At June 30, net realized and unrealized gains (losses) were as follows:

	2026	2025
Net realized gains (losses)	$ 868,349	$ 413,810
Net unrealized gains (losses)	2,344,962	1,605,548
	$ 3,213,311	$ 2,019,358

3. Note Receivable

At June 30, note receivable consisted of the following:

	2026	2025
Promissory note, individual, interest at 5.00%, monthly payments of $455 plus property taxes, due March 2032, secured by trust deed.	$ -	$ 32,020
Current portion	-	(3,937)
Note receivable, net of current portion	$ -	$ 28,083

The note receivable was received in full during the year ended June 30, 2026.

4. Unconditional Promises to Give

At June 30, unconditional promises to give consisted of the following:

	2026	2025
Without donor restrictions	$ 76,606	$ 43,888
With donor restrictions (purpose restrictions)	3,779,523	1,960,296
With donor restrictions (perpetual restrictions)	84,260	9,660
	3,940,389	2,013,844
Allowance for uncollectible promises to give	(59,108)	(30,747)
Unamortized discount	(256,892)	(94,324)
Unconditional promises to give, net	$ 3,624,389	$ 1,888,773
Amounts due in:		
Less than one year	$ 1,523,389	$ 1,016,114
One to five years	2,417,000	997,730
	$ 3,940,389	$ 2,013,844

4. Unconditional Promises to Give, continued

The unconditional promises to give unamortized discount has been calculated for new pledges using rates of 4.10 percent and 4.37 percent for the years ended June 30, 2026 and 2025, respectively.

5. Net Assets with Donor Restrictions

Net assets with purpose or time restrictions at June 30, 2026 and 2025, in the amount of $16,117,744 and $13,065,586, respectively, consisted of tuition scholarships, student support, and other program services.

Net assets with perpetual restrictions at June 30, 2026 and 2025, in the amount of $16,750,388 and $15,878,740, respectively, consisted of endowment funds, which are permanently restricted as stipulated by the donors.

6. Endowment Fund

At June 30, the Endowment Fund consisted of the following:

	2026	2025
With donor restrictions:		
Purpose or time restrictions	$ 6,383,842	$ 4,241,361
Perpetual restrictions	16,750,388	15,878,740
Total Endowment Fund	$ 23,134,230	$ 20,120,101

A summary of Endowment Fund activity was as follows:

	2026	2025
Balance, July 1	$ 20,120,101	$ 17,833,872
Contributions	476,244	1,271,559
Transfers from spendable accounts to endowments	439,182	-
Appropriated expenditures	(1,089,654)	(1,104,227)
Investment returns:		
Net unrealized gain on endowment	2,074,351	1,429,828
Net return on endowment investments	1,114,006	689,069
Investment returns	3,188,357	2,118,897
Balance, June 30	$ 23,134,230	$ 20,120,101

7. Special Projects

The Foundation sponsored special project events with the following income and expenses as of June 30:

	2026	2025
Project income	$ 103,103	$ 104,669
Project in-kind income	22,816	10,739
Project expenses	(115,259)	(101,253)
Special projects, net	$ 10,660	$ 14,155

8. In-kind Contributions

The Foundation's financial statements include the following contributions of nonfinancial assets:

Administrative Contributions by LCC

The Foundation receives donated professional services from LCC that would typically be purchased if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value, and are expensed, when the services are rendered. The fair value of these services is estimated by LCC using staff hourly wages.

Real Estate

During the year ended June 30, 2025, the Foundation received donated real estate. The real estate donations were recognized as in-kind contributions at fair value, as determined by a third-party appraisal, with a corresponding expense to the programs benefitted. The real estate contributions were monetized to fund the programs.

Equipment

Equipment is regularly donated restricted for use in LCC's vocational programs. These donations are recognized as in-kind contributions at fair value determined by the donor with a corresponding expense allocated to the programs benefitted as they are used.

Auction Items

The Foundation receives donated items to be auctioned off during annual fundraising events. The donated items are recognized as in-kind contributions at fair value, with a corresponding expense allocated to the programs benefitted. The valuation of these items is determined by the donor.

Other

Other in-kind contributions consist primarily of supplies and other items to be used for various LCC programs. These items are recognized as in-kind contributions at fair value, with a corresponding expense as they are used. The valuation of these items is determined by the donor. During the year ended June 30, 2026 and 2025, the Foundation received $637 and $808, respectively, of other in-kind contributions with donor-imposed restrictions.

8. In-kind Contributions, continued

The Foundation received the following in-kind contributions during the year ended June 30:

	2026	2025
Real Estate	$ -	$ 587,000
Administrative contributions by LCC	385,600	340,474
Equipment	88,869	73,546
Auction items	38,226	14,866
Other	637	808
Total nonfinancial in-kind contributions	$ 513,332	$ 1,016,694

9. Split-interest Agreements

At June 30, total assets held under the split-interest agreements consisted of the following:

	2026	2025
Investments held under split-interest agreements	$ 1,367,542	$ 1,485,234

10. Net Assets Released from Restrictions

During 2026 and 2025, net assets in the amount of $3,921,227 and $3,335,080, respectively, were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors.

11. Deferred Payment Charitable Gift Annuity Agreement

During 2005, the Foundation entered into an annuity agreement with a donor. The donor contributed $10,168 in stock, which funded the annuity. The agreement stipulates that the donor will receive quarterly payments beginning the last day of June in the year the payments commence. Payments will begin no earlier than the 63rd year (year 2010) of the donor and no later than the 67th year (year 2014). These payments will last until the death of the donor, at which time the Foundation is released from the agreement. Currently the Foundation has established an estimated annuity liability and the net present value of charitable gift, which are as follows:

	2026	2025
Gift amount	$ 10,168	$ 10,168
Realized and unrealized gains	732	323
Estimated annuity liability	(5,145)	(5,387)
Present value of charitable gift, net	$ 5,755	$ 5,104

11. Deferred Payment Charitable Gift Annuity Agreement, continued

During 2010, the Foundation entered into an annuity agreement with a donor. The donor contributed $20,000 in cash which funded the annuity. The agreement stipulates that the donor will receive quarterly payments beginning the last day of June in the year the payments commence. These payments will last until the death of the donor, at which time the Foundation is released from the agreement. Currently, the Foundation has established an estimated annuity liability and the net present value of charitable gift, which are as follows:

	2026	2025
Gift amount	$ 20,000	$ 20,000
Realized and unrealized losses	(2,397)	(3,685)
Estimated annuity liability	(5,562)	(5,875)
Present value of charitable gift, net	$ 12,041	$ 10,440

12. Fair Value Measurements

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, the fair value of a financial instrument 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. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the entity's various financial instruments. In cases where quoted market prices are not available, fair value is based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

FASB ASC 820 provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

In accordance with FASB ASC 820, the Foundation groups its financial assets and financial liabilities generally measured at fair value in three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

12. Fair Value Measurements, continued

Level 2 – Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

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.

Fair value of assets measured on a recurring basis at June 30 was as follows:

	Assets at Fair Value as of June 30, 2026			
	Level 1	Level 2	Level 3	Total
Investments	$ 23,616,481	$ 4,500,000	$ 1,992,374	$ 30,108,855

	Assets at Fair Value as of June 30, 2025			
	Level 1	Level 2	Level 3	Total
Investments	$ 21,534,717	$ 4,250,000	$ 1,568,513	$ 27,353,230

The changes in valuation of Level 3 assets using significant unobservable inputs are as follows:

	2026	2025
Balance, July 1	$ 1,568,513	$ 1,222,856
Distributions	(75,689)	-
Contributions	187,333	238,464
Investment returns:		
Net unrealized gain (losses) on endowment	268,320	117,159
Net return on endowment investments	74,169	19,289
Investment returns	342,489	136,448
Other revenue (expenses)	(30,272)	(29,255)
Balance, June 30	$ 1,992,374	$ 1,568,513

Level 3 investments include investments in a fund that holds non-publicly traded Investment Partnerships. The fund is measured at the quoted value provided by the third-party fund manager, but there are significant delays in the valuation being provided to the Foundation. The last valuation date of the fund was March 31, 2026.

13. Liquidity and Availability of Resources

The Foundation has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. At June 30, 2026 and 2025, the Foundation's financial assets, reduced by amounts not available for general expenditures within one year, are comprised of the following:

	2026	2025
Cash and cash equivalents	$ 320,433	$ 534,617
Receivables	114,411	91,459
Investments, unrestricted	600,913	245,564
	1,035,757	871,640
Less: Board designated funds	-	-
Financial assets available for general expenditure	$ 1,035,757	$ 871,640

14. Subsequent Events

Management evaluates events and transactions that occur after the statements of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.