

ILLINOIS PRAIRIE COMMUNITY FOUNDATION, INC.

Financial Statements

June 30, 2025 and 2024

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Independent Auditor's Report

To the Board of Directors
Illinois Prairie Community Foundation, Inc.
Bloomington, Illinois

Opinion

We have audited the accompanying financial statements of Illinois Prairie Community Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities 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 Illinois Prairie Community Foundation, Inc. as of June 30, 2025 and 2024, 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 audit 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 Illinois Prairie Community Foundation, Inc. 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.

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 Illinois Prairie Community Foundation, Inc. 's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

ILLINOIS PRAIRIE COMMUNITY FOUNDATION, INC.
Independent Auditor's Report – Continued
June 30, 2025 and 2024

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, including omissions, 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 Illinois Prairie Community Foundation, Inc.'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 Illinois Prairie Community Foundation, Inc.'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.

Strigel Knobloch + Company LLC

Bloomington, Illinois
November 10, 2025

ILLINOIS PRAIRIE COMMUNITY FOUNDATION, INC.

Statements of Financial Position

June 30,

	<u>2025</u>	<u>2024</u>
Assets:		
Cash	\$ 425,749	\$ 306,714
Accrued investment income	7,006	10,412
Investments	27,045,549	24,132,745
Cash value of life insurance policies	24,108	24,309
Furniture and equipment	17,220	17,220
Accumulated depreciation	(17,220)	(16,796)
Right-of-use assets	<u>35,718</u>	<u>45,595</u>
Total assets	<u>\$ 27,538,130</u>	<u>\$ 24,520,199</u>
Liabilities:		
Agency funds	\$ 548,446	\$ 365,209
Lease liabilities	<u>40,784</u>	<u>49,971</u>
Total liabilities	<u>589,230</u>	<u>415,180</u>
Net assets – without donor restrictions:		
Board designated administration	411,319	413,763
Board designated granting funds	10,654,479	9,221,201
Board designated endowment	<u>15,883,102</u>	<u>14,470,055</u>
Total net assets	<u>26,948,900</u>	<u>24,105,019</u>
Total liabilities and net assets	<u>\$ 27,538,130</u>	<u>\$ 24,520,199</u>

The accompanying notes are an integral part of these statements.

ILLINOIS PRAIRIE COMMUNITY FOUNDATION, INC.

Statements of Activities

For the Years Ended June 30,

	<u>2025</u>	<u>2024</u>
Revenue:		
Contributions and grants	\$ 3,131,046	\$ 3,224,414
Contributions in-kind	190,507	501,520
Investment income:		
Interest and dividends – net	560,667	552,974
Net realized gains (losses)	2,186,873	896,415
Net unrealized gains (losses)	<u>86,192</u>	<u>968,558</u>
 Total revenue	 <u>6,155,285</u>	 <u>6,143,881</u>
 Expenses:		
Program	3,231,658	2,605,124
Management and general	58,133	57,656
Fundraising	<u>21,613</u>	<u>20,530</u>
 Total expenses	 <u>3,311,404</u>	 <u>2,683,310</u>
 Change in net assets	 2,843,881	 3,460,571
 Net assets at beginning of year	 <u>24,105,019</u>	 <u>20,644,448</u>
 Net assets at end of year	 <u>\$ 26,948,900</u>	 <u>\$ 24,105,019</u>

The accompanying notes are an integral part of these statements.

ILLINOIS PRAIRIE COMMUNITY FOUNDATION, INC.

Statements of Functional Expenses

For the Year Ended June 30, 2025

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Charitable grants and program expenses	\$ 2,856,100	\$ -	\$ -	\$ 2,856,100
Salaries, wages, and benefits	241,120	28,367	14,184	283,671
Payroll taxes	14,650	1,724	861	17,235
Professional fees	22,770	21,061	-	43,831
Office rent	19,853	2,336	1,168	23,357
Advertising and promotion	18,722	-	2,080	20,802
Printing and supplies	3,963	466	233	4,662
Meetings and conferences	1,100	129	65	1,294
Dues and subscriptions	34,070	1,893	1,892	37,855
Postage	1,548	182	91	1,821
Telephone and internet	1,964	231	115	2,310
Insurance	4,541	534	267	5,342
Travel	1,252	147	74	1,473
Repairs, maintenance, and equipment	6,163	725	362	7,250
Bank fees	1,832	102	102	2,036
Miscellaneous	1,650	194	97	1,941
Depreciation	<u>360</u>	<u>42</u>	<u>22</u>	<u>424</u>
Total	<u>\$ 3,231,658</u>	<u>\$ 58,133</u>	<u>\$ 21,613</u>	<u>\$ 3,311,404</u>

The accompanying notes are an integral part of these statements.

ILLINOIS PRAIRIE COMMUNITY FOUNDATION, INC.
Statements of Functional Expenses
For the Year Ended June 30, 2024

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Charitable grants and program expenses	\$ 2,262,129	\$ -	\$ -	\$ 2,262,129
Salaries, wages, and benefits	206,279	24,268	12,134	242,681
Payroll taxes	14,178	1,668	834	16,680
Professional fees	10,489	24,387	-	34,876
Office rent	19,851	2,335	1,168	23,354
Advertising and promotion	21,892	-	2,432	24,324
Printing and supplies	1,163	137	68	1,368
Meetings and conferences	770	91	45	906
Dues and subscriptions	49,562	2,753	2,754	55,069
Postage	1,792	211	105	2,108
Telephone and internet	1,918	226	113	2,257
Insurance	3,741	440	220	4,401
Travel	494	58	29	581
Repairs, maintenance, and equipment	6,172	726	363	7,261
Bank fees	3,173	176	176	3,525
Miscellaneous	905	107	53	1,065
Depreciation	<u>616</u>	<u>73</u>	<u>36</u>	<u>725</u>
Total	\$ <u>2,605,124</u>	\$ <u>57,656</u>	\$ <u>20,530</u>	\$ <u>2,683,310</u>

The accompanying notes are an integral part of these statements.

ILLINOIS PRAIRIE COMMUNITY FOUNDATION, INC.

Statements of Cash Flows

For the Years Ended June 30,

	2025	2024
Cash flows from (used in) operating activities:		
Change in net assets	\$ 2,843,881	\$ 3,460,571
Adjustments to reconcile change in net assets to cash from operating activities:		
Depreciation	424	725
Contributions of investments	(155,737)	(479,031)
Realized (gain) loss on investments	(2,186,873)	(896,415)
Unrealized (gain) loss on investments	(86,192)	(968,558)
Increase in cash surrender value life insurance	201	62
Changes in operating assets and liabilities:		
Accrued investment income	3,406	765
Agency Funds	183,237	(2,385)
Lease assets and liabilities	690	1,688
Cash from (used in) operating activities	603,037	1,117,422
Cash flows from (used in) investing activities:		
Purchase of investments	(19,623,064)	(17,299,427)
Proceeds from sale of investments	19,139,062	16,018,491
Cash from (used in) investing activities	(484,002)	(1,280,936)
Net change in cash	119,035	(163,514)
Cash at beginning of year	306,714	470,228
Cash at end of year	\$ 425,749	\$ 306,714

The accompanying notes are an integral part of these statements.

ILLINOIS PRAIRIE COMMUNITY FOUNDATION, INC.

Notes to Financial Statements

June 30, 2025 and 2024

Note 1 – Summary of Significant Accounting Policies

Organization

Illinois Prairie Community Foundation, Inc. (“Foundation” or “Organization”) is a non-profit corporation organized under the laws of the State of Illinois for the purpose of receiving contributions for which it acts as a conduit through which donors may build and strengthen their community, supporting local solutions to local problems now and in perpetuity. All of the assets and earnings of the Foundation shall be utilized exclusively for and pursuant to charitable and educational endeavors.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Under Accounting Standards Codification (“ASC”) 958, the Foundation is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions – Assets presently available for use by the Foundation at the discretion of the Board.

Net Assets With Donor Restrictions – Assets which are subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time or with a donor-imposed restriction that stipulates that resources be maintained permanently, but permits the Foundation to use up or expend part or all of the income (or other economic benefits) derived from the donated assets. As of June 30, 2025, and 2024, the Foundation had no net assets with donor restrictions.

Income Taxes

The Foundation is a not-for-profit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires the Organization to make estimates and assumptions that affect the amounts presented and disclosed in the accompanying financial statements. Due to the inherent uncertainty involved in making estimates, actual results in future periods may differ from these estimates. Significant estimates and assumptions in these financial statements require the exercise of management's judgment. The Organization has identified the following significant estimates for which the Organization believes a material change within one year is reasonably possible: the fair value of investments.

See independent auditor's report.

ILLINOIS PRAIRIE COMMUNITY FOUNDATION, INC.
Notes to Financial Statements – Continued
June 30, 2025 and 2024

Note 1 – Summary of Significant Accounting Policies – Continued

Cash

The Foundation considers cash on hand and on deposit with banks and financial institutions to be cash.

Furniture and Equipment

Furniture and equipment is recorded at cost or, in the case of donated property, market value at the date of the gift. Depreciation is charged against revenue over the economic useful life of the assets using the straight-line method. All furniture and equipment in the statement of financial position is being depreciated over a three or five-year life. Depreciation expense for the years ended June 30, 2025 and 2024 was \$424 and \$725, respectively.

Investments

The Foundation reports its investments in accordance with generally accepted accounting principles for not-for-profit organizations, which establish accounting standards for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities.

Investments consist primarily of marketable equity and debt securities that are stated at fair value based on quoted market prices. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the risks associated with investment securities and the uncertainty related to changes in the fair value of investment securities, it is at least reasonably possible that changes in fair value could materially affect the net assets of the Foundation.

Concentrations

The Foundation maintains its cash accounts at various banks and investment companies. At times, the amount of cash on deposit may exceed federally insured limits. From time to time during the year, the Foundation's cash accounts may exceed federally insured limits. The Foundation believes there is no significant risk with respect to these deposits.

Advertising

The Foundation expenses advertising costs as incurred. Total advertising expense was \$20,802 and \$24,324 for the years ending June 30, 2025 and 2024, respectively.

Revenue Recognition

Revenues are reported as increases in net assets without restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are recorded as decreases in net assets without restrictions.

See independent auditor's report.

ILLINOIS PRAIRIE COMMUNITY FOUNDATION, INC.

Notes to Financial Statements – Continued

June 30, 2025 and 2024

Note 1 – Summary of Significant Accounting Policies – Continued

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period that the unconditional promise is received. Contributions received with donor-imposed restrictions and related gains and income that are met in the same year as received are reported as revenues without donor restrictions. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Donated materials, property and equipment, and investments are recorded at fair value when received. The Foundation reports gifts of land, buildings, investment securities, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

During 2025 and 2024, the Foundation received \$34,770 and \$22,489, respectively, of in-kind office rent and services, which is included in the statement of activities. The Foundation also received \$155,737 and \$479,031 of contributed investments for the years ended June 30, 2025 and 2024, respectively.

Functional Expenses

The cost of providing various programs and supporting services are summarized on a functional basis in the Statements of Activities. Expenses are directly charged to the appropriate activity, where feasible. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, they require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include operating and overhead expenses. These expenses are allocated among the programs and administrative services based on an estimated percentage of what functions are benefited. Personnel costs are allocated based on estimates of time and effort, by individual employee. The Organization reevaluates its allocation method each year to determine if adjustments are necessary based on actual activities conducted during the year.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

See independent auditor's report.

ILLINOIS PRAIRIE COMMUNITY FOUNDATION, INC.
Notes to Financial Statements – Continued
June 30, 2025 and 2024

Note 1 – Summary of Significant Accounting Policies – Continued

Leases

All real estate and equipment leases that have lease terms exceeding 12 months are required to be recorded on the balance sheet as right-of-use assets accompanied by liabilities for the present value of the lease payments that the Organization is obligated to make in order to obtain control of the leased assets for the duration of each lease term.

Lease-related expense are recognized in different patterns depending on whether the underlying lease is classified as an operating lease or a finance lease. Total lease expense for operating leases is recognized as a single expense using the straight-line method over the term of the lease, which includes options to renew the lease that we are reasonably certain to exercise. Finance lease expense consists of two components, interest expense on the lease obligation payable and straight-line amortization of the right-of-use asset.

The Organization determines if an arrangement is a lease or contains a lease at the inception of the contract. Operating leases are presented under the captions operating lease right-of-use (ROU) assets, current portion of operating lease liabilities, and long-term portion of operating lease liabilities in the accompanying balance sheet as of June 30, 2025. The Organization does not have any finance leases as of June 30, 2025 or 2024.

Both operating lease and finance lease ROU assets and lease liabilities are initially measured as the present value of future lease payments over the lease term as determined at each lease’s commencement date. In measuring assets and liabilities for certain classes of underlying assets, the Organization has elected a practical expedient to account for lease and nonlease components together as a single lease component. The following table summarizes the interest rates the Organization uses to discount lease payments by class of underlying leased assets and those classes of leased assets for which the Organization has elected the practical expedient to combine lease and nonlease components:

Class of Underlying Leased Assets	Interest Rate Used to Discount Lease Payments		Elected Treatment of Lease and Nonlease Components
	Arms-Length Leases	Related Party Leases	
Commercial Real Estate	The organization’s incremental borrowing rate	Interest rate implicit in the lease if readily determinable; otherwise, the organization’s incremental borrowing rate	Separately accounted for and allocated based on relative standalone fair values
Vehicles Copiers and other office equipment	Nominal yield at lease inception, applicable to U.S. treasury instruments with a maturity of similar length to the lease term		Combined and treated as a single lease component

See independent auditor’s report.

ILLINOIS PRAIRIE COMMUNITY FOUNDATION, INC.
Notes to Financial Statements – Continued
June 30, 2025 and 2024

Note 1 – Summary of Significant Accounting Policies – Continued

Leases – Continued

Operating lease expense is recognized on a straight-line basis over the term of each lease. Operating lease ROU assets include all fixed contractual lease payments and initial direct costs incurred by the Organization, less any lease incentives the Organization receives from the lessor. Facility leases generally obligate the Organization for lease expense, nonlease reimbursements to the lessor of the Organization’s proportionate share of common area maintenance (CAM), and non-component reimbursements to the lessor of certain of the lessor’s costs such as real estate taxes and lessor insurance premiums applicable to the leased property.

As permitted by US GAAP, the Organization has elected not to apply these lease accounting policies to leases with a term of less than one year at the lease’s commencement date. Expenses associated with these short-term leases are recognized on a straight-line basis over the term of the lease. The Organization’s lease agreements do not contain any material variable lease payments, residual value guarantees, options to purchase leased assets, or restrictive covenants. See Note 6 for additional disclosures regarding leases.

Note 2 – Investments

Investments consisted of the following as of June 30:

	2025		2024	
	Fair Value	Cost	Fair Value	Cost
Corporate bonds	\$ 672,421	\$ 696,122	\$ -	\$ -
Exchange traded funds	12,932,428	12,349,076	-	-
Mutual funds	<u>13,440,700</u>	<u>11,692,213</u>	<u>24,132,745</u>	<u>22,036,511</u>
Total	<u>\$ 27,045,549</u>	<u>\$ 24,737,411</u>	<u>\$ 24,132,745</u>	<u>\$ 22,036,511</u>

Investment returns are classified in the statement of activities as follows for the years ended June 30:

	2025	2024
Interest and dividends – net	\$ 560,667	\$ 552,974
Realized gains (losses)	2,186,873	896,415
Unrealized gains (losses)	<u>86,192</u>	<u>968,558</u>
Net investment income	<u>\$ 2,833,732</u>	<u>\$ 2,417,947</u>

Expenses relating to investment revenues, including custodial fees and investment advisory fees, were \$68,214 and \$62,987 for the years ended June 30, 2025 and 2024, respectively. These expenses have been netted against investment revenues in the statement of activities.

See independent auditor’s report.

ILLINOIS PRAIRIE COMMUNITY FOUNDATION, INC.

Notes to Financial Statements – Continued

June 30, 2025 and 2024

Note 3 – Fair Value Measurements

The Foundation has determined the fair value of certain assets and liabilities through application of ASC 820. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Common stocks, exchange traded funds, and mutual funds listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active at the last transaction price before year end. Corporate bonds are valued based on either the most recent observable trade and/or external quotes.

Fair values of assets and liabilities measured on a recurring basis are as follows at June 30, 2025:

	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Corporate bonds	\$ 672,421	\$ -	\$ 672,421	\$ -
Exchange traded funds	12,932,428	12,932,428	-	-
Mutual funds	<u>13,440,700</u>	<u>13,440,700</u>	-	-
Total	<u>\$ 27,045,549</u>	<u>\$ 26,373,128</u>	<u>\$ 672,421</u>	<u>\$ -</u>

Fair values of assets and liabilities measured on a recurring basis are as follows at June 30, 2024:

	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Mutual funds	<u>\$ 24,132,745</u>	<u>\$ 24,132,745</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor’s report.

ILLINOIS PRAIRIE COMMUNITY FOUNDATION, INC.
Notes to Financial Statements – Continued
June 30, 2025 and 2024

Note 3 – Fair Value Measurements – Continued

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. There were no transfers between levels during 2025 and 2024.

Note 4 – Endowment Funds

The Foundation’s charitable endowment funds are all classified as net assets without donor restrictions in the accompanying financial statements. The endowment net assets experienced the following changes during the year ended June 30, 2025:

	<u>Donor Advised</u>	<u>Board Designated</u>	<u>Total</u>
Endowment net assets – beginning of year	\$ 13,527,707	\$ 942,348	\$ 14,470,055
Investment return:			
Interest, dividends and net appreciation (depreciation) – realized and unrealized	1,664,895	121,020	1,785,915
Contributions	281,754	55,492	337,246
Expenses	(174,254)	(17,855)	(192,109)
Transfers	(305)	-	(305)
Grants	<u>(497,059)</u>	<u>(20,641)</u>	<u>(517,700)</u>
Endowment net assets – end of year	\$ <u>14,802,738</u>	\$ <u>1,080,364</u>	\$ <u>15,883,102</u>

The endowment net assets experienced the following changes during the year ended June 30, 2024:

	<u>Donor Advised</u>	<u>Board Designated</u>	<u>Total</u>
Endowment net assets – beginning of year	\$ 12,130,908	\$ 851,682	\$ 12,982,590
Investment return:			
Interest, dividends and net appreciation (depreciation) – realized and unrealized	1,551,653	105,386	1,657,039
Contributions	364,564	35,145	399,709
Expenses	(190,786)	(18,138)	(208,924)
Transfers	-	-	-
Grants	<u>(328,632)</u>	<u>(31,727)</u>	<u>(360,359)</u>
Endowment net assets – end of year	\$ <u>13,527,707</u>	\$ <u>942,348</u>	\$ <u>14,470,055</u>

See independent auditor’s report.

ILLINOIS PRAIRIE COMMUNITY FOUNDATION, INC.
Notes to Financial Statements – Continued
June 30, 2025 and 2024

Note 4 – Endowment Funds – Continued

Return Objectives and Risk Parameters

The Foundation has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the rate of inflation over the long-term while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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 diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.

Spending Policy

The Foundation’s spending policy calls for the Investment Committee to set a spending rate annually to be applied to its endowment funds. This rate is determined based on a review of the investment portfolio’s rate of return for the previous twelve quarters. The spending rate is then applied to the portfolio’s average value over the previous twelve quarters. This amount is then available for appropriation by each respective fund. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow according to its return objective of growth exceeding inflation. This is consistent with the Foundation’s objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through the gifts and investment return.

Note 5 – Net Assets

Net assets have been designated by the Foundation board for the following purposes as of June 30:

	<u>2025</u>	<u>2024</u>
Administration	\$ 411,319	\$ 413,763
Donor advised funds	9,161,265	7,931,075
Designated endowment funds	15,883,102	14,470,055
Scholarship funds	178,420	139,830
Other funds	<u>1,314,794</u>	<u>1,150,296</u>
Net assets without donor restrictions	<u>\$ 26,948,900</u>	<u>\$ 24,105,019</u>

See independent auditor’s report.

ILLINOIS PRAIRIE COMMUNITY FOUNDATION, INC.

Notes to Financial Statements – Continued

June 30, 2025 and 2024

Note 6 – Operating Leases

The Foundation leases office equipment and office space. The leases require monthly payments ranging from \$75 to \$1,167 and expire between July 2026 and November 2028. The components of lease expense for the years ended June 30, 2025 and 2024, consist of the following:

<u>Cost element</u>	<u>Line item of Statement of Activities</u>	<u>2025</u>	<u>2024</u>
Operating lease costs	Cost of revenue	\$ -	\$ -
	Operating expenses	<u>24,259</u>	<u>22,978</u>
Total operating lease cost		\$ <u>24,259</u>	\$ <u>22,978</u>

Future minimum lease payments for the next five years and in the aggregate under all noncancelable leases with a term of one year or greater as of June 30, 2025 and 2024, are as follows for the years ending June 30:

	<u>2025</u>	<u>2024</u>
2025	\$ -	\$ 11,483
2026	12,483	12,483
2027	12,658	12,658
2028	13,583	13,583
2029	<u>5,833</u>	<u>5,833</u>
Total future minimum lease payments	44,557	56,040
Less: imputed interest included therein	<u>(3,773)</u>	<u>(6,069)</u>
Total	\$ <u>40,784</u>	\$ <u>49,971</u>

The following table provides additional information related to the Organization’s operating leases as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Current portion of lease liabilities	\$ 10,681	\$ 9,187
Long-term portion of lease liabilities	<u>30,103</u>	<u>40,784</u>
Total lease liabilities	\$ <u>40,784</u>	\$ <u>49,971</u>
Weighted average of remaining lease term	3.36 years	4.33 years
Weighted average discount rate	5.00%	5.00%

The following table provides supplemental cash flow information related to the Organization’s leases for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows for operating leases	\$ <u>11,483</u>	\$ <u>10,483</u>

See independent auditor’s report.

ILLINOIS PRAIRIE COMMUNITY FOUNDATION, INC.
Notes to Financial Statements – Continued
June 30, 2025 and 2024

Note 7 – Foundation Liquidity

The following reflects the Foundation’s financial assets reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30:

Financial assets:	<u>2025</u>	<u>2024</u>
Cash	\$ 425,749	\$ 306,714
Accrued investment income	7,006	10,412
Investments	27,045,549	24,132,745
Cash value of life insurance policies	<u>24,108</u>	<u>24,309</u>
Total financial assets	27,502,412	24,474,180
Less those unavailable for general expenditure within one year, due to:		
Agency Funds	<u>(548,446)</u>	<u>(365,209)</u>
Financial assets available to meet cash needs	<u>\$ 26,953,966</u>	<u>\$ 24,108,971</u>

The Foundation’s goal is to maintain sufficient financial assets on hand to meet normal operating expenses.

Note 8 – Uncertain Tax Positions

Accounting principles generally accepted in the United States of America require the Foundation’s management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more than likely would not be sustained upon examination by applicable taxing authorities. Management has analyzed the tax positions taken by the Foundation and has concluded that as of June 30, 2025, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Tax years prior to 2022 are closed.

Note 9 – Subsequent Events

No events occurred subsequent to June 30, 2025, that required disclosure in the accompanying financial statements. Management has evaluated subsequent events through November 10, 2025; which is the date the financial statements were made available.

See independent auditor’s report.