

The Annie E. Casey Foundation, Inc. and Subsidiaries

Consolidated Financial Statements as of and
for the Years Ended December 31, 2025 and 2024, and
Independent Auditor's Report

THE ANNIE E. CASEY FOUNDATION, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Annie E. Casey Foundation, Inc.

Opinion

We have audited the consolidated financial statements of The Annie E. Casey Foundation, Inc. and subsidiaries (the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte + Touche LLP

May 22, 2026

THE ANNIE E. CASEY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
CASH	\$ 13,049,660	\$ 21,115,482
RESTRICTED CASH	82,852	82,852
INVESTMENTS	3,598,833,409	3,236,870,770
PROGRAM RELATED INVESTMENTS—Net	93,055,368	81,185,045
OTHER ASSETS:		
Collateral under securities lending program	-	10,894,385
Security sales receivable	26,759,947	66,485,163
Interest and dividends receivable	2,681,151	2,668,673
Property and equipment—net	27,912,630	29,572,090
Beneficial interest in charitable remainder trusts	20,339,811	19,203,602
Other assets	1,995,844	369,613
	<u>79,689,383</u>	<u>129,193,526</u>
Total other assets	79,689,383	129,193,526
TOTAL ASSETS	<u>\$ 3,784,710,672</u>	<u>\$ 3,468,447,675</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and other liabilities	\$ 9,817,275	\$ 7,118,670
Debt	6,206,226	14,173,426
Payable under securities lending program	-	10,894,385
Security purchases payable	16,512,416	5,516,916
Deferred federal excise tax	19,511,858	14,943,816
Postretirement benefit obligation	30,469,907	33,929,297
	<u>82,517,682</u>	<u>86,576,510</u>
Total liabilities	82,517,682	86,576,510
NET ASSETS:		
Without donor restrictions	3,681,853,179	3,362,667,563
With donor restrictions	20,339,811	19,203,602
	<u>3,702,192,990</u>	<u>3,381,871,165</u>
Total net assets	3,702,192,990	3,381,871,165
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,784,710,672</u>	<u>\$ 3,468,447,675</u>

See notes to consolidated financial statements.

THE ANNIE E. CASEY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenue and support:		
Donations, grants and other income	\$ 1,001,693	\$ 1,039,079
Charitable remainder trusts released from restrictions	1,902	2,202,500
Investment return—net	<u>503,678,571</u>	<u>195,870,577</u>
Total revenue and support	<u>504,682,166</u>	<u>199,112,156</u>
Grants and other expenses:		
Grants and direct charitable activities	126,171,582	112,715,191
Administrative and grants management expenses:		
General	60,041,684	56,208,458
Postretirement benefit service cost	<u>402,730</u>	<u>469,282</u>
Total administrative and grants management expenses	<u>60,444,414</u>	<u>56,677,740</u>
Other expenses (income):		
Other components of net periodic postretirement benefit cost	(2,331,838)	(2,538,287)
Postretirement changes other than net periodic benefit cost	698,908	3,794,352
Interest expense	<u>513,484</u>	<u>1,130,737</u>
Total grants and other expenses	<u>185,496,550</u>	<u>171,779,733</u>
NON-OPERATING REVENUES—		
Gain on NMTC extinguishment	-	7,503,050
Changes in net assets without donor restrictions	<u>319,185,616</u>	<u>34,835,473</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Change in value of charitable remainder trusts	1,138,111	2,531,612
Charitable remainder trusts released from restrictions	<u>(1,902)</u>	<u>(2,202,500)</u>
Changes in net assets with donor restrictions	<u>1,136,209</u>	<u>329,112</u>
CHANGES IN NET ASSETS	320,321,825	35,164,585
NET ASSETS—Beginning of year	<u>3,381,871,165</u>	<u>3,346,706,580</u>
NET ASSETS—End of year	<u>\$ 3,702,192,990</u>	<u>\$ 3,381,871,165</u>

See notes to consolidated financial statements.

THE ANNIE E. CASEY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 320,321,825	\$ 35,164,585
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	2,793,916	2,828,435
Gain on extinguishment of debt	-	(7,503,050)
Loss on disposal of fixed assets	21,084	12,559
Change in credit loss allowance	1,300,399	(1,902,765)
Net realized and unrealized gain on investments	(379,234,653)	(109,080,317)
Change in allowance for losses on program related investments	683,365	59,103
Increase in interest and dividends receivable	(12,478)	(312,900)
Increase in charitable remainder trusts	(1,136,209)	(329,112)
(Increase) decrease in other assets	(1,626,231)	5,424,934
Increase (decrease) in payables and other liabilities	2,698,605	(651,404)
Increase (decrease) in deferred federal excise tax	4,568,042	(665,487)
Decrease in postretirement benefit obligation	(3,459,390)	(678,835)
Net cash used in operating activities	<u>(53,081,725)</u>	<u>(77,634,254)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments and cash distributions	1,468,448,939	1,376,531,025
Purchases of investments	(1,408,273,599)	(1,293,633,779)
Loans disbursed for program related investments	(10,561,500)	(5,078,000)
Repayments from program related investments	4,524,803	87,626
Capital expenditures	(1,155,540)	(784,030)
Net cash provided by investing activities	<u>52,983,103</u>	<u>77,122,842</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of debt	(7,967,200)	(967,200)
Net cash used in financing activities	<u>(7,967,200)</u>	<u>(967,200)</u>
NET DECREASE IN CASH AND RESTRICTED CASH	(8,065,822)	(1,478,612)
CASH AND RESTRICTED CASH—Beginning of year	21,198,334	22,676,946
CASH AND RESTRICTED CASH—End of year	<u>\$ 13,132,512</u>	<u>\$ 21,198,334</u>
CASH	\$ 13,049,660	\$ 21,115,482
RESTRICTED CASH	<u>82,852</u>	<u>82,852</u>
TOTAL CASH AND RESTRICTED CASH	<u>\$ 13,132,512</u>	<u>\$ 21,198,334</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION—Cash paid for interest		
	<u>\$ 624,184</u>	<u>\$ 1,570,262</u>

See notes to consolidated financial statements

THE ANNIE E. CASEY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

1. ORGANIZATION OF THE FOUNDATION

The Annie E. Casey Foundation, Inc. and subsidiaries' (the "Foundation") work focuses on strengthening families, building stronger communities and ensuring access to opportunity, because children need all three to succeed.

The Annie E. Casey Foundation, Inc. is a nonprofit organization founded in 1948 devoted to developing a brighter future for children at risk of poor educational, economic, social and health outcomes across the country.

AECF Atlanta Realty LLC ("Atlanta Realty") is a limited liability company organized under the laws of the State of Georgia. Atlanta Realty was formed on November 12, 2005 and the Foundation is its sole member. Atlanta Realty owns 16.6 acres of real property in the Neighborhood Planning Unit V ("NPU-V") in the City of Atlanta, Georgia. During 2015, Atlanta Realty established a wholly owned nonprofit subsidiary, 352 University Avenue Associates LLC ("Atlanta 352"), a limited liability company organized under the laws of the State of Georgia. Atlanta 352 works to address the unemployment and underemployment within NPU-V. During 2017, Atlanta Realty established a wholly owned nonprofit subsidiary, UA Associates I LLC ("UA"). UA's purpose was to develop 13.2 acres of the land transferred to it by Atlanta Realty. Atlanta Realty maintains the remaining 3.4 acres.

AECF Atlanta Homes LLC ("Atlanta Homes") is a limited liability company organized under the laws of the State of Georgia. Atlanta Homes was formed on December 6, 2012 and the Foundation is its sole member. Atlanta Homes was formed to own, hold and manage real property in NPU-V in the City of Atlanta, Georgia.

The Annie E. Casey Foundation, Inc.'s subsidiaries are included in the accompanying consolidated financial statements. These subsidiaries are engaged primarily to support program activities.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The Foundation's consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Principles of Consolidation—The accompanying consolidated financial statements include the accounts of the Foundation and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Cash—Cash consists of funds held in commercial interest-bearing accounts for operating purposes.

Restricted Cash—Restricted cash consists of amounts held as other security deposits.

Investments—Investments are stated at fair value where a readily determinable fair value exists. Fair value is determined using the closing prices for investments traded on any global stock exchange. The Foundation utilizes a practical expedient for the estimation of the fair value of investments in limited partnerships and similar interests, with no readily determinable fair value. The practical expedient used by the Foundation to value these investments is the net asset value ("NAV") per share, or its equivalent. In using this practical expedient, the recorded fair value could differ from the fair value that would have been used had a readily available market existed for such investments.

Realized gains and losses on sales of investments in United Parcel Service, Inc. (“UPS”) common stock, if any, are calculated based on the specific identification method. The realized gains and losses for other investments are calculated based on the first-in, first-out method.

Realized gains or losses, unrealized gains or losses and interest income and dividends are reported in the consolidated statements of activities within investment return, net.

Program Related Investments—The Foundation makes program related investments (“PRIs”) that advance philanthropic purposes. These investments consist of various partnerships, loans, and mission-related deposits. The partnerships, loans and mission-related deposits are stated at estimated fair value. At December 31, 2025 and 2024, the partnerships were valued at \$46,010,666 and \$38,251,798, with unfunded commitments totaling \$18,036,469 and \$10,986,073, respectively. The amortized cost basis of loans outstanding was \$49,001,698 and \$44,265,400 with unfunded commitments of \$0 and \$1,000,000 as of December 31, 2025 and 2024, respectively. Interest rates range from 1.00% to 4.25% and principal is scheduled to be paid in full to the Foundation at maturity dates ranging from December 2025 through December 2033. At December 31, 2025 and 2024, the mission-related deposits were valued at \$1,058,522 and \$1,000,000, respectively.

Receivables—Receivables arise from program related investment loans and other transactions occurring in the normal course of business. Program related investment loans are recorded at fair value. All receivables are recorded net of an allowance for expected credit losses.

The Foundation uses the discounted cash flow method to estimate the allowance for credit losses related to program-related notes receivable. This model incorporates historical experience, quarterly and annual financial reports received, and the borrower’s ability to meet financial covenants. The Foundation uses specific criteria to determine when receivables are uncollectible and should be written off, including current aging and historical observed collectability trends.

Management has reviewed all program-related investments and other receivables for the years ended December 31, 2025 and 2024, and recorded an allowance for credit losses of \$3,015,518 and \$2,332,152, respectively.

Charitable Remainder Trusts—The Foundation is the beneficiary of charitable remainder trusts that are administered by third parties and are donor restricted until the termination of the trust. At December 31, 2025 and 2024, the Foundation recognized the charitable remainder trust liabilities at their net present value based upon actuarially determined calculations using a discount rate of 6%. The discount rate used is commensurate with the risks involved. As of December 31, 2025 and 2024, the Foundation recorded a beneficial interest in charitable remainder trusts of \$20,339,811 and \$19,203,602, respectively, on the consolidated statements of position. These amounts also comprise the net assets with donor restrictions on the consolidated statements of financial position.

Under the terms of these trusts, payments of income are made from the trusts to the donees or other specified parties over the terms of the trusts. Upon termination of the trusts, the remaining net assets will be transferred to the Foundation for its unrestricted use. For the years ended December 31, 2025 and 2024, \$1,902 and \$2,202,500 were transferred to the Foundation, respectively.

Property and Equipment—Property and equipment, which consists primarily of buildings and building improvements, is recorded at cost. Depreciation of property is calculated using straight-line methods over 10 to 25 years for buildings and improvements, 5 years for furniture and fixtures, and 3 years for computer and equipment. Leasehold improvements are depreciated over the shorter of their estimated useful lives or lease terms. Repairs and maintenance costs are expensed as incurred. Property and equipment is assessed annually for impairment. Gains and losses on disposals of property and equipment are recorded in the period incurred and are included in general administrative expenses.

Derivatives—The Foundation uses derivative instruments, including equity index swaps and futures contracts, to manage its exposure to market risks, adjust exposure to financial markets, and rebalance asset categories within the portfolio. The Foundation’s management believes the use of such instruments in its investment management program is appropriate to provide for the long- and short-term financial needs of the Foundation. Though use of these instruments reduces certain investment risks and generally adds value to the portfolio, the instruments themselves do involve investment, counterparty, and liquidity risks. Derivative instruments are recorded in the consolidated statements of financial position at fair value, with changes in fair value recognized as realized or unrealized gains and losses, as applicable. At December 31, 2025, the Foundation had equity index swap agreements with a notional amount of \$32,671,925 and no futures contracts outstanding. At December 31, 2024, the Foundation had futures contracts with a notional amount of \$54,908,375 and no swap agreements outstanding.

Use of Estimates—The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management made significant estimates and assumptions in the valuation of certain investments, postretirement benefit costs and valuation allowances. Actual results could differ from those estimates.

Leases—The Foundation recognizes and measures its leases in accordance with the FASB Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The Foundation is a lessee in several noncancellable operating leases, for office space, storage space and office equipment. The Foundation determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed.

The Foundation recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. The discount rate is the implicit rate if it is readily determinable or otherwise the Foundation uses the risk-free rate based on the information available at the commencement date for the lease.

The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

ROU assets are included in Other Assets, and lease liabilities are included in Accounts Payable and Other Current Liabilities on the consolidated statements of financial position.

The Foundation has elected, for all underlying classes of asset, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Foundation is reasonably certain to exercise. The costs associated with our short-term leases are recognized on a straight-line basis over the lease term.

3. INVESTMENTS

The investment goal of the Foundation is to maintain or grow its assets to support the Foundation’s grant-making and operations. In order to achieve this goal, the Foundation’s assets are invested in accordance with a long-term asset allocation policy with a level of risk that is appropriate to the Foundation’s spending objectives. The Foundation’s investments are diversified across multiple asset classes and investment strategies, with the majority of assets managed by external investment management firms selected by the Foundation. All investments are held in custody at BNY Mellon, except for assets invested with partnerships, LLCs, and commingled funds, which have separate arrangements related to their legal structure.

The Foundation's custodian maintains a securities lending program on behalf of the Foundation and maintains collateral at all times in excess of the value of securities on loan. Under the terms of its securities lending agreement, the Foundation requires collateral of a value at least equal to 102% of the fair value of loaned investments. Securities lending is not subject to a master netting arrangement. Loaned investments consist of equity and exchange traded securities. Securities loaned are fully collateralized. Investment of this collateral is in accordance with specified guidelines and is part of a collateral pool that invests in high-quality debt securities with a managed short-term duration. The Foundation maintains effective control of the loaned securities during the term of the arrangement wherein they may be recalled at any time. As of December 31, 2025 and 2024, the Foundation had loaned securities with a total market value of approximately \$0 and \$10,644,684, respectively, and received related collateral of \$0 and \$10,894,385, respectively. In accordance with authoritative guidance, the collateral amount is shown as both an asset and a liability on the consolidated statements of financial position.

Concentration of Risk—The Foundation is a holder of Class A and B UPS stock. The price per share of the Class A stock is equal to Class B stock. As of December 31, 2025 and 2024, the market value of UPS Class B common stock was \$99.19 and \$126.10 per share, respectively. UPS stock represented approximately 7% and 10% of the market value of the Foundation's investment portfolio at December 31, 2025 and 2024, respectively.

4. FAIR VALUE MEASUREMENTS

The Foundation accounts for assets and liabilities measured at fair value using Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements and Disclosures*. Under ASC Topic 820, fair value refers to 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. The guidance enables the reader of the consolidated financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Investments with readily available actively quoted prices, or for which fair value can be measured from actively quoted prices, generally, will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. In the absence of actively quoted prices and observable inputs, the Foundation estimates prices based on available historical data and near-term future pricing information that reflects its market assumptions. The guidance requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1—Quoted market prices in active markets for identical assets and liabilities.

Level 2—Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3—Unobservable inputs that are not corroborated by market data.

Level 1 investments include equities and UPS common stock. The value is based on quoted market prices in active markets.

Level 2 investments include short-term investments such as certificates of deposits, fixed income securities, and repurchase agreements. The fair value is estimated using third-party quotations.

The Foundation has no Level 3 investments.

For investments with little or no market data available, the determination of fair value is based on the best information available in the circumstances and incorporates management's own assumptions, including appropriate risk adjustments. A quoted market exchange does not exist for the Level 2 and Level 3 investments, therefore the fair value is generally based on management's estimate of fair value in the most advantageous exit market.

ASC Topic 820 permits the estimation of the fair value of an investment using NAV per share (or its equivalent) for certain investments that do not have readily determinable fair values. The inputs to value these investments may include the Foundation's capital accounts for its partnership interests in various alternative investments, including hedge funds, public equity, private equity, real estate and commodities. The various partnerships are investment companies, which record their underlying investments at fair value based on fair value policies established by management of the underlying fund. Fair value policies at the underlying fund generally require the fund to utilize pricing/valuation information from third-party sources, including independent appraisals. However, in some instances, current valuation information for illiquid securities or securities in markets that are not active may not be available from any third-party source or fund management may conclude that the valuations that are available from third-party sources are not reliable. In these instances, fund management may perform model-based analytical valuation that may be used as an input to value these investments. As disclosed in Note 2, *Significant Accounting Policies*, these investments are measured at fair value using NAV (or its equivalent) as a practical expedient and are not included in the fair value hierarchy.

At December 31, 2025, the redemption frequency for hedge funds is: quarterly (91%), monthly (5%) and other (4%). With redemption notice periods ranging from 30 to 185 days, the Foundation has the ability to redeem 83% through the end of 2026, 12% through the end of 2027, 1% through the end of 2028, and 4% of these funds through the end of 2029 and beyond. The hedge funds had additional unfunded capital commitments of \$15,836,327 at December 31, 2025.

At December 31, 2024, the redemption frequency for hedge funds is: quarterly (93%), monthly (4%) and annually (3%). With redemption notice periods ranging from 30 to 185 days, the Foundation has the ability to redeem 82% of these funds through the end of 2025, 10% through the end of 2026, 6% through the end of 2027, and 2% of these funds through the end of 2028. The hedge funds had additional unfunded capital commitments of \$25,000,000 at December 31, 2024.

At December 31, 2025, the redemption frequency for public securities measured at NAV is: quarterly (64%), annually (17%), daily (10%) and other (9%). With redemption notice periods ranging from 10 to 120 days, the Foundation has the ability to redeem 85% through the end of 2026, 7% through the end of 2027, and 8% through the end of 2028 and beyond.

At December 31, 2024, the redemption frequency for public securities measured at NAV is: quarterly (72%), annually (14%) and daily (14%). With redemption notice periods ranging from 1 to 120 days, the Foundation has the ability to redeem 89% through the end of 2025, and 11% through the end of 2026 and beyond.

The private securities are not subject to redemption, however certain funds may be sold or transferred with general partner approval. Due to the nature of these investments, the fund values are reduced through distributions that are received from liquidation of the underlying assets. For the years ended December 31, 2025 and 2024, it is estimated that the underlying assets of these funds will be liquidated over a period of approximately 14 years. At December 31, 2025 and 2024, the private securities had unfunded capital commitments to various partnerships of \$364,494,289 and \$ 353,859,942, respectively.

The following tables present the fair value of the Foundation's financial instruments for each level at December 31, 2025 and 2024:

Fair Value Measurement at December 31, 2025				
	Level 1	Level 2	Investments Measured at NAV¹	Total
Assets:				
Public securities:				
U.S. securities:				
Large cap	\$ 263,962,954	\$ -	\$ 339,441,040	\$ 603,403,994
Fixed income fund	-	249,055,804	-	249,055,804
Small cap	23,928,667	-	-	23,928,667
Foreign securities:				
Emerging markets	1,787,716	-	94,421,339	96,209,055
Developed countries	269,651,544	-	-	269,651,544
Global securities—developed countries	<u>324,322</u>	<u>-</u>	<u>177,818,445</u>	<u>178,142,767</u>
	<u>559,655,203</u>	<u>249,055,804</u>	<u>611,680,824</u>	<u>1,420,391,831</u>
Private securities:				
Venture	-	-	1,105,719,197	1,105,719,197
Real estate	-	-	45,126,080	45,126,080
Buyout	-	-	264,485,733	264,485,733
Commodities	-	-	48,674,238	48,674,238
Private credit	-	-	24,964,359	24,964,359
Opportunistic	<u>-</u>	<u>-</u>	<u>18,086,625</u>	<u>18,086,625</u>
	<u>-</u>	<u>-</u>	<u>1,507,056,232</u>	<u>1,507,056,232</u>
Hedge funds:				
Long/short	-	-	268,948,408	268,948,408
Opportunistic	-	-	147,125,619	147,125,619
Diversified arbitrage	-	-	73,684,894	73,684,894
Tactical trading	-	-	46,688,026	46,688,026
Distressed/credit	<u>-</u>	<u>-</u>	<u>21,953,308</u>	<u>21,953,308</u>
	<u>-</u>	<u>-</u>	<u>558,400,255</u>	<u>558,400,255</u>
Short-term investments	<u>38,571,450</u>	<u>74,413,641</u>	<u>-</u>	<u>112,985,091</u>
Total investments	<u>598,226,653</u>	<u>323,469,445</u>	<u>2,677,137,311</u>	<u>3,598,833,409</u>
Program related Investments:				
Private securities:				
Venture cap	-	-	45,092,900	45,092,900
Private credit	<u>-</u>	<u>-</u>	<u>917,766</u>	<u>917,766</u>
	<u>-</u>	<u>-</u>	<u>46,010,666</u>	<u>46,010,666</u>
Total assets	<u>\$ 598,226,653</u>	<u>\$ 323,469,445</u>	<u>\$ 2,723,147,977</u>	<u>\$ 3,644,844,075</u>

¹ Amounts are comprised of certain investments measured at fair value using NAV (or its equivalent) as a practical expedient. These investments have not been classified in the fair value hierarchy.

Fair Value Measurement at December 31, 2024

	Level 1	Level 2	Investments Measured at NAV ¹	Total
Assets:				
Public securities:				
U.S. securities:				
Large cap	\$ 334,561,831	\$ -	\$ 298,018,706	\$ 632,580,537
Fixed income fund	-	211,719,880	-	211,719,880
Small cap	23,357,378	-	-	23,357,378
Foreign securities:				
Emerging markets	2,531,459	-	88,687,753	91,219,212
Developed countries	242,558,427	-	-	242,558,427
Global securities—developed countries	-	-	79,069,282	79,069,282
	<u>603,009,095</u>	<u>211,719,880</u>	<u>465,775,741</u>	<u>1,280,504,716</u>
Private securities:				
Venture	-	-	917,214,207	917,214,207
Real estate	-	-	46,908,797	46,908,797
Buyout	-	-	231,758,176	231,758,176
Commodities	-	-	62,432,978	62,432,978
Private credit	-	-	29,945,762	29,945,762
Opportunistic	-	-	20,285,913	20,285,913
	<u>-</u>	<u>-</u>	<u>1,308,545,833</u>	<u>1,308,545,833</u>
Hedge funds:				
Long/short	-	-	283,259,981	283,259,981
Opportunistic	-	-	101,747,107	101,747,107
Diversified arbitrage	-	-	68,717,184	68,717,184
Tactical trading	-	-	39,045,442	39,045,442
Distressed/credit	-	-	29,506,687	29,506,687
	<u>-</u>	<u>-</u>	<u>522,276,401</u>	<u>522,276,401</u>
Short-term investments	<u>61,016,771</u>	<u>64,527,049</u>	<u>-</u>	<u>125,543,820</u>
Total investments	<u>664,025,866</u>	<u>276,246,929</u>	<u>2,296,597,975</u>	<u>3,236,870,770</u>
Program related Investments:				
Private securities:				
Venture cap	-	-	36,989,772	36,989,772
Private credit	-	-	1,262,026	1,262,026
	<u>-</u>	<u>-</u>	<u>38,251,798</u>	<u>38,251,798</u>
Total assets	<u>\$ 664,025,866</u>	<u>\$ 276,246,929</u>	<u>\$ 2,334,849,773</u>	<u>\$ 3,275,122,568</u>

¹ Amounts are comprised of certain investments measured at fair value using NAV (or its equivalent) as a practical expedient. These investments have not been classified in the fair value hierarchy.

There were no transfers between levels for the years ended December 31, 2025 and 2024. There was no Level 3 activity for the years ended December 31, 2025 and 2024.

The tables above do not reflect the data associated with the securities lending program as there is no net impact on fair value. The collateral and securities on loan under this program are classified as Level 1 assets under ASC Topic 820.

5. PROPERTY AND EQUIPMENT—NET

Property and equipment consists of the following at December 31:

	2025	2024
Land	\$ 3,526,668	\$ 3,526,668
Buildings and improvements	58,622,451	58,274,277
Leasehold improvements	682,793	577,673
Furniture and fixtures	608,256	625,284
Computer and office equipment	<u>4,950,181</u>	<u>4,598,739</u>
	68,390,349	67,602,641
Less accumulated depreciation and amortization	<u>(40,477,719)</u>	<u>(38,030,551)</u>
Total property and equipment—net	<u>\$ 27,912,630</u>	<u>\$ 29,572,090</u>

6. DEBT

On November 18, 2020, the Foundation entered into a line of credit agreement with BNY Mellon. The agreement has a credit limit of \$80 million. The interest rate is the secured overnight financing rate plus 85 basis points, which was 4.72% and 5.34% at December 31, 2025 and 2024, respectively. There were \$0 borrowings outstanding on the line of credit at December 31, 2025 and 2024. Interest expense and fees related to the line of credit were \$121,667 and \$147,778 for years ended December 31, 2025 and 2024, respectively. The expiration date of the line of credit is November 12, 2027.

On March 9, 2022, the Foundation entered into a line of credit agreement with Truist Bank. The agreement has a credit limit of \$100 million and interest payable is based on the secured overnight financing rate plus 75 basis points (4.62% and 5.24% at December 31, 2025 and 2024, respectively). There were \$0 borrowings outstanding on the line of credit at December 31, 2025 and 2024. Interest expense and fees related to the line of credit were \$7,736 and \$150,000 for years ended December 31, 2025 and 2024, respectively. The expiration date of the line of credit is September 30, 2028.

On June 1, 2017, the Foundation entered into a note payable agreement (the “note”) with Compass Mortgage Corporation. The note proceeds were used solely to finance the renovation of the Foundation’s two office buildings in Baltimore, Maryland. In June 2021, Compass Mortgage Corporation was acquired by The PNC Financial Services Group, Inc. (“PNC”) and, as a result, the note was transferred to PNC. The note had a principal balance of \$6,206,226 and \$7,173,426 at December 31, 2025 and 2024, respectively, and matures on June 1, 2032. Prior to May 17, 2023, interest was payable at 1.12% plus 65% of the one-month LIBOR. On May 17, 2023 the note was amended to modify the interest rate to 65% of the secured overnight financing rate plus 10 basis points plus 1.12% (3.74% and 4.14% at December 31, 2025 and 2024, respectively). Interest expense related to this note was \$273,381 and \$362,596 for the years ended December 31, 2025 and 2024, respectively. The Foundation’s two buildings located in Baltimore, MD were pledged as collateral for the note payable.

As of December 31, 2025, scheduled annual principal payments on the note are as follows:

	Amount
2026	\$ 967,202
2027	967,202
2028	967,202
2029	967,202
2030	967,202
Thereafter	<u>1,370,216</u>
	<u>\$ 6,206,226</u>

On July 24, 2018, the Foundation entered into two note payable agreements (“Northern notes”) with The Northern Trust Company for \$4,000,000 (“Northern A”) and \$3,000,000 (“Northern B”), respectively. The note proceeds were used solely to assist in financing UA’s development in Atlanta. There were no scheduled principal payments due on the Northern notes until the scheduled maturity date of June 30, 2025. The Foundation repaid both Northern notes in full in June 2025, and no amounts were outstanding as of December 31, 2025. Interest on the Northern A note was based on a fixed fee of 5.16%. Interest on the Northern B note was based on a fixed fee 0.5%. Interest expense related to the Northern notes was \$110,700 for the year ended December 31, 2025 and \$221,400 for the year ended December 31, 2024.

7. FEDERAL EXCISE TAX

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. However, the Foundation is classified as a private foundation and is subject to a federal excise tax of 1.39% on investment income less investment expenses, and on net realized taxable gains on capital transactions.

The total amount of cash paid for excise taxes was \$2,530,000 and \$1,490,000 for the years ended December 31, 2025 and 2024, respectively. During 2025, the Foundation also paid \$2,141,000 in taxes on unrelated business income incurred through certain partnership investments; comparable taxes in 2024 were not material to the consolidated financial statements as a whole.

Deferred federal excise tax arises from timing differences between consolidated financial statement and tax reporting related to investment income and the difference between the cost basis and market value of investments. Current income tax expense was \$7,946,120 and \$4,076,902 for the years ended December 31, 2025 and 2024, respectively. The deferred income tax expense was \$4,568,042 for the year ended December 31, 2025 and the deferred income tax benefit was \$665,487 for the year ended December 31, 2024. Income tax benefit/expense is included in investment return, net on the consolidated statements of activities.

8. DEFINED CONTRIBUTION AND OTHER POSTRETIREMENT PLANS

The Foundation maintains defined contribution plans for its employees. The Foundation recorded \$3,477,183 and \$3,641,877 in expense for the years ended December 31, 2025 and 2024, respectively.

In addition, the Foundation provides postretirement medical and dental benefits to all eligible employees. The benefit obligation for 2025 and 2024 is summarized as follows:

	2025	2024
Benefit obligation at December 31	\$ 30,469,907	\$ 33,929,297
Fair value of plan assets at December 31	<u> </u>	<u> </u>
Funded status and accrued benefit cost recognized in the consolidated statements of financial position	<u>\$ (30,469,907)</u>	<u>\$ (33,929,297)</u>

The following amounts not yet reflected in net periodic benefit cost are included in net assets at December 31, 2025 and 2024:

	2025	2024
Net prior service cost	\$ (21,701,168)	\$ (24,884,216)
Accumulated loss	<u>(17,386,165)</u>	<u>(14,902,025)</u>
Change in net assets	<u>\$ (39,087,333)</u>	<u>\$ (39,786,241)</u>

Assumptions used to determine the postretirement benefit obligation at December 31, 2025 and 2024, are as follows:

	2025	2024
Weighted-average assumptions:		
Discount rate (benefit obligation)	5.2 %	5.4 %
Discount rate (net periodic costs)	5.4 %	4.8 %
Expected return on plan assets	N/A	N/A
Health care cost trend rate assumptions:		
Initial trend rate	9.0 %	7.0 %
Ultimate trend rate	4.0 %	4.0 %
Year ultimate trend rate is reached	2075	2075

The initial trend rate gradually grades down to the ultimate trend rate.

Benefit information for the years ended December 31, 2025 and 2024, is summarized as follows:

	2025	2024
Benefit cost	<u>\$ (1,929,108)</u>	<u>\$ (2,069,005)</u>
Employer contributions	\$ 2,293,923	\$ 2,468,793
Plan participants' contributions	<u>(64,733)</u>	<u>(64,611)</u>
Total benefits paid	<u>\$ 2,229,190</u>	<u>\$ 2,404,182</u>

The Foundation expects to make the following benefit disbursements:

2026	\$ 2,549,000
2027	2,482,000
2028	2,467,000
2029	2,430,000
2030	2,379,000
2031–2035	11,103,000

9. LEASES

The Foundation has obligations as a lessee for office space with an initial noncancelable term in excess of one year. The Foundation classifies the office space lease as an operating lease. The Foundation's lease does not include a termination option for either party to the lease or restrictive covenants.

Payments due under the lease contract include fixed payments plus variable payments, such as real estate taxes, common area maintenance and insurance. These components comprise the majority of the Foundation's variable lease cost and are excluded from the present value of the lease obligations.

As of December 31, 2025, the Foundation does not have any finance leases or any additional operating and finance leases that have not yet commenced.

The Foundation's office space lease has a remaining lease term of 52 months and has an option which the Foundation can elect to extend the lease term. The Foundation has concluded it is not reasonably certain that it would exercise the option. Therefore, as of the lease commencement date, the Foundation's lease term does not include the option. The Foundation will include the option to extend the lease when it is reasonably certain that it will exercise that option.

Supplemental information related to the Foundation's operating leases are as follows:

	2025	2024
Weighted-average remaining lease term	4.33 years	5.33 years
Weighted-average discount rate	1.63 %	1.63 %

Future minimum lease payments required and maturities of operating lease liabilities as of December 31, 2025, are as follows:

December 31

2026	\$ 203,582
2027	208,671
2028	213,888
2029	219,235
2030	73,677
Thereafter	<u>-</u>
	919,053
Less imputed interest	<u>(32,835)</u>
Total reported lease liability	<u>\$ 886,218</u>

Supplemental statement of financial position information related to leases as of December 31, 2025 and 2024 was as follows:

	2025	2024
Operating lease right-of-use assets	<u>\$ 843,324</u>	<u>\$ 1,029,444</u>
Current operating lease liabilities	\$ 190,547	\$ 182,546
Long-term operating lease liabilities	<u>695,671</u>	<u>886,217</u>
Total lease liabilities	<u>\$ 886,218</u>	<u>\$ 1,068,763</u>

Lease expense for 2025 and 2024 was \$268,291 and \$253,084, respectively.

10. GRANT ALLOCATIONS

As of December 31, 2025, the Foundation has approved grant funds for payments to various organizations and projects of up to approximately \$129 million, contingent upon the organizations' performance of obligations specified in the grant agreements. Accordingly, grant expense is recorded when the obligations are substantially met, and the resulting payments are made. These grant funds are not considered board-designated and are a part of the normal business operations of the Foundation. Such payments are expected to be made during the period January 1 through December 31, 2026.

11. ANALYSIS OF EXPENSES

The Foundation allocates its expenses on a functional basis among grants awarded, program-related expenses, direct charitable activities and general & administrative expenses. Expenditures which can be identified with a specific function are allocated directly, according to their natural expenditure. Costs that are common to several functions are allocated among program-related expenses and general & administrative expenses on the basis of overall number of staff in the various functional categories, space utilized and estimates made by the Foundation's management. Program-related expenses pertain to the general grant-making activities of the Foundation, such as monitoring and evaluating grants. Direct charitable activities pertain to charitable activities for the benefit of others initiated and conducted in whole or in part by the Foundation. General & administrative expenses include costs related to overhead and managing the Foundation and are not directly identifiable with other categories. The Foundation's functional expenses, displayed by natural expense classification, for the years ended December 31, 2025 and 2024 were as follows:

Analysis of Expenses for the Year Ended December 31, 2025

	Grants Awarded	Program- Related Expenses	Direct Charitable Activities	General and Administrative Expenses	Total
Grants awarded	\$ 105,070,998	\$ -	\$ -	\$ -	\$ 105,070,998
Salaries and benefits	-	28,703,693	-	13,989,776	42,693,469
Office and occupancy	-	3,826,725	-	2,682,021	6,508,746
Services and professional fees	-	-	16,872,334	4,319,324	21,191,658
Travel, conferences and meetings	-	2,066,869	4,228,250	1,154,772	7,449,891
Depreciation and amortization	-	1,684,750	-	1,109,167	2,793,917
Other expenses	-	588,590	-	318,727	907,317
Interest expense	-	-	-	513,484	513,484
Postretirement changes other than net periodic benefit cost	-	453,392	-	245,516	698,908
Postretirement benefit cost— interest and amortization	-	(1,512,698)	-	(819,140)	(2,331,838)
	<u>\$ 105,070,998</u>	<u>\$ 35,811,321</u>	<u>\$ 21,100,584</u>	<u>\$ 23,513,647</u>	<u>\$ 185,496,550</u>

Analysis of Expenses for the Year Ended December 31, 2024

	Grants Awarded	Program- Related Expenses	Direct Charitable Activities	General and Administrative Expenses	Total
Grants awarded	\$ 92,222,027	\$ -	\$ -	\$ -	\$ 92,222,027
Salaries and benefits	-	27,858,625	-	13,071,466	40,930,091
Office and occupancy	-	3,453,052	-	2,200,604	5,653,656
Services and professional fees	-	-	16,310,446	3,428,529	19,738,975
Travel, conferences and meetings	-	1,856,144	4,182,718	1,158,652	7,197,514
Depreciation and amortization	-	1,705,565	-	1,122,870	2,828,435
Other expenses	-	520,361	-	301,872	822,233
Interest expense	-	-	-	1,130,737	1,130,737
Postretirement changes other than net periodic benefit cost	-	2,401,304	-	1,393,048	3,794,352
Postretirement benefit cost— interest and amortization	-	(1,606,387)	-	(931,900)	(2,538,287)
	<u>\$ 92,222,027</u>	<u>\$ 36,188,664</u>	<u>\$ 20,493,164</u>	<u>\$ 22,875,878</u>	<u>\$ 171,779,733</u>

12. LIQUIDITY

The Foundation's financial assets available within one year of December 31, 2025 and 2024, to meet general expenditures include:

	2025	2024
Cash	\$ 13,049,660	\$ 21,115,482
Interest and dividends receivable	2,681,151	2,668,673
Security sales receivable	26,759,947	66,485,163
Short-term investments	112,985,091	125,543,820
Public market equities	559,655,203	603,009,095
Fixed income securities	<u>249,055,804</u>	<u>211,719,880</u>
Available financial assets	<u>\$ 964,186,856</u>	<u>\$ 1,030,542,113</u>

The Foundation endeavors to structure its financial assets to be available and liquid as its general expenditures, liabilities and other obligations become due. In addition to the available financial assets listed above, the Foundation has two lines of credit totaling \$180 million (as described in Note 6), with no borrowings outstanding as of December 31, 2025. Therefore, the Foundation has \$180 million as of December 31, 2025 which can be drawn upon to reinforce liquidity and cash position. Furthermore, there are likely to be additional components of the Foundation's investments that may be available and liquid within one year. These components include return of capital, income and realized gains from certain portions of the Foundation's alternative investment holdings.

13. SUBSEQUENT EVENTS

The Foundation has evaluated the impact of significant subsequent events through May 22, 2026, the date that the Foundation's consolidated financial statements were available to be issued. No subsequent events were identified that require recognition or disclosure.

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