



Emporia State University Foundation, Inc.

Independent Auditor's Report and Financial Statements

June 30, 2026 and 2025



Emporia State University Foundation, Inc.
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June 30, 2026 and 2025

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Independent Auditor's Report

Board of Trustees
Emporia State University Foundation, Inc.
Emporia, Kansas

Opinion

We have audited the financial statements of Emporia State University Foundation, Inc. (the "Foundation"), 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 accompanying financial statements present fairly, in all material respects, the financial position of the 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 (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 within one year after the date that these 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 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.

Forvis Mazars, LLP

**Kansas City, Missouri
September 28, 2026**

Emporia State University Foundation, Inc.
Statements of Financial Position
June 30, 2026 and 2025

	2026	2025
ASSETS		
Cash and cash equivalents	\$ 3,625,414	\$ 937,067
Investments	146,678,094	139,963,768
Contributions receivable, net of allowance and discount	5,050,989	4,491,548
Beneficial interests in trusts	16,169,507	14,823,948
Property and equipment, net of accumulated depreciation; 2026 - \$2,193,523, 2025 - \$2,122,660	1,303,675	1,169,864
Mortgages receivable	126,512	144,149
Other assets	304,841	113,529
Total Assets	\$ 173,259,032	\$ 161,643,873
LIABILITIES AND NET ASSETS		
Liabilities		
Contribution payable	\$ -	\$ 8,258,769
Accounts payable	725,529	597,618
Accrued expenses	280,564	230,399
Note payable	314,474	338,482
Annuity and trust obligations	686,129	723,567
Total Liabilities	2,006,696	10,148,835
Net Assets		
Net assets without donor restrictions	18,641,555	9,462,231
Net assets with donor restrictions	152,610,781	142,032,807
Total Net Assets	171,252,336	151,495,038
Total Liabilities and Net Assets	\$ 173,259,032	\$ 161,643,873

Emporia State University Foundation, Inc.
Statement of Activities
Year Ended June 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 621,903	\$ 9,006,025	\$ 9,627,928
Investment return, net	5,126,576	14,488,636	19,615,212
Change in beneficial interests in trusts	-	1,350,763	1,350,763
Actuarial loss on annuity and trust obligations	(2,864)	(21,576)	(24,440)
Other revenues	232,372	16,255	248,627
Net assets released from restrictions	14,262,129	(14,262,129)	-
Total Revenues, Gains and Other Support	20,240,116	10,577,974	30,818,090
Expenses			
Program	7,042,239	-	7,042,239
Management and general	2,167,206	-	2,167,206
Fundraising	1,851,347	-	1,851,347
Total Expenses	11,060,792	-	11,060,792
Change in Net Assets	9,179,324	10,577,974	19,757,298
Net Assets, Beginning of Year	9,462,231	142,032,807	151,495,038
Net Assets, End of Year	\$ 18,641,555	\$ 152,610,781	\$ 171,252,336

Emporia State University Foundation, Inc.
Statement of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 605,624	\$ 5,655,571	\$ 6,261,195
Investment return, net	3,845,401	9,760,047	13,605,448
Change in beneficial interests in trusts	-	804,810	804,810
Actuarial gain on annuity and trust obligations	1,545	98,639	100,184
Other revenues	5,047	24,916	29,963
Net assets released from restrictions	18,571,537	(18,571,537)	-
Total Revenues, Gains and Other Support	23,029,154	(2,227,554)	20,801,600
Expense			
Program	23,836,494	-	23,836,494
Management and general	1,799,825	-	1,799,825
Fundraising	1,504,236	-	1,504,236
Total Expenses	27,140,555	-	27,140,555
Change in Net Assets	(4,111,401)	(2,227,554)	(6,338,955)
Net Assets, Beginning of Year	13,573,632	144,260,361	157,833,993
Net Assets, End of Year	\$ 9,462,231	\$ 142,032,807	\$ 151,495,038

Emporia State University Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2026

	Program Services	Management and General	Fundraising	Total Expenses
Salaries, wages, and benefits	\$ 77,993	\$ 1,583,715	\$ 1,547,832	\$ 3,209,540
Scholarships	3,185,640	-	-	3,185,640
University projects	3,430,361	-	-	3,430,361
Supplies	-	19,899	3,257	23,156
Travel and training	-	44,656	97,641	142,297
Maintenance and contractual services	6,749	223,031	26,478	256,258
Utilities and taxes	36,892	41,984	4,536	83,412
Advertising and promotion	457	25,298	30,684	56,439
Insurance	15,415	28,135	-	43,550
Professional services	-	110,098	15,120	125,218
Printing and publication	-	6,110	73,694	79,804
Postage	-	1,126	17,734	18,860
Rent	-	1,087	1,421	2,508
Depreciation	22,928	27,129	24,103	74,160
Equipment (noncapitalized)	830	6,350	8,177	15,357
Dues	-	13,838	670	14,508
Fees	-	27,272	-	27,272
Bad debts	157,629	-	-	157,629
Other	107,345	7,478	-	114,823
	<u>\$ 7,042,239</u>	<u>\$ 2,167,206</u>	<u>\$ 1,851,347</u>	<u>\$ 11,060,792</u>

Emporia State University Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services	Management and General	Fundraising	Total Expenses
Salaries, wages, and benefits	\$ 169,197	\$ 917,124	\$ 1,196,030	\$ 2,282,351
Scholarships	11,636,577	-	-	11,636,577
University projects	11,907,644	-	-	11,907,644
Supplies	-	11,345	2,148	13,493
Travel and training	-	116,688	4,414	121,102
Maintenance and contractual services	4,217	435,869	162,337	602,423
Utilities and taxes	9,244	40,621	4,841	54,706
Advertising and promotion	241	20,713	32,111	53,065
Insurance	15,746	24,852	-	40,598
Professional services	-	131,883	30,506	162,389
Printing and publication	-	13,873	31,637	45,510
Postage	-	8,391	5,539	13,930
Rent	-	1,088	-	1,088
Depreciation	24,342	28,803	25,591	78,736
Equipment (noncapitalized)	875	2,404	7,316	10,595
Dues	-	14,193	1,766	15,959
Fees	-	25,651	-	25,651
Bad debts	(6,339)	-	-	(6,339)
Other	74,750	6,327	-	81,077
	<u>\$ 23,836,494</u>	<u>\$ 1,799,825</u>	<u>\$ 1,504,236</u>	<u>\$ 27,140,555</u>

Emporia State University Foundation, Inc.
Statements of Cash Flows
Years Ended June 30, 2026 and 2025

	2026	2025
Operating Activities		
Change in net assets	\$ 19,757,298	\$ (6,338,955)
Items not requiring (providing) operating activities cash flows		
Depreciation	74,160	78,736
Net realized and unrealized gains on investments	(5,313,798)	(7,101,283)
(Gain) Loss on annuity and trust obligations	24,440	(100,184)
Change in beneficial interests in trusts	(1,350,763)	(804,810)
Provision (recovery) for losses on uncollectible contributions	157,629	(6,339)
Contributions and investment income received restricted for long-term investment	(3,198,415)	(2,728,730)
Changes in		
Contributions receivable	(530,806)	2,572,412
Beneficial interests in trusts	5,204	13,244
Other assets	(191,312)	975
Contributions payable	(8,258,769)	8,258,769
Accounts payable and accrued expenses	178,076	137,358
Net Cash Provided by (Used in) Operating Activities	1,352,944	(6,018,807)
Investing Activities		
Principal payments received on mortgages receivable	17,637	16,613
Purchase of investments	(220,069,781)	(45,309,927)
Proceeds from the disposition of investments	218,669,253	47,843,862
Purchase of property and equipment	(207,971)	(63,423)
Net Cash Provided by (Used in) Investing Activities	(1,590,862)	2,487,125
Financing Activities		
Proceeds from contributions and investment income restricted for long-term investment	3,012,151	2,826,485
Payments on annuity and trust obligations	(213,663)	(285,368)
Proceeds from issuance of annuities and trust payables	151,785	215,279
Payments on notes payable	(24,008)	(26,797)
Net Cash Provided by Financing Activities	2,926,265	2,729,599
Increase (Decrease) in Cash and Cash Equivalents	2,688,347	(802,083)
Cash and Cash Equivalents, Beginning of Year	937,067	1,739,150
Cash and Cash Equivalents, End of Year	\$ 3,625,414	\$ 937,067

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The purpose of Emporia State University Foundation, Inc. (the "Foundation") is to raise and manage philanthropic resources to advance the mission of Emporia State University (ESU). The Foundation receives and holds in trust any real and personal property given for the use of ESU, its faculty and students (the "University"); and to invest, disburse, manage and control all such gifts in accordance with donor intent and to provide those services to the University which are not or cannot be provided through state appropriations or student fees. The Foundation is a separately administered organization that is a component unit of Emporia State University and the State of Kansas. The Foundation's financial statements are included in summary form in the State of Kansas' comprehensive annual financial report.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2026 and 2025, cash equivalents of \$3,625,414 and \$937,067, respectively, consisted primarily of a daily repurchase agreement that is subject to FDIC insurance limits. At June 30, 2026 and 2025, the Foundation's cash accounts did not exceed federally insured limits. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts are not considered to be cash and cash equivalents.

Mortgages Receivable

Mortgages receivable are stated at the amounts loaned to other organizations plus any accrued and unpaid interest. If necessary, the Foundation will record an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts. Delinquent receivables are written off based on individual credit evaluation and specific circumstances.

Investments and Net Investment Return

Investments are recorded at fair value in accordance with the fair value measurement framework under U.S. generally accepted accounting principles (U.S. GAAP). Marketable equity securities and debt securities are valued using quoted market prices or observable market inputs.

Alternative investments, including hedge funds, fixed income partnerships, real estate partnerships, and limited partnerships interests are valued using net asset value (NAV) per share as a practical expedient for estimating fair value when NAV is calculated consistent with U.S. GAAP. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value.

Investment return is reported net of external investment management fees and direct internal investment expenses and includes interest, dividends, and realized and unrealized gains and losses. Realized gains and losses are determined using the specific identification method and are recognized on the trade date.

Investment return is classified in the statements of activities based on donor-imposed restrictions. Investment return that is restricted by donors and satisfied within the same reporting period is reported in net asset with donor restrictions and released when the restriction is met.

Emporia State University Foundation, Inc.
Notes to Financial Statements
June 30, 2026 and 2025

The Foundation utilizes a pooled investment structure for endowment and other long-term funds. Income, gains, and losses from the pool are allocated to participating funds based on each fund's proportionate share of the pool's fair value, adjusted for fund-level activity.

Contributions Receivable

Unconditional promises to give are recognized as contributions receivable when the promise is made and collection is deemed probable. Amounts expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are recorded at the present value of estimated future cash flows, discounted using a rate commensurate with the risks involved. The Foundation establishes an allowance for doubtful accounts based on historical collection experience, the nature of the donor base, an assessment of specific outstanding balances, and current economic conditions. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Receivables from estates are recorded when the Foundation is notified of the donor's death and the amount to be received is measurable and probable of collection.

Beneficial Interests in Perpetual Trusts

The Foundation recognizes beneficial interests in perpetual trusts when it is notified of the trust's existence, the trust is irrevocable, and the Foundation's interest is measurable and probable of collection. Beneficial interests are recorded at the present value of the estimated future cash flows to be received, based on the fair value of the underlying trust assets and the Foundation's proportionate share. The beneficial interest is subsequently remeasured annually, with changes in value resulting from revisions to estimated future cash flows, discount rates, or the fair value of underlying assets recognized in the statements of activities. Contribution revenue is recognized at the date the beneficial interest is established for the estimated fair value of the Foundation's interest. Distribution income from these trusts totaled \$583,192 and \$557,848, for the years ended June 30, 2026 and 2025, respectively.

Charitable Remainder Trusts

When the Foundation serves as trustee for a charitable remainder trust, the assets contributed are recorded at fair value when received. A corresponding liability is recorded for the present value of the estimated future payments to beneficiaries, determined using actuarial assumptions including life expectancy and discount rates that reflect the risks associated with the obligation. The difference between the fair value of the assets received and the liability recorded represents the contribution revenue recognized by the Foundation. The trust assets and related liability are remeasured annually, and changes in value are recognized in the statements of activities.

When the Foundation is not the trustee but is entitled to receive benefits from a charitable remainder trust, the Foundation recognizes an asset representing its beneficial interest at the present value of estimated future distributions. The asset is remeasured annually, and changes in value are recognized in the statements of activities. Contribution revenue is recognized at the date the Foundation is notified of the trust and the amount is measurable and probable of collection.

Assets held in the charitable remainder trusts are recorded at fair value of \$740,222 and \$849,269 as of June 30, 2026 and 2025, respectively, and are included in investments in the Foundation's statements of financial position.

The Foundation has recorded a liability of \$463,244 and \$596,094 at June 30, 2026 and 2025, respectively, representing the present value of the estimated future distributions to the designated beneficiaries. Changes in the value of these assets and the related liabilities are recognized in the statements of activities within actuarial gain (loss) on annuity and trust obligations.

Property and Equipment

Property and equipment acquisitions over \$2,000 are stated at cost less accumulated depreciation. Donated property and equipment are recorded at fair value at the date of donation. Land is recorded at cost or fair value at the date of donation and is not depreciated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is as follows:

Emporia State University Foundation, Inc.
Notes to Financial Statements
June 30, 2026 and 2025

Buildings and improvements
Furniture and equipment

15 to 40 years
3 to 10 years

Long-Lived Asset Impairment

The Foundation reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability is assessed by comparing the carrying amount of the asset to the undiscounted future cash flows expected to result from its use and eventual disposition. If the carrying amount exceeds the undiscounted cash flows, the asset is written down to its fair value, and an impairment loss is recognized. No asset impairment was recognized during the years ended June 30, 2026 and 2025.

Annuity Obligations

The Foundation administers split-interest agreements, including charitable gift annuities and other arrangements in which the Foundation shares beneficial interests with donors or other beneficiaries. Assets contributed under these agreements are recorded at fair value when received. For agreements in which the Foundation is the trustee, a corresponding liability is recorded for the present value of the estimated future payments to beneficiaries. The liability is determined using actuarial assumptions, including life expectancy and discount rates that reflect the risks associated with the obligation. Changes in the value of split-interest assets and related liabilities, including the effects of revisions to actuarial assumptions and discount rates, are recognized in the statements of activities. Contribution revenue is recognized at the date the agreement is established for the estimated fair value of the Foundation's beneficial interest, net of the present value of amounts payable to other beneficiaries. The Foundation has recorded a liability of \$222,885 and \$127,473 at June 30, 2026 and 2025, respectively, representing the present value of the estimated future annuity obligations, calculated using discount rates ranging from 2.0% to 2.5%. The related liabilities are included in annuities and trusts payable in the accompanying statements of financial position.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and are not subject to donor stipulations. The governing board may designate portions of net assets without donor restrictions for specific purposes, such as operating reserves or board-designated endowments; such designations do not impose donor restrictions.

Net assets with donor restrictions are subject to donor-imposed stipulations that limit their use. Some restrictions are temporary in nature and will be met by the passage of time or by actions of the Foundation. Other restrictions are perpetual in nature, requiring that the principal be maintained in perpetuity. When donor-imposed restrictions are satisfied, the related amounts are reclassified to net assets without donor restrictions.

Endowment net assets are maintained and administered in accordance with donor stipulations and applicable law.

Contributions

Contributions are recognized when the donor makes an unconditional promise to give and collection is deemed probable. Conditional contributions, which depend on the Foundation overcoming a donor-imposed barrier, are not recognized until the conditions have been substantially met. Unconditional contributions received in the form of cash or other financial assets are recorded at fair value at the date of receipt. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are recorded at the present value of estimated future cash flows discounted at a rate commensurate with the risks involved. The discount is amortized using the level-yield method and is reported as contribution revenue. Contributions of property, equipment, and other long-lived assets are recorded at their estimated fair value at the date of donation.

Emporia State University Foundation, Inc.
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Donor-restricted contributions are reported as net assets with donor restrictions. When a donor-imposed time or purpose restriction is satisfied, the related amounts are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Absent explicit donor stipulations, restrictions on gifts of long-lived assets are considered met when the assets are placed in service. Contributions and investment income that are restricted by donors and whose restrictions are met in the same reporting period are reported as revenue with donor restrictions and released from restriction in that same period.

Contributed Nonfinancial Assets

Contributed nonfinancial assets are recorded at their estimated fair value at the date of donation. Fair value is determined using market prices, independent appraisals, donor-provided valuations when appropriate, or other observable inputs. Contributed services are recognized if they create or enhance a nonfinancial asset or require specialized skills that would typically need to be purchased if not provided by donation. Contributed nonfinancial assets are recorded as assets or expenses in accordance with their nature and the Foundation's use of the assets, with a corresponding amount recognized as contribution revenue. Donated auction items are recorded at their fair value when received and recognized as revenue when sold. Donated property and equipment are capitalized at fair value at the date of donation. No contributions of nonfinancial assets were received during the years ended June 30, 2026 and 2025.

Scholarships and University Projects

Scholarships and university project grants are recognized as expenses in the period in which the Foundation approves the award and a present obligation is created. Conditional awards, in which the Foundation retains discretion or the recipient must meet specified conditions, are not recognized until the conditions have been substantially met. Approved but unpaid scholarship and project grant amounts are recorded as liabilities in the statements of financial position until disbursed.

Income Taxes

The Foundation is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is generally exempt from federal and state income taxes on related income. The Foundation is, however, subject to tax on income from activities that are not related to its exempt purpose, which is reported as unrelated business income. The Foundation follows the provisions of ASC 740, *Income Taxes*, related to accounting for uncertainty in income taxes. A tax benefit is recognized only if it is more-likely-than-not to be sustained upon examination by taxing authorities. The Foundation recognizes interest and penalties related to uncertain tax positions, if any, as a component of administrative expense. The Foundation believes it has no uncertain tax positions that would require recognition or disclosure in the financial statements. The Foundation's federal information returns (Form 990) remain subject to examination by taxing authorities for the statutory period.

Functional Allocation of Expenses

The financial statements report expenses by both natural classification and functional classification. Direct expenses are assigned to program services, management and general, or fundraising based on the nature of the expense. Certain costs that benefit multiple functions, such as salaries and benefits, occupancy, depreciation, and other shared costs, are allocated among the program, management and general, and fundraising categories based on reasonable and consistently applied allocation methodologies, including time and effort estimates, usage, and other relevant bases. The statements of functional expenses present the detail of expenses by natural classification within each functional category. Scholarships awards and programmatic expenditures represent amounts disbursed to or on behalf of students, departments, or university programs in accordance with donor restrictions.

Emporia State University Foundation, Inc.
Notes to Financial Statements
June 30, 2026 and 2025

Liquidity and Availability of Resources

The Foundation manages its financial assets to meet cash needs for general expenditures within one year of the statement of financial position date; see Note 11 for additional information on liquidity and availability of resources.

Subsequent Events

Subsequent events have been evaluated through September 28, 2026, which is the date the financial statements were available to be issued.

Note 2. Investments

Investments at June 30, 2026 and 2025 consisted of the following:

	<u>2026</u>	<u>2025</u>
Investments in marketable securities at fair value		
Money market accounts	\$ 1,981,624	\$ 8,660,030
Common stock	24,305	55,985
Fixed income mutual funds		
Short-term bond	4,268,379	-
Intermediate-term bond	18,231,345	13,318,239
Equity mutual funds		
Domestic equities	5,001,788	30,790,572
International equities	26,884,031	27,599,232
Other equity mutual funds	-	6,403,346
Real estate	1,019,326	1,218,876
	<u>57,410,798</u>	<u>88,046,280</u>
Total investments at fair value		
Investments at net asset value		
Hedge funds and fixed income partnerships	21,145,333	18,181,007
Real estate partnerships	4,264,954	5,506,452
Limited partnerships	22,576,517	27,449,977
Common trust funds	40,458,440	-
	<u>88,445,244</u>	<u>51,137,436</u>
Total investments at net asset value		
Other assets	822,052	780,052
	<u>822,052</u>	<u>780,052</u>
Total investments	<u>\$ 146,678,094</u>	<u>\$ 139,963,768</u>

Note 3. Disclosures About Fair Value of Assets

Assets at Fair Value

Fair value measurements are classified within a three-level hierarchy based on the observability of inputs.

Level 1 Quoted prices in active markets

Level 2 Observable inputs other than quoted prices

Level 3 Unobservable inputs that are significant to the valuation

Recurring Measurements

The following tables present the Foundation's assets measured at fair value on a recurring basis and classified within the fair value hierarchy at June 30, 2026 and 2025:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
June 30, 2026				
Investments				
Money market accounts	\$ 1,981,624	\$ 1,981,624	\$ -	\$ -
Common stock	24,305	24,305	-	-
Fixed income mutual funds				
Short-term bond	4,268,379	4,268,379		
Intermediate-term bond	18,231,345	18,231,345	-	-
Equity mutual funds				
Domestic equities	5,001,788	5,001,788	-	-
International equities	26,884,031	26,884,031	-	-
Real estate	1,019,326	-	1,019,326	-
Total investments	57,410,798	56,391,472	1,019,326	-
Beneficial interests in trusts	16,169,507	-	1,951,477	14,218,030
	<u>\$ 73,580,305</u>	<u>\$ 56,391,472</u>	<u>\$ 2,970,803</u>	<u>\$ 14,218,030</u>

Emporia State University Foundation, Inc.
Notes to Financial Statements
June 30, 2026 and 2025

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2025	Fair Value			
Investments				
Money market accounts	\$ 8,660,030	\$ 8,660,030	\$ -	\$ -
Common stock	55,985	55,985	-	-
Fixed income mutual funds				
Intermediate-term bond	13,318,239	13,318,239	-	-
Equity mutual funds				
Domestic equities	30,790,572	30,790,572	-	-
International equities	27,599,232	27,599,232	-	-
Other equity mutual funds	6,403,346	6,403,346	-	-
Real estate	1,218,876	-	1,218,876	-
Total investments	88,046,280	86,827,404	1,218,876	-
Beneficial interests in trusts	14,823,948	-	1,827,942	12,996,006
	<u>\$ 102,870,228</u>	<u>\$ 86,827,404</u>	<u>\$ 3,046,818</u>	<u>\$ 12,996,006</u>

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2026. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Emporia State University Foundation, Inc.
Notes to Financial Statements
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Investments at Net Asset Value (NAV)

Investments in certain entities measured at fair value using the net asset value per share as a practical expedient consist of the following:

	Net Asset Value		Unfunded Commitments		Redemption Frequency	Redemption Notice Period
	2026	2025	2026	2025		
Hedge funds and fixed income partnerships (A)	\$ 21,145,333	\$ 18,181,007	N/A	N/A	Quarterly	100 days
Real estate partnerships (B)	4,264,954	5,506,452	N/A	N/A	Quarterly	90 days
Limited partnerships (C)	22,576,517	27,449,977	\$ 10,753,607	\$ 12,693,038	Monthly or at fund discretion	15 days to illiquid
Common trust funds (D)	<u>40,458,440</u>	<u>-</u>	N/A	N/A	Daily	Daily
Total alternative investments	<u><u>\$ 88,445,244</u></u>	<u><u>\$ 51,137,436</u></u>				

- (A) This category includes investments in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. Some examples of the strategies fund of hedge funds invest in include long/short equity, long/short credit, event driven, global macro and multi-strategy. The Foundation's hedge funds have initial lock-up periods ranging from zero to one year and thereafter require 100 days of advance notice prior to quarterly redemption windows.
- (B) The Foundation's real estate investment consists of an open-end real estate product that invests across all major property types using public REITS, private open-end core real estate funds and a portfolio of directly held properties. This investment provides investors with quarterly redemptions. Redemption payments may be delayed in the event of extraordinary circumstances.
- (C) This category includes investments in limited partnerships. Each partnership operates in accordance with the terms of a limited partnership agreement and continue to operate year to year unless dissolved in accordance with the agreements. The partnerships' investment objectives vary, but generally seek to maximize risk adjusted returns over the long-term horizon by employing a strategy under which the partnership invest in multiple asset classes, including traditional assets (such as marketable equity, fixed income and other securities) and alternative assets (such as real estate, commodities, natural resources, private equity and venture capital investments). The Foundation primarily utilizes fund of funds to access these investments since this provides diversification and reduces risk. These investments are considered to be long-term endeavors and have limited liquidity. Investors make a dollar commitment identifying how much they will invest. During the "drawdown" period (typically the first several years), committed capital is called from investors. Capital is returned to investors as investments are divested through sales or loan maturity.
- (D) Common trust funds permit the commingling or pooling of investors' money into one account (known as a common fund) for the purpose of creating a single investment. Because they are a bank product, common trust funds are not required to be registered with the Securities and Exchange Commission, and they are not considered to be a security under state and federal securities laws. Much like mutual funds, common trust funds strike a net asset value on a periodic basis and have varying investment strategies that primarily include investments in traditional assets such as domestic and international equity, fixed income securities and other securities.

Emporia State University Foundation, Inc.
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Beneficial Interests in Trusts

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement, which is equivalent to the fair value of the trust assets. Beneficial interests are classified within Level 2 of the hierarchy if the Foundation expects to have the ability to redeem the trust assets in the near term. Beneficial interests in which the Foundation will never have the ability to redeem are classified within Level 3 of the hierarchy.

Level 3 Reconciliation

The following is a reconciliation of the beginning and end balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs at June 30:

	Beneficial Interests in Trusts
Balance, June 30, 2024	\$ 12,179,684
Unrealized appreciation on beneficial interest in trust	<u>816,322</u>
Balance, June 30, 2025	12,996,006
Unrealized appreciation on beneficial interest in trust	<u>1,222,024</u>
Balance, June 30, 2026	<u><u>\$ 14,218,030</u></u>

Unobservable (Level 3) Inputs

The following tables present quantitative information about unobservable inputs used in recurring Level 3 fair value measurements.

	Fair Value 2026	Valuation Technique	Unobservable Inputs	Range (Weighted- Average)
Beneficial interests in trusts	\$ 14,218,030	Estimated value of the expected future cash flows	Fair value of the underlying assets as reported by the trustee	None

	Fair Value 2025	Valuation Technique	Unobservable Inputs	Range (Weighted- Average)
Beneficial interests in trusts	\$ 12,996,006	Estimated value of the expected future cash flows	Fair value of the underlying assets as reported by the trustee	None

Emporia State University Foundation, Inc.
Notes to Financial Statements
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Note 4. Contributions Receivable

Contributions receivable at June 30, 2026 and 2025 consisted of the following:

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Due in less than one year	\$ 68,026	\$ 2,105,580	\$ 2,173,606
Due in one to five years	26,432	3,856,190	3,882,622
Due thereafter	-	301,788	301,788
Gross contributions receivable	94,458	6,263,558	6,358,016
Less			
Unamortized discount	5,771	859,239	865,010
Allowance for uncollectible contributions	19,341	422,676	442,017
Net contributions receivable	<u>\$ 69,346</u>	<u>\$ 4,981,643</u>	<u>\$ 5,050,989</u>

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 62,239	\$ 2,812,143	\$ 2,874,382
Due in one to five years	34,445	2,418,846	2,453,291
Due in more than five years	-	153,125	153,125
Gross contributions receivable	96,684	5,384,114	5,480,798
Less			
Unamortized discount	7,026	697,836	704,862
Allowance for uncollectible contributions	7,251	277,137	284,388
Net contributions receivable	<u>\$ 82,407</u>	<u>\$ 4,409,141</u>	<u>\$ 4,491,548</u>

Discount rates used to calculate the present value of long-term contributions receivable ranged from 4.50% to 8.50% for 2026 and 2025.

Emporia State University Foundation, Inc.
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Note 5. Property and Equipment

Property and equipment at June 30, 2026 and 2025 consisted of the following:

	<u>2026</u>	<u>2025</u>
Land	\$ 313,263	\$ 313,263
Buildings and improvements	2,903,205	2,753,205
Furniture and equipment	<u>280,730</u>	<u>226,056</u>
	3,497,198	3,292,524
Less accumulated depreciation	<u>2,193,523</u>	<u>2,122,660</u>
	<u><u>\$ 1,303,675</u></u>	<u><u>\$ 1,169,864</u></u>

Note 6. Note Payable

The Foundation has a note payable that matures in May 2035. The note requires monthly payments of \$3,457, including interest at 4.00% through June 2025 and thereafter at a variable rate equal to an index rate plus 2.98%. The note is secured by substantially all pledges, accounts receivable and general intangibles. The outstanding balance of the note payable was \$314,474 and \$338,482, at June 30, 2026 and 2025, respectively. The note does not contain financial or non-financial covenants.

Aggregate annual maturities of long-term debt at June 30, 2026 are:

2027	\$ 29,459
2028	30,647
2029	31,942
2030	33,262
2031	34,636
Thereafter	<u>154,528</u>
	<u><u>\$ 314,474</u></u>

Emporia State University Foundation, Inc.
Notes to Financial Statements
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Note 7. Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2026 and 2025 were available for the following purposes:

	<u>2026</u>	<u>2025</u>
Subject to expenditure for specific purpose		
Scholarships	\$ 4,158,698	\$ 3,919,866
Amounts available for the benefit of ESU departments and organization	8,323,877	10,417,780
Donor advised funds	2,425,944	1,979,977
Outside entities	20,150	18,494
Greatest need	662,949	782,684
Contributions receivable, the proceeds from which have been restricted by donors for		
Scholarships	1,074,180	1,094,969
Amounts available for the benefit of ESU departments and organization	3,907,463	3,314,751
Subject to the passage of time		
Beneficial interests in trusts	<u>1,951,477</u>	<u>1,827,942</u>
	<u>22,524,738</u>	<u>23,356,463</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Scholarships	91,828,768	83,966,025
Amounts available for the benefit of ESU departments and organization	23,913,940	21,513,748
Greatest need	<u>125,305</u>	<u>200,565</u>
Total endowments	<u>115,868,013</u>	<u>105,680,338</u>
Not subject to spending policy or appropriation		
Beneficial interests in trusts	<u>14,218,030</u>	<u>12,996,006</u>
	<u>130,086,043</u>	<u>118,676,344</u>
Total net assets with donor restrictions	<u><u>\$ 152,610,781</u></u>	<u><u>\$ 142,032,807</u></u>

Emporia State University Foundation, Inc.
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June 30, 2026 and 2025

Net Assets Released from Restrictions

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

	<u>2026</u>	<u>2025</u>
Satisfaction of purpose restrictions		
Scholarships	\$ 1,022,354	\$ 3,057,355
Amounts available for the benefit of ESU departments and organization	6,220,539	8,502,367
Donor advised funds	427,523	230,795
Greatest need	-	1,189,257
	<u>7,670,416</u>	<u>12,979,774</u>
Restricted-purpose spending-rate distributions and appropriations		
Scholarships	3,032,233	2,925,400
Amounts available for the benefit of ESU departments and organization	875,968	917,300
Internal management fee	2,683,512	1,749,063
	<u>6,591,713</u>	<u>5,591,763</u>
Net assets released from restrictions	<u>\$ 14,262,129</u>	<u>\$ 18,571,537</u>

Note 8. Endowment

The Foundation's governing body has interpreted the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as requiring that donor-restricted endowment funds be classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the governing body. These net assets are considered time-restricted until such appropriation occurs. In addition, most donor-restricted endowment funds are also subject to purpose restrictions that must be fulfilled before the related net assets are reclassified to net assets without donor restrictions.

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

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

Emporia State University Foundation, Inc.
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The Foundation's endowment consists of numerous individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and board-designated endowment funds (funds functioning as endowments). In accordance with U.S. GAAP, net assets associated with endowment funds are classified based on the existence or absence of donor-imposed restrictions.

The composition of endowment net assets at June 30, 2026 and 2025 is presented in the tables that follow:

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 5,975,321	\$ -	\$ 5,975,321
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	75,075,731	75,075,731
Accumulated investment gains	-	30,984,379	30,984,379
Term endowments	-	9,807,903	9,807,903
Total endowment funds	<u>\$ 5,975,321</u>	<u>\$ 115,868,013</u>	<u>\$ 121,843,334</u>
	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 5,800,855	\$ -	\$ 5,800,855
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	72,446,069	72,446,069
Accumulated investment gains	-	24,416,106	24,416,106
Term endowments	-	8,818,163	8,818,163
Total endowment funds	<u>\$ 5,800,855</u>	<u>\$ 105,680,338</u>	<u>\$ 111,481,193</u>

Emporia State University Foundation, Inc.
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Changes in endowment net assets for the years ended June 30, 2026 and 2025 were:

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 5,800,855	\$ 105,680,338	\$ 111,481,193
Net investment return	644,492	13,805,054	14,449,546
Addition of contributions and collections on receivables	13,725	2,629,662	2,643,387
Appropriation of endowment assets for expenditure	(103,700)	(3,908,201)	(4,011,901)
Transfer of endowment assets for expenditure		(16,152)	(16,152)
Transfer to board-designated endowment	16,152		16,152
Administration and management fees	(123,633)	(2,683,512)	(2,807,145)
Other changes	(272,570)	360,824	88,254
Endowment net assets, end of year	<u>\$ 5,975,321</u>	<u>\$ 115,868,013</u>	<u>\$ 121,843,334</u>
	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,794,636	\$ 100,638,997	\$ 104,433,633
Net investment return	305,533	8,814,806	9,120,339
Addition of contributions and collections on receivables	456,607	2,647,884	3,104,491
Appropriation of endowment assets for expenditure	(103,000)	(3,842,700)	(3,945,700)
Transfer of endowment assets for expenditure	-	(1,422,130)	(1,422,130)
Transfer to board-designated endowment	1,422,130	-	1,422,130
Administration and management fees	(47,072)	(1,749,063)	(1,796,135)
Other changes	(27,979)	592,544	564,565
Endowment net assets, end of year	<u>\$ 5,800,855</u>	<u>\$ 105,680,338</u>	<u>\$ 111,481,193</u>

Investment and Spending Policies

The Foundation has adopted investment and spending policies for endowment assets designed to provide a predictable stream of funding to programs and activities supported by the endowment while preserving the long-term purchasing power of the endowment. Endowment assets include donor-restricted endowment funds that must be maintained in perpetuity or for donor-specified periods, as well board-designated endowment funds.

The Foundation's investment policy targets a long-term rate of return of approximately 7.00% to 8.00%, recognizing that actual returns in any given year may vary. To achieve its long-term objectives, the Foundation employs a total-return investment strategy, seeking returns through both current yield (dividends and interest) and capital appreciation (realized and unrealized gains). The Foundation maintains a diversified asset allocation intended to reduce risk and limit reliance on any single asset class.

The Foundation's spending policy provides for annual appropriations equal to a specified percentage of the endowment fund's market value, calculated using a 12-quarter rolling average of market values. For the years ended June 30, 2026 and 2025, the Foundation appropriated 4.01% (\$4,011,901) and 4.00% (\$3,945,700), respectively, of the endowment fund for expenditure. The Foundation also assesses an annual administration fee of 2.70% (\$2,807,145), and 1.98% (\$1,796,135), for 2026 and 2025, respectively, calculated using the same 12-quarter rolling average methodology. The valuation dates for the July 1, 2026 and July 1, 2025 appropriations were June 30, 2025 and June 30, 2024.

In establishing these policies, the Foundation considered the long-term expected return on its endowment investments. Over the long term, the Foundation expects its investment and spending policies to allow the endowment to grow at an average rate of approximately 2.00% annually, consistent with the objective of maintaining the purchasing power of assets held in perpetuity while providing additional real growth through new gifts and investment returns.

Underwater Endowments

The Foundation's governing body has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless specifically required by the donor. Accordingly, the Foundation considers a donor-restricted endowment fund to be underwater if the fair value of the fund is less than the sum of

- a) the original value of initial and subsequent gift amounts required to be maintained in perpetuity and
- b) any donor-required accumulations to the fund

UPMIFA permits prudent spending from underwater funds, and the Foundation's policy allows spending from such funds provided that no individual fund is more than 15% underwater and no more than 33% of all endowment funds are more than 15% underwater, unless donor stipulations or applicable laws prohibit such spending.

At June 30, 2026 and 2025, no donor-restricted endowment funds were underwater.

Emporia State University Foundation, Inc.
Notes to Financial Statements
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Note 9. Liquidity and Availability

The Foundation's financial assets available within one year to meet cash needs for general expenditures consist of cash and cash equivalents, operating investments, and contributions receivable. Financial assets are reduced by amounts that are not available for general use because of donor restrictions, contractual obligations, or Board designations.

Although the Foundation does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

The following table presents financial assets available within one year of June 30, 2026 and 2025:

	2026	2025
Financial assets at year end		
Cash and cash equivalents	\$ 3,625,414	\$ 937,067
Investments	146,678,094	139,963,768
Contributions receivable	5,050,989	4,491,548
Beneficial interest	16,169,507	14,823,948
Total financial assets at year end	171,524,004	160,216,331
Amounts unavailable		
Donor-restricted for specific purposes	22,524,738	23,356,463
Donor-restricted endowments and beneficial interest	130,086,043	118,676,344
Board designated endowment	5,975,321	5,800,855
Long-term contributions receivable	26,432	34,445
Total amounts unavailable	158,612,534	147,868,107
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,911,470</u>	<u>\$ 12,348,224</u>

In addition to financial assets to meet general expenditures, the Foundation's Board of Trustees annually approves an appropriation from endowment funds to support operations and donor-restricted programs in the subsequent fiscal year. In accordance with the Foundation's spending policy, the Board approved an endowment appropriation of \$4,567,600 for the upcoming fiscal year. In addition, the Foundation approved an administrative fee assessment against the endowment of \$1,910,800 for the upcoming fiscal year.

The Foundation updated its calculation and the presentation of the 2025 liquidity and availability disclosure to a different method permitted under U.S. generally accepted accounting principles. The presentation is intended to enhance the clarity and usefulness of information provided regarding the Foundation's financial assets available to meet general expenditures within one year of the statement of financial position date. The change primarily relates to updating the format and presentation of the calculation and including all investments that are neither externally restricted or internally designated rather than only considering those investment amounts which will be appropriated for board-designated and donor restricted endowments as these investments are available for general operations if needed.

Note 10. Related-Party Transactions

The Foundation is a component unit of Emporia State University. The purpose of the Foundation is to aid, foster and promote the development and welfare of Emporia State University in Emporia, Kansas, and the education and welfare of its students, faculty and alumni, and to acquire property of all kinds for purposes stated above. Such aid primarily consists of student scholarships and funding support for university capital projects and departmental expenses. The Foundation is dependent on the existence of Emporia State University. All personnel of the Foundation are considered employees of the State of Kansas. The personnel positions at the Foundation are either funded by the State or are the responsibility of the Foundation. The Foundation reimburses the University for the payroll and related costs of personnel positions not funded by the State. The Foundation purchases services, supplies and materials from the University, as well as from outside vendors.

The Foundation made payments to the University for the years ended June 30, 2026 and 2025 of \$3,164,636 and \$2,283,511, respectively, which consisted of \$3,056,908 and \$2,145,465, respectively, for personnel services and \$107,728 and \$138,046, respectively, for supplies and services.

During the years ended June 30, 2026 and 2025, the Foundation recognized expense of \$3,430,361 and \$11,907,644, respectively, for university capital projects and departmental expenses. During 2026 and 2025, payments of \$5,424,356 and \$5,823,711, respectively, were made for ongoing construction of a new building. During the year ended June 30, 2025, the Foundation accrued \$1,816,929 related to the Memorandum of Agreement discussed below.

During the years ended June 30, 2026 and 2025, the Foundation incurred \$3,185,640 and \$11,636,577, respectively, for scholarships. The 2025 expense amount includes accruals of \$6,441,840 related to the Memorandum of Agreement discussed below.

Additionally, the Foundation provides incremental support to the Emporia State University Alumni Association. During the years ended June 30, 2026 and 2025, this support totaled \$114,795 and \$106,696, respectively.

The Foundation has outstanding pledge commitments from the board of trustees and management in the amount of \$565,296 and \$467,070 for the years ended June 30, 2026 and 2025, respectively.

2025 Memorandum of Agreement

On September 1, 2024, the Foundation and ESU entered into a written Memorandum of Agreement ("MofA") for the Foundation to provide ESU additional financial support of \$9,500,000 to support student scholarships and department non-scholarship expenses, which are in addition to the historical level of annual support historically provided. ESU has sole discretion over the use of such support. The term of the MofA ends on June 30, 2027, unless ESU and the Foundation reach a mutual agreement. The Foundation's obligation to provide the incremental support shall survive expiration of the MofA. As a result of the unconditional commitment under the MofA, the Foundation recognized a contribution payable of \$9,500,000 and recognized an estimated allocation of \$7,066,806 to scholarship expenses and University projects expense of \$2,433,194 in 2025. Actual payments under the MoA for scholarships and University projects may vary from this estimated allocation.

During fiscal 2026, the University received payments of \$8,258,769 under the MofA consisting of \$3,554,421 for scholarships and \$4,704,348 for University projects. As of June 30, 2026, the remaining unpaid balance of the contribution payable was \$0.

During fiscal 2025, the University received payments under the MofA totaling \$1,241,231 consisting of \$624,966 for scholarships and \$616,265 for University projects. As of June 30, 2025, the remaining unpaid balance of the contribution payable is \$8,258,769.

Note 11. Retirement Plans

Foundation employees participate in two separate programs as employees of the State of Kansas. Employees classified as University support staff participate in the "Kansas Public Employees Retirement System" (KPERS). Benefit provisions are established by state statute and provide retirement, disability and death benefits to benefit eligible employees. KPERS issues a publicly available annual financial report that includes its financial statements and required supplementary information and is available upon request from KPERS.

Other eligible employees are required to participate in the Kansas Board of Regents (Regents) defined contribution retirement plan, which was authorized by K.S.A. 74-4925. This defined contribution program is funded through contributions by the Foundation and individual employees. The Regents have selected several companies to provide investment options to participants. Benefits under these plans depend solely on the contributed amounts and the returns earned on the investment of those contributions. All contributions are fully vested with the first contribution.

Employees may also elect to participate, up to the maximum dollar amount permitted by the Internal Revenue Code, in a voluntary tax-sheltered annuity program. The voluntary plan permits employees to designate a part of their earnings into tax-sheltered investments and thus defer federal and state income taxes on their contributions and the accumulated earnings under the plan. Participation and the level of employee contributions are voluntary. The employer is not required to make contributions to the plan.

Note 12. Significant Concentrations and Estimates

Accounting principles generally accepted in the United States of America require disclosure of certain significant uncertainties and current vulnerabilities due to certain concentrations. Those matters include the following:

Investments

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statements of financial position.

Contributions and Contributions Receivable

Approximately 62% of all contribution revenue was from two donors in 2026. No such concentration was present in 2025.

Approximately 35% of all contributions receivable were from one donor in 2026. Approximately 23% of all contributions receivable in 2025 were from one donor.

Beneficial Interests in Trusts

Estimates related to the valuation of beneficial interests in trusts are described in Note 1.

Annuities and Trusts Payable

Estimates related to the valuation of annuities and trusts payable are described in Note 1.

Functional Allocation of Expenses

Significant estimates relating to the allocation of expenses on a functional basis are described in Note 1.