Financial Statements

University of Illinois Foundation
Years Ended June 30, 2026 and 2025
With Report of Independent Auditors

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University of Illinois Foundation

Financial Statements

Years Ended June 30, 2026 and 2025

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Ernst & Young LLP
Suite 1200
400 West Market Street
Louisville, KY 40202

Tel: +1 502 585 1400
ey.com

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Report of Independent Auditors

The Board of Directors
University of Illinois Foundation

We have audited the financial statements of the University of Illinois Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes (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 at June 30, 2026 and 2025, and the changes in its activities and changes in 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 of 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.

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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 of 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.

Ernst & Young LLP

September 28, 2026

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University of Illinois Foundation

Statements of Financial Position
(Dollars in Thousands)

	June 30 2026	2025
Assets		
Cash and cash equivalents	**$ 2,662**	$ 8,430
Receivables:		
Pledges, net *(Note 3)*	**204,000**	256,000
Investment	**21,761**	4,370
Accounts	**162**	1,073
Due from University of Illinois	**1,353**	2,246
Prepaid expenses	**4,948**	3,756
Investments *(Note 4)*	**3,533,422**	3,259,521
Beneficial interest in trusts *(Note 4)*	**64,917**	53,333
Irrevocable trusts held by other trustees *(Note 4)*	**22,646**	24,955
Property and equipment, net *(Note 5)*	**86,967**	83,205
Other assets	**65**	65
Total assets	**$ 3,942,903**	$ 3,696,954
Liabilities and net assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 85,755**	$ 26,781
Accrued vacation and sick pay	**2,595**	2,486
Annuities payable	**57,687**	53,023
Remainder interest due to others	**1,950**	1,645
Note payable *(Note 6)*	**25,205**	22,231
Total liabilities	**173,192**	106,166
Net assets *(Notes 7 and 8)*:		
Without donor restrictions	**94,718**	91,217
With donor restrictions	**3,674,993**	3,499,571
Total net assets	**3,769,711**	3,590,788
Total liabilities and net assets	**$ 3,942,903**	$ 3,696,954

See accompanying notes.

University of Illinois Foundation

Statements of Activities and Changes in Net Assets
(Dollars in Thousands)

	Year Ended June 30, 2026			Year Ended June 30, 2025		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Revenues, gains, and other support:						
Contributions, gifts, and pledges	**$ 2,053**	**$ 230,669**	**$ 232,722**	$ 1,769	$ 335,444	$ 337,213
Nonfinancial asset contributions	**–**	**25,887**	**25,887**	–	10,358	10,358
Contributed services *(Note 10)*	**49**	**–**	**49**	49	–	49
Allocation from University of Illinois	**8,316**	**–**	**8,316**	8,632	–	8,632
Investment (loss) income	**(7,135)**	**13,663**	**6,528**	(6,930)	18,802	11,872
Net increase in fair value of investments	**3,016**	**285,260**	**288,276**	1,155	83,756	84,911
Endowment property operations	**–**	**1,051**	**1,051**	–	1,190	1,190
Annual funds revenue	**224**	**–**	**224**	224	–	224
Other operating revenue	**86**	**8,066**	**8,152**	203	15,333	15,536
Total revenue, gains, and other support	**6,609**	**564,596**	**571,205**	5,102	464,883	469,985
Net assets released from restrictions:						
Service fee revenue	**47,313**	**(47,313)**	**–**	44,590	(44,590)	–
Endowment budgets	**111,400**	**(111,400)**	**–**	104,811	(104,811)	–
Distributions to University of Illinois	**225,221**	**(225,221)**	**–**	213,083	(213,083)	–
Total revenue, gains, other support, and net assets released from restrictions	**390,543**	**180,662**	**571,205**	367,586	102,399	469,985
Expenses:						
Program services:						
Fundraising	**28,215**	**–**	**28,215**	24,333	–	24,333
Distributions to University of Illinois	**336,620**		**336,620**	317,894	–	317,894
General and administrative	**20,906**	**–**	**20,906**	22,709	–	22,709
Actuarial adjustments	**–**	**5,240**	**5,240**	–	2,946	2,946
Interest on indebtedness	**1,301**	**–**	**1,301**	926	–	926
Total expenses	**387,042**	**5,240**	**392,282**	365,862	2,946	368,808
Increase in net assets	**3,501**	**175,422**	**178,923**	1,724	99,453	101,177
Net assets:						
Beginning	**91,217**	**3,499,571**	**3,590,788**	89,493	3,400,118	3,489,611
Ending	**$ 94,718**	**$ 3,674,993**	**$ 3,769,711**	$ 91,217	$ 3,499,571	$ 3,590,788

See accompanying notes.

University of Illinois Foundation

Statements of Cash Flows
(Dollars in Thousands)

	Year Ended June 30 2026	2025
Operating activities		
Contributions, gifts, and pledges	**$ 203,990**	$ 171,352
Service fee revenue	**47,313**	44,590
Allocation from University of Illinois	**8,925**	7,398
Endowment property operations	**1,051**	1,190
Annual funds revenue	**224**	224
Other operating revenue	**7,790**	15,135
Payments for salaries and benefits	**(35,860)**	(33,820)
Payments for miscellaneous administrative expenses	**(3,689)**	(3,691)
Payments for equipment not meeting capitalization threshold	**(2,507)**	(2,344)
Payments for supplies and other	**(6,961)**	(5,846)
Distributions on behalf of University of Illinois	**(321,241)**	(306,750)
Net cash used in operating activities	**(100,965)**	(112,562)
Investing activities		
Proceeds from sales and maturities of investments	**2,670,311**	1,374,050
Purchase of investments	**(2,621,666)**	(1,339,113)
Purchase of property for University of Illinois	**(3,631)**	(2,069)
Proceeds from sale of property for University of Illinois	**150**	–
Purchase of property and equipment	**(1,387)**	(4,335)
Net cash provided by investing activities	**43,777**	28,533
Financing activities		
Proceeds from note payable	**3,704**	147
Payments on note payable	**(730)**	(6,120)
Investment loss restricted for long-term purposes	**(30,235)**	(24,139)
Gifts and grants received restricted for long-term purposes	**83,882**	120,189
Payments to annuitants	**(5,201)**	(5,496)
Net cash provided by financing activities	**51,420**	84,581
Change in cash and cash equivalents	**(5,768)**	552
Cash and cash equivalents:		
Beginning	**8,430**	7,878
Ending	**$ 2,662**	$ 8,430

See accompanying notes.

1. Nature of Activities and Significant Accounting Policies

Nature of Activities

The University of Illinois Foundation (the Foundation) is a 501(c)(3) charitable organization, an independent and separate nonprofit entity from the University of Illinois (the University). The Foundation's mission is to encourage and administer private gifts and serve the University by working closely with alumni, faculty, corporations, foundations, and development staff to create fundraising programs and opportunities that benefit the University. The Foundation is considered a discretely presented component unit of the University and is, therefore, included in the University's government-wide financial statements.

The Foundation maintains an entity in the United Kingdom (UK), University of Illinois Foundation UK Limited, a dual qualified charity, allowing UK residents to advantageously make contributions to the Foundation. During the years ended June 30, 2026 and 2025, financial activity of the dual qualified charity was immaterial to the financial statements as a whole and is not consolidated within the financial statements.

Significant Accounting Policies

Accounting estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, gains, and other support and expenses during the reporting period. Actual results could differ from those estimates.

Basis of presentation: The Foundation maintains its financial statements in accordance with the principles of fund accounting. Under this method of accounting, resources for various purposes are classified into funds that are in accordance with activities or objectives specified by donors. Separate accounts are maintained for each fund.

1. Nature of Activities and Significant Accounting Policies (continued)

The Foundation classifies its net assets into net asset categories according to the existence or absence of donor-imposed restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category are as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations. Items that affect this net asset category consist of fees for service and related operating expenses associated with the mission of the Foundation. In addition to these transactions, unrestricted gifts to the Foundation, board-designated funds, and property and equipment are included.

With donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Foundation or the passage of time. Items that affect this net asset category include gifts with donor restrictions not met at year-end, annuity and life income gifts, endowments where the principal may be expended upon the passage of a stated period of time/event (i.e., term endowments), and gifts functioning as endowment funds (i.e., quasi-endowments). Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Foundation. Generally, the donors stipulate that the corpus of the gift be held in perpetuity and that only the income be made available for program operations.

Net assets consisted of the following at June 30:

	2026	2025
Without donor restrictions:		
Unrestricted	**$ 7,283**	$ 6,704
Designated by Board of Directors	**51,575**	49,269
Property and equipment	**35,860**	35,244
	94,718	91,217
With donor restrictions:		
Purpose restricted	**1,694,458**	1,601,918
Permanent endowment	**1,980,535**	1,897,653
	3,674,993	3,499,571
	$ 3,769,711	$ 3,590,788

1. Nature of Activities and Significant Accounting Policies (continued)

Revenue recognition: Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Contributions due in one year are expected to be paid at the end of the year and are discounted accordingly. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible pledges receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity. Uncollectible pledges receivable written off were $11,900 and $4,773 for the years ended June 30, 2026 and 2025, respectively. All other revenues are reported as increases in net assets when earned.

Contributions received in the same year in which the restriction is met are recorded as contributions with donor restrictions and released from restriction.

Net assets released from restrictions: Net assets were released from donor restrictions by satisfying restricted purposes. The Foundation classifies its released from restrictions into three categories, as follows:

Service fee revenue – The Foundation has a policy of appropriating for distribution each year a percentage (1.35% for the years ended June 30, 2026 and 2025) of the six-year moving average market value of the endowment and actual expenses incurred by the Foundation's investment office.

Endowment budgets – The Foundation has a policy of appropriating for distribution each year a percentage (4.00% for the years ended June 30, 2026 and 2025) of the six-year moving average market value of the endowment.

Distributions to University of Illinois – The Foundation makes distributions to the University in accordance with donor restrictions. These distributions include current use or restricted contributions for the University received by the Foundation.

1. Nature of Activities and Significant Accounting Policies (continued)

Contributed nonfinancial assets: Contributed art, books, printed materials, publications, equipment, and other items are received by the Foundation and used in accordance with donor intent. These in-kind contributions are recognized as revenue and a corresponding expense on the statements of activities and changes in net assets in an amount approximating the estimated fair value at the time of donation. The Foundation records the contribution at the reasonably estimated fair market value determined by the donor. For in-kind gifts by individuals with an estimated value greater than $5, an independent qualified appraisal is required.

Contributed interest in trusts include trusts held by other trustees that will be realized at a future date with the trustee sending the monetary proceeds to the Foundation for use in accordance with donor intent. The contributions also include gifts of beneficial interest trusts that are held by other trustees in perpetuity and the monetary income from the underlying assets in the trust will be distributed to the Foundation for use in accordance with donor intent. The contribution amount for these trusts is valued at the Foundation's interest in the fair market value of the trusts' underlying assets as provided by the trustee at the date of gift, discounted as appropriate.

Contributed property can be used by the University in accordance with donor intent or, if allowed by the donor, monetized by placing the property for sale on the real estate market. Certain gifts of farmland are held by the Foundation, and the income generated by the farm is transferred to the University to be used in accordance with donor intent. During the years ended June 30, 2026 and 2025, no farmland was contributed to the Foundation. In addition, as of June 30, 2026 and 2025, $2,959 and $600, respectively, of property contributions were held for use and $3,095 and $2, respectively, were monetized or held for sale. Assets held for use and assets held for sale are included in property and equipment, net on the statements of financial position.

1. Nature of Activities and Significant Accounting Policies (continued)

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

	2026	2025
Art	**$ 351**	$ 757
Books, printed materials, publications	**489**	117
Equipment	**4,028**	1,723
Interest in trusts	**6,301**	370
Professional and specialized services	**6,901**	5,539
Property	**6,054**	602
Other	**1,763**	1,250
	$ 25,887	$ 10,358

Other operating revenue: Other operating revenue includes nondeductible gifts to athletics that provided the option for preferential seating and other non-gift event and fundraising activities.

Cash and cash equivalents: Cash and cash equivalents include liquid accounts that are not designated for investment purposes. Cash and cash equivalents include deposit accounts and investments with original maturities of 90 days or less at the time of purchase. The Foundation has deposit accounts that exceed federal depository insurance limits. Management believes that credit risk related to these deposits is minimal.

Investment and accounts receivable: Investment receivables represent security sales within the Foundation's investment portfolio that are pending settlement at year-end. All accounts receivable are to be collected within one year or less. Management expects the accounts receivable to be fully collectible. Management evaluates the accounts receivable to determine any amounts that may be uncollectible and any amounts determined to be uncollectible are written off.

Prepaid expenses: Prepaid expenses are expenses paid in advance of actually incurring them. They are expected to be expensed in one year or less.

1. Nature of Activities and Significant Accounting Policies (continued)

Investments and related investment (loss) income: The Foundation invests in both traditional and alternative investments. Traditional investments that include marketable debt and equity securities, mutual funds, and exchange-traded funds are carried at fair value in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement (ASC 820)*. The Foundation's investments are liquidated on a periodic basis in accordance with the provisions of the respective investment fund agreements. Unrealized gains (losses) are reported in net assets with and without donor restrictions. The change in gains (losses) is included on the statements of activities and changes in net assets as net increase in fair value of investments. Investment (loss) income (including dividends and interest net of investment expenses) is included on the statements of activities and changes in net assets as investment (loss) income.

The Foundation is a limited partner in certain funds that employ investment strategies that require long holding periods to create value. The underlying investments in these financial instruments may include marketable debt and equity securities, commodities, foreign currencies, derivatives, and private equity instruments. The underlying investments themselves are subject to various risks, including market, credit, liquidity, and foreign exchange risk.

The Foundation has elected to account for alternative investments at fair value as allowed under FASB ASC 825, *Financial Instruments*. The Foundation believes that this election is appropriate given the nature of its alternative investments. Alternative investments that do not have readily determinable fair values, including private equity investments, hedge funds, real estate funds, commingled funds, and similar funds, are valued using net asset value (NAV) per share or its equivalent. The fair values of alternative investments are generally based upon the most recent NAV or capital account information available from the general partner or the fund manager, as a practical expedient under ASC 820. For alternative investments not eligible to apply the NAV practical expedient under ASC 820, the Foundation determines the fair value using a market-based approach, income-based approach, or cost-based approach. Due to the nature of alternative investments, the fair value is subject to uncertainty and, therefore, may differ from the value that would have been used had a market for such financial instruments existed. Such differences could be material. Management has utilized the best available information for reported alternative investment values, which in some instances are valuations as of an interim date.

1. Nature of Activities and Significant Accounting Policies (continued)

During the year ended June 30, 2025, the Foundation engaged in a sales process for a portion of its legacy private investments on the secondary market. The carrying values of these investments were adjusted to the bid prices reflected in the executed letters of intent as of June 30, 2025. This adjustment resulted in a net loss of $119,823 included on the statement of activities and changes in net assets as a reduction in the net increase in fair value of investments for the year ended June 30, 2025. There were no similar adjustments recorded during the year ended June 30, 2026. The Foundation's risk related to alternative investments is limited to the carrying values, plus any amounts committed to alternative investment funds as disclosed in Note 4. See Note 4 regarding the valuation of the Foundation's investments.

Beneficial interest in trusts: The Foundation has beneficial interests in irrevocable trust agreements. These agreements are recorded at the present value of estimated future cash receipts, which is estimated to be the fair value of the assets contributed, based on quoted market prices at year-end, less the present value of any payments expected to be made to other beneficiaries.

Irrevocable trusts held by other trustees: These trusts are carried at fair value and represent gifts deposited with a trustee other than the Foundation (usually a bank) that will be transferred to the Foundation at the conclusion of the trust arrangement. Trusts held by other trustees are not expected to be liquidated in one year or less.

Property and equipment, net: Property and equipment are stated at cost on the date of acquisition or fair value if acquired by gift. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. The Foundation utilizes an estimated useful life of 5 years on most furniture and equipment. Buildings and site improvements are depreciated using an estimated useful life of 20 to 50 years.

Accounts payable and accrued expenses: Accounts payable and accrued expenses are due and payable within one year.

Accrued vacation and sick pay: Accrued vacation and sick pay for Foundation personnel are charged as expenses, using the vesting method for sick leave and earned but unused for vacation. The Foundation's share of social security and Medicare taxes is included in these amounts. Accrued vacation and sick pay obligations are due and payable within one year.

1. Nature of Activities and Significant Accounting Policies (continued)

Annuities payable: The Foundation's split interest agreements consist of charitable gift annuities, charitable remainder annuity trusts, charitable remainder unitrusts, and deferred gift annuities. The carrying value of these assets is consistent with the accounting policies for investments of the Foundation. The annuities payable to beneficiaries resulting from these agreements are reported as a liability at the present value of the estimated future payments to be distributed over the beneficiaries' lives. The Foundation recalculates the present value of these payments through the use of Internal Revenue Service (IRS) discount rates and IRS life expectancy tables. Net investment returns on the annuity and life income investments, as well as payments to beneficiaries and the annual adjustment to annuities payable, are included as actuarial adjustments on the statement of activities and changes in net assets. The amount due in the next 12 months of the annuities payable recorded on the statements of financial position is $5,000 and $4,532 as of June 30, 2026 and 2025, respectively.

Income taxes: The Foundation is recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation may be subject to federal and state income taxes on any net income from unrelated business activities. The Foundation files a Form 990 (Return of Organization Exempt From Income Tax) annually and unrelated business income (UBI) is reported on Form 990-T, as appropriate. Management has evaluated its material tax positions, which include such matters as the tax-exempt status of each entity and various positions relative to potential sources of UBI. As of June 30, 2026 and 2025, there were no uncertain tax benefits identified or recorded as a liability. Forms 990 and 990-T filed by the Foundation are no longer subject to examination by the IRS for the years ended June 30, 2020, or prior.

Subsequent events: The Foundation has evaluated all subsequent events through September 28, 2026, the date that the accompanying financial statements were available to be issued.

2. Liquidity and Availability

The following represents the Foundation's financial assets available within one year for general expenditure at June 30:

	2026	2025
Cash and cash equivalents	**$ 1,023**	$ 4,135
Due from University of Illinois	**1,353**	2,246
Investments	**10,320**	5,544
Board-designated and quasi-endowments	**23,465**	22,416
	$ 36,161	$ 34,341

The Foundation has certain board-designated and donor-restricted funds that are available for general expenditure within one year in the normal course of operations. These assets are part of the governing board-designated policy and included above. It is the Foundation's practice to utilize the income from the endowments for operations, which equated to $1,621 and $1,585 in the years ended June 30, 2026 and 2025, respectively. However, the entire amount could be made available, if necessary.

The Foundation's reserve policy establishes a pool of funds for operating stability, fixed capital replenishment, and nonrecurring special purpose projects. The target for the working capital reserve is between six and nine months of operating expenses. The target for capital reserve is accumulated depreciation for equipment and facilities. The target for special project reserve is the amount of budgeted funds for special projects as designated and approved by the Board of Directors.

As part of the Foundation's liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market funds.

The Foundation maintains a $15,000 line of credit that can be utilized short term for capital projects through maturity of October 31, 2026. As of June 30, 2026 and 2025, $720 and $4,269, respectively, is available on the line of credit for use to support general expenditures.

3. Pledges Receivable, Net

A summary of the pledges receivable, net (unconditional promises to give) as of June 30, is as follows:

	2026	2025
In one year or less	**$ 84,863**	$ 64,857
Between one year and five years	**130,192**	195,602
More than five years	**3,513**	14,430
Gross pledges receivable	**218,568**	274,889
Present value discount	**(7,012)**	(8,772)
Allowance for doubtful pledges	**(7,556)**	(10,117)
	$ 204,000	$ 256,000

Pledges receivable, net expected to be collected in one year or less are $77,127 and $59,330 as of June 30, 2026 and 2025, respectively. Pledges receivable from related parties were $3,425 and $6,308 as of June 30, 2026 and 2025, respectively. Conditional promises to give totaled $64,082 and $63,358 as of June 30, 2026 and 2025, respectively, but are not included in the financial statements. These gifts are conditional upon certain timing considerations or nonbinding agreements where the donor intends to recommend a gift but does not intend to be legally bound. Deferred revocable commitments, which depend on the occurrence of a specific and uncertain event, are not included in the financial statements and total $1,339,957 and $1,216,384 as of June 30, 2026 and 2025, respectively.

4. Investments and Fair Value Measurements

ASC 820 a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The fair value hierarchy is as follows:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Foundation has the ability to access as of the measurement date. Level 1 inputs would also include investments valued at prices in active markets that the Foundation has access to where transactions occur with sufficient frequency and volume to provide reliable pricing information.

4. Investments and Fair Value Measurements (continued)

Level 2 – Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or a liability.

A description of the valuation methodologies used for assets measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Investments: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly liquid U.S. government bonds, exchange-traded equities, and mutual funds.

If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, and other valuation methodologies. Level 2 securities would include U.S. government and agency securities, asset-backed securities and non-government-backed collateralized mortgage obligations (CMOs), corporate bonds, and other certain securities. These securities are valued primarily through a multidimensional relational model that includes standard inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers, and reference data.

In certain cases where there is limited activity or less transparency regarding inputs to the valuation, including alternative investments, securities are classified within Level 3 of the valuation hierarchy and may include equity and/or debt securities issued by private entities. Level 3 investments include direct private investments and co-investments using performance multiples applicable to the underlying investments' industries, determined through the use of a market-based approach, which utilizes comparable companies' data, and equity mutual funds that have underlying marketable securities but have significant redemption restrictions.

4. Investments and Fair Value Measurements (continued)

Derivatives: The Foundation enters into futures contracts to provide further exposure to different equity and fixed income. The notional value of futures contracts was $266,457 and $236,767 as of June 30, 2026 and 2025, respectively. The fair values of futures contracts included in investments on the statements of financial position were $800 and $917 as of June 30, 2026 and 2025, respectively. Gains attributed to these futures contracts were $38,359 and $5,807 for the years ended June 30, 2026 and 2025, respectively, and are included in net increase in fair value of investments on the statements of activities and changes in net assets.

Farms: The fair market value of the Foundation's farms is determined by a contracted professional agricultural services company. The Foundation employs the use of several inputs in determining the farms' fair market values. Quarterly and annual publications by the federal government, professional farm managers, and rural appraisers that discuss current farm values, lease trends, and credit conditions are used as one input. The Foundation also uses comparative sales data for farmland in the area surrounding each specific farm, which is assembled from in-house real estate transactions, county assessor data, and other local data sources. These inputs serve as benchmarks, and each farm is then evaluated based on soil productivity, drainage quality, topography, and other physical characteristics to determine the fair market value.

Beneficial interest in trusts and trusts held by others: The values of beneficial interest in trusts are derived from the underlying investments of the trusts. The value of those investments is determined in the same manner as investments described above. The value of trusts held by others is based on the Foundation owning an interest in the trust and not the underlying investments. The estimated future value of the interest in the trust is based on management's estimate of the trust's expected performance, which is then present valued back to the date of the financial statements based on life expectancy factors published by the IRS.

There have been no changes in valuation techniques used for any assets measured at fair value during the years ended June 30, 2026 or 2025.

4. Investments and Fair Value Measurements (continued)

The following tables summarize assets measured at fair value on a recurring basis, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value as of June 30:

	2026			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Cash surrender value of life insurance	$ –	$ –	$ 5,599	$ 5,599
Common stock:				
Domestic	430,886	1,644	2,450	434,980
International	117,582	–	28	117,610
Commodity trust	6,275	–	–	6,275
Convertible equity	–	5,804	–	5,804
Credit, including collateralized loan obligations	–	–	200,289	200,289
Crypto assets	13	–	–	13
Digital asset trust	643	–	–	643
Emerging markets equity commingled funds	–	–	3,089	3,089
Farms	–	117,145	–	117,145
Fixed income securities:				
Asset-backed securities	–	44,752	–	44,752
Bank loans	–	13,337	3,286	16,623
Corporate bonds	–	30,146	–	30,146
Government bonds	–	98,456	–	98,456
Municipal bonds	–	800	–	800
Non-government-backed CMOs	–	52,792	–	52,792
U.S. Treasury bonds and notes	2,075	–	–	2,075
Indexed exchange-traded funds:				
Equity, domestic	126,806	–	–	126,806
Equity, international	34,199	–	–	34,199
Fixed income, domestic	64,609	–	–	64,609
Fixed income, international	2,419	–	–	2,419
Real estate, domestic	134	–	–	134
Real estate, international	34	–	–	34
Sector equity, domestic	108,503	–	–	108,503
Money market mutual funds	214,539	–	–	214,539
Mutual funds:				
Balanced	433	–	–	433
Bond, domestic	16,097	–	–	16,097
Bond, international	3,633	–	–	3,633
Equity, domestic	32,497	–	–	32,497
Equity, international	20,842	–	–	20,842
Real estate, domestic	8,474	–	–	8,474
Real estate, international	2,125	–	–	2,125
Private equity funds	–	–	305,458	305,458
Real estate investment trust	116	–	–	116
Variable annuity contract	–	3,774	–	3,774
Total investments at fair value	$ 1,192,934	$ 368,650	$ 520,199	$ 2,081,783
Beneficial interest in trusts	$ –	$ –	$ 64,917	$ 64,917
Irrevocable trusts held by other trustees	$ –	$ –	$ 22,646	$ 22,646

4. Investments and Fair Value Measurements (continued)

The investments above exclude $12,543 of real estate, which is carried at cost, without a readily determinable fair value; $18,462 of private equities and other assets, which is carried at cost less impairment, without a readily determinable fair value; and $1,420,634 of investments where values are based on NAV as a practical expedient.

	2025			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments:				
Cash surrender value of life insurance	$ –	$ –	$ 5,395	$ 5,395
Common stock:				
Domestic	270,034	–	1,244	271,278
International	129,043	–	–	129,043
Convertible equity	–	7,002	–	7,002
Credit, including collateralized loan obligations	–	–	202,957	202,957
Emerging markets equity commingled funds	–	–	2,334	2,334
Farms	–	116,163	–	116,163
Fixed income securities:				
Asset-backed securities	–	42,672	–	42,672
Bank loans	–	32,418	644	33,062
Commercial mortgage-backed securities	–	160	–	160
Corporate bonds	–	20,416	–	20,416
Government bonds	–	95,010	–	95,010
Municipal bonds	–	728	–	728
Non-government-backed CMOs	–	48,609	143	48,752
U.S. Treasury bonds and notes	1,693	–	–	1,693
Indexed equity exchange-traded funds	229,436	–	–	229,436
Indexed fixed income exchange-traded funds	5,309	–	–	5,309
Money market mutual funds	257,878	–	–	257,878
Mutual funds:				
Balanced	351	–	–	351
Bond, domestic	13,926	–	–	13,926
Bond, international	3,162	–	–	3,162
Equity, domestic	29,144	–	–	29,144
Equity, international	19,597	–	–	19,597
Real estate, domestic	7,072	–	–	7,072
Real estate, international	1,854	–	–	1,854
Non-U.S. developed markets equity commingled funds	–	–	8,073	8,073
Other investments	–	1	–	1
Private equity funds	–	–	161,815	161,815
Private natural resources	–	–	21,522	21,522
Private real estate funds	–	–	65,766	65,766
Real estate investment trust	75	–	–	75
Variable annuity contract	–	3,488	–	3,488
Total investments at fair value	$ 968,574	$ 366,667	$ 469,893	$ 1,805,134
Beneficial interest in trusts	$ –	$ –	$ 53,333	$ 53,333
Irrevocable trusts held by other trustees	$ –	$ –	$ 24,955	$ 24,955

4. Investments and Fair Value Measurements (continued)

The investments above exclude $7,077 of real estate, which is carried at cost, without a readily determinable fair value; $18,505 of private equities and other assets, which is carried at cost less impairment, without a readily determinable fair value; and $1,428,805 of investments where values are based on NAV as a practical expedient.

During the year ended June 30, 2025, the Foundation engaged in a secondary sale process for a portion of its legacy private investments. These are disclosed within Level 3 based on bid price of $136,635 (see Note 1). A portion of these investments, $96,914, were previously disclosed utilizing NAV as a practical expedient. The Foundation's remaining Level 3 investments have been valued based on unadjusted NAV (or equivalent) of investments in private investment companies less any impairment or unadjusted account statement balances as reported by insurance companies or trustees. There were no unobservable inputs that have been internally developed by the Foundation in determining the fair values of its investments at June 30, 2026 or 2025.

There are certain Level 3 investments subject to lock provisions that may limit the ability to redeem all or a portion of the investment for a given period of time, ranging from one to three years, or in the case of partnership investments for the life of the partnership, which can be ten years or more.

During the year ended June 30, 2026, one investment previously classified as Level 3 completed an initial public offering, after which quoted prices in an active market became available, subject to a six-month lock period. Accordingly, the investment, with a fair value of $1,644 was reclassified from Level 3 to Level 2. There were no additional transfers of assets between any levels of the fair value hierarchy during the year ended June 30, 2026. During the year ended June 30, 2025, the Foundation did not have any transfers of assets between any levels of the fair value hierarchy.

4. Investments and Fair Value Measurements (continued)

The following tables present additional information about investments measured at fair value on a recurring basis for which the Foundation has utilized Level 3 inputs to determine fair value for the years ended June 30:

	2026												
	Beneficial Interest in Trusts	**Cash Surrender Value of Life Insurance**	**Common Stock**	**Credit, Including Collateralized Loan Obligations**	**Emerging Markets Equity Commingled Funds**	**Fixed Income Securities Bank Loans**	**Fixed Income Non-Government-Backed CMOs**	**Non-U.S. Developed Markets Equity Commingled Funds**	**Other Investments**	**Private Equity Funds**	**Private Natural Resources Funds**	**Private Real Estate Funds**	**Irrevocable Trusts Held by Other Trustees**
Purchases/additions	**$ 6,188**	**$ –**	**$ –**	**$ 10,503**	**$ –**	**$ 1,595**	**$ –**	**$ –**	**$ –**	**$ 172,160**	**$ –**	**$ 568**	**$ 183**
Sales/deductions	**–**	**(155)**	**–**	**(20,846)**	**–**	**–**	**(205)**	**–**	**–**	**(47,031)**	**(23,401)**	**(66,488)**	**–**

	2025												
	Beneficial Interest in Trusts	**Cash Surrender Value of Life Insurance**	**Common Stock**	**Credit, Including Collateralized Loan Obligations**	**Emerging Markets Equity Commingled Funds**	**Fixed Income Securities Bank Loans**	**Fixed Income Non-Government-Backed CMOs**	**Non-U.S. Developed Markets Equity Commingled Funds**	**Other Investments**	**Private Equity Funds**	**Private Natural Resources Funds**	**Private Real Estate Funds**	**Irrevocable Trusts Held by Other Trustees**
Purchases/additions	$ –	$ –	$ 326	$ 32,406	$ –	$ –	$ –	$ 7,500	$ –	$ 49,045	$ 716	$ 3,353	$ –
Sales/deductions	–	(77)	–	(45,292)	(1,320)	–	–	(32,068)	–	(10,543)	(746)	(7,824)	(1,135)

4. Investments and Fair Value Measurements (continued)

The Foundation invests in alternative investment funds that include limited partnerships, private capital funds, and private real estate funds. The fair values of these investments are valued utilizing the NAV, as a practical expedient, provided by the underlying private investment companies when the NAVs of the investments are determined using a measurement basis consistent with U.S. GAAP for investment companies. The Foundation may only utilize the practical expedient if the investment does not have a readily determinable fair value and the investee is an investment company within the scope of ASC 946, *Financial Services – Investment Companies*.

The following table sets forth the Foundation's investments whose value is determined using NAV as of June 30:

	NAV		Unfunded Commitment	Redemption Frequency and Notice Period		Redemption Notice Period
	2026	**2025**	**2026**			
Credit (a)	**$ 129,087**	$ 134,560	**$ –**	Daily, monthly, quarterly, or annually	***	5 to 120 days
Emerging markets (b)	**186,492**	243,802	**–**	Daily, monthly, quarterly, or annually	***	5 to 120 days
Global equity (c)	**433,109**	383,494	**–**	Daily, monthly, quarterly, or annually	**/***	5 to 120 days
Global fixed income (d)	**50,813**	49,389	**–**	Daily, monthly, quarterly		5 to 120 days
Natural resources (e)	**–**	38,536	**–**	Daily, monthly, quarterly, or annually		5 to 120 days
Private credit (f)	**–**	445	**–**	Not eligible	*	N/A
Private equity – entertainment/leisure (g)	**11,487**	–	**13,232**	Not eligible	*	N/A
Private equity – global growth (h)	**5,497**	12,576	**7**	Not eligible	*	N/A
Private equity – healthcare (i)	**108,573**	119,406	**6,964**	Not eligible	*	N/A
Private equity – industrials (j)	**31,583**	15,648	**–**	Not eligible	*	N/A
Private equity – middle market (k)	**30,755**	28,535	**68,513**	Not eligible	*	N/A
Private equity – restaurant (l)	**23,414**	19,524	**2,437**	Not eligible	*	N/A
Private equity – software (m)	**9,699**	5,327	**–**	Not eligible	*	N/A
Private equity – venture capital (n)	**345,309**	182,299	**152,887**	Not eligible	*	N/A
Private natural resources (o)	**54,816**	55,603	**2,574**	Not eligible	*	N/A
U.S. equity (p)	**–**	139,661	**–**	Daily, monthly, quarterly, or annually		5 to 120 days
	$ 1,420,634	$ 1,428,805	**$ 246,614**			

* In the case of private funds, capital is returned as monetization events occur that may be infrequent in nature and the timing is not known. Generally, capital is committed to a partnership for a period of up to ten years with the ability of the general partner to extend the life of the fund one to three additional years. Generally, in the early years of a fund's life, the general partner, in order to facilitate its funding of investments, will call capital from the limited partners up to the amount of its commitment. As of June 30, 2026 and 2025, unfunded commitments of $246,614 and $179,895, respectively, were related to private fund investments. The unfunded commitments at June 30, 2026, include $86,802 of commitments to funds that have not called any capital as of June 30, 2026, and, therefore, do not appear in the balances on the statements of financial position, statements of activities and changes in net assets, or elsewhere in the notes to the financial statements.

4. Investments and Fair Value Measurements (continued)

** There are certain investments with a fair value of $71,800 at June 30, 2026, in the above categories that are subject to certain lock provisions that may limit the ability to redeem all or a portion of the investment for a given period of time, typically ranging from one to three years.

***There are certain investments in the above categories for which redemption has been requested and will occur during fiscal year 2027. The fair value of the redemption requests at June 30, 2026, was $33,782.

(a) This category includes investments with both long and short positions in both debt and equity related to leveraged or distressed companies, residential mortgage-backed securities, risk arbitrage, and financial instruments that are subject to legal or contractual restrictions. These investments include both U.S. and non-U.S. securities/companies.

(b) This category includes investments with both long and short positions in equity or equity-related securities in global emerging markets.

(c) This category includes investments with both long and short positions in equity or equity-related securities listed or traded on an exchange or a regulated market on a global basis.

(d) This category includes investments in primarily debt or debt-like securities that are globally diversified.

(e) This category includes investments with both long and short positions in both debt and equity or related securities in energy, gas, mining, and oilfields. These investments include both public and private companies.

(f) This category includes investment positions in both distressed debt and equity securities and other event-driven investments such as broker merger or acquisition deals. These investments include both U.S. and non-U.S. securities/companies.

(g) This category includes investments in private equity related to travel, lodging, leisure, entertainment, and similar businesses.

(h) This category includes investments in private equity within growth sectors around the globe.

(i) This category includes investments in private equity in the healthcare industry.

(j) This category includes investments in private equity related to the industrial sector.

(k) This category includes investments in private equity specializing in the acquisition and recapitalization of private middle-market companies.

(l) This category includes investments in private equity related to the restaurant industry.

(m) This category includes investments in private equity related to the internet and software industry.

(n) This category includes investments in venture capital private equity.

(o) This category includes investments in both debt and equity positions in the sectors of agriculture; oil and gas exploration; and power, utility, and energy infrastructure.

(p) This category includes investments in both debt and equity positions in real estate and real-estate-related securities and businesses.

5. Property and Equipment, Net

Property and equipment, net as of June 30, are as follows:

	2026	2025
Buildings held for the University's future use	**$ 83,916**	$ 80,326
Furniture, fixtures, equipment, and lease right-of-use assets	**15,488**	14,326
	99,404	94,652
Less accumulated depreciation and amortization	**12,437**	11,447
	$ 86,967	$ 83,205
Depreciation and amortization expense	**$ 989**	$ 1,733

6. Notes Payable

The notes payable consist of one line of credit entered into by the Foundation during the year ended June 30, 2023, and an unsecured term note signed January 27, 2025. The line of credit and note are intended to provide funds to purchase property for the University and Foundation.

Notes payable as of June 30, are as follows:

	2026	2025
Unsecured $15,000 line of credit to bank, due October 2026, interest rate negotiated at irregular intervals (4.47% and 5.17% as of June 30, 2026 and 2025, respectively)	**$ 14,280**	$ 10,731
Unsecured $11,500 term note, due January 2030, with a fixed interest rate of 5.48%	**10,925**	11,500
	$ 25,205	$ 22,231

6. Notes Payable (continued)

The following schedule of aggregate future minimum payments for the principal repayment of notes payable, based on scheduled maturities, is as follows:

2027	$	575
2028		575
2029		575
2030		9,200

The line of credit and term note agreements include certain financial covenants, which include, among other things, minimum requirements for insurance, liquidity, and debt. The Foundation was in compliance with all covenants at June 30, 2026 and 2025.

7. Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30 were purpose restricted for the following:

	2026	2025
Purpose restricted:		
Research	**$ 48,161**	$ 36,381
Student support	**216,671**	188,953
Academic programs	**211,589**	185,233
Facilities	**183,223**	186,371
Faculty support	**130,401**	116,948
Public support	**18,880**	17,206
Other	**42,021**	36,203
Program support*	**843,512**	834,623
	1,694,458	1,601,918
Permanent endowment:		
Research	**73,881**	72,239
Student support	**683,338**	648,110
Academic programs	**433,939**	408,550
Facilities	**9,453**	9,272
Faculty support	**361,625**	360,234
Public support	**27,356**	26,273
Other	**64,910**	62,116
Program support*	**326,033**	310,859
	1,980,535	1,897,653
	$ 3,674,993	$ 3,499,571

* Donor-designated funds to be used by the institution, campus, college, or department with no restriction as to how the funds should be spent.

8. Endowments and Net Asset Classification

The Foundation's endowment fund consists of approximately 7,500 individual funds established for a variety of purposes. Its endowment fund includes donor-restricted endowment funds and funds designated as endowment and quasi-endowment by the Board of Directors. Net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: The Board of Directors of the Foundation interprets the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) to require consideration of the following factors, if relevant, in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment fund
- The purposes of the institution and the endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- Other resources of the institution
- The investment policy of the institution

In accordance with the Foundation's interpretation of UPMIFA, absent explicit donor stipulations to the contrary, the Foundation shall classify as permanently restricted net assets the original value of the gifts donated to the permanent endowment, but such classification does not limit the expenditures from the endowment fund only to income, interest, dividends or rents, issues, or profits. The portion of the fund's value spendable annually for the donor-designated purpose is to be determined, from time to time, by the Foundation's Board of Directors, acting in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, considering the above relevant factors. The Board of Directors approved spending was $150,120 and $168,008 for the years ended June 30, 2026 and 2025, respectively.

8. Endowments and Net Asset Classification (continued)

The Foundation's endowment-related activities for the years ended June 30, are as follows:

	2026			
	Board-Designated Without Donor Restrictions	**Quasi- and Term With Donor Restrictions**	**Permanent With Donor Restrictions**	**Total**
Endowment net assets, beginning of year	**$ 36,113**	**$ 1,173,399**	**$ 1,897,653**	**$ 3,107,165**
Investment return:				
Investment income	**28**	**2,532**	–	**2,560**
Net appreciation (realized and unrealized)	**3,016**	**273,690**	–	**276,706**
Total investment return	**3,044**	**276,222**	–	**279,266**
Contributions	–	**17,686**	**82,882**	**100,568**
Appropriation of endowment assets for expenditure	**(1,636)**	**(148,484)**	–	**(150,120)**
Endowment net assets, end of year	**$ 37,521**	**$ 1,318,823**	**$ 1,980,535**	**$ 3,336,879**

	2025			
	Board-Designated Without Donor Restrictions	**Quasi- and Term With Donor Restrictions**	**Permanent With Donor Restrictions**	**Total**
Endowment net assets, beginning of year	$ 37,403	$ 1,244,160	$ 1,789,464	$ 3,071,027
Investment return:				
Investment income	109	7,045	–	7,154
Net appreciation (realized and unrealized)	1,154	74,806	–	75,960
Total investment return	1,263	81,851	–	83,114
Contributions	–	12,843	108,189	121,032
Appropriation of endowment assets for expenditure	(2,553)	(165,455)	–	(168,008)
Endowment net assets, end of year	$ 36,113	$ 1,173,399	$ 1,897,653	$ 3,107,165

8. Endowments and Net Asset Classification (continued)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2026, funds with an original gift value of $28,019 were underwater by $300. As of June 30, 2025, funds with an original gift value of $282,182 were underwater by $6,227. Deficiencies resulted from unfavorable market fluctuations.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the investment objective of the endowment is to seek maximum total return consistent with the preservation of principal, diversification, and avoidance of excessive risk. The Foundation will exercise reasonable care, skill, and caution with regard to the investment of funds in the context of the entire portfolio, which incorporates risk and return objectives reasonably suitable to the purposes of the Foundation. The assets are to be managed in a manner that seeks to meet these investment objectives, while at the same time attempting to reduce volatility in year-to-year spending. Actual returns in any given year may vary.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation.

9. Functional Classification of Expenses

The following table represents functional expenses by natural category reported for program services, general and administrative costs, and fundraising costs. Included in general and administrative costs are the functions of financial operations, general communications, general overhead, gift and trust administration, human resources, IT enterprise applications, legal counsel, and the President's office general operating expenses and 52% of the President's compensation and direct expenses, allocated based on direct supervision of activities. The fundraising costs function includes the areas of advancement data analytics, board and donor relations, campaigns, development programs, donor services, development research, gift planning, principal gifts, and 48% of the President's compensation and direct expenses, allocated based on direct supervision of activities.

	2026			
	Program Services	**General and Administrative**	**Fundraising**	**Total**
Salaries and benefits	**$ –**	**$ 13,840**	**$ 22,639**	**$ 36,479**
Communication and marketing	**–**	**81**	**290**	**371**
Travel	**–**	**200**	**929**	**1,129**
Meetings and special events	**–**	**155**	**1,782**	**1,937**
Equipment and software (not capitalized)	**–**	**2,014**	**260**	**2,274**
Professional services	**–**	**1,502**	**1,523**	**3,025**
Supplies and other	**–**	**2,129**	**594**	**2,723**
Depreciation and amortization	**–**	**985**	**–**	**985**
Interest	**–**	**1,301**	**–**	**1,301**
Actuarial adjustments	**–**	**5,240**	**–**	**5,240**
Distributions to the University	**336,620**	–	**198**	**336,818**
	$ 336,620	**$ 27,447**	**$ 28,215**	**$ 392,282**

9. Functional Classification of Expenses (continued)

	2025			
	Program Services	**General and Administrative**	**Fundraising**	**Total**
Salaries and benefits	$ –	$ 14,957	$ 19,395	$ 34,352
Communication and marketing	–	88	343	431
Travel	–	200	1,001	1,201
Meetings and special events	–	152	1,903	2,055
Equipment and software (not capitalized)	–	2,005	243	2,248
Professional services	–	1,648	609	2,257
Supplies and other	–	1,930	638	2,568
Depreciation and amortization	–	1,729	–	1,729
Interest	–	926	–	926
Actuarial adjustments	–	2,946	–	2,946
Distributions to the University	317,894	–	201	318,095
	$ 317,894	$ 26,581	$ 24,333	$ 368,808

10. Transactions With University of Illinois, State of Illinois, and Related Parties

The Foundation was formed for the purpose of providing fundraising services and other assistance to the University in order to attract private gifts to support the University's instructional, research, and public services activities. In this capacity, the Foundation solicits, receives, holds, and administers gifts for the benefit of the University.

The Foundation enters into annual contracts with the University that require the Foundation to perform the above-described functions and supervise University employees who maintain University donor records and perform support functions for Foundation fundraising activities.

The Foundation is required to recognize as revenue and expense those on-behalf payments for pension benefits made by the State of Illinois (the State) for University employees who are supervised by the Foundation. These payments (estimated to be $284 and $433 for the years ended June 30, 2026 and 2025, respectively) are included in the amounts shown as allocation from the University and as salaries and benefits expense.

10. Transactions With University of Illinois, State of Illinois, and Related Parties (continued)

Pursuant to the contracts, the Foundation is required to comply with Section VI of "University Guidelines 1982," as adopted by the University Board of Trustees on November 12, 1982, and amended in 1997, 2020, and 2023 by the State of Illinois Legislative Audit Commission. The contracts require the University to make payments to the Foundation for the cost of services provided up to specified limits and to provide other support as described below.

- On August 1, 2022, the Foundation entered a 50-year ground lease with the University to lease approximately one acre at the southwest corner of St. Mary's Road and South Fourth Street, Champaign, Illinois. On this land, the Foundation constructed a new building, the University of Illinois Philanthropy Center, that centrally houses Foundation operations.

- The University provides certain services for which no separate charges will be assessed. Such services will include, but not be limited to, routine business and financial services as needed, on a regular or ad hoc basis, in such areas as risk management, cash management, and limited human resource services. The estimated values of such services were $49 for both the years ended June 30, 2026 and 2025 and are reflected on the statements of activities and changes in net assets as revenues, gains, and other support and expenses.

Gifts received by the Foundation include some donations attributable to solicitations by development personnel of the University. Amounts received directly by the Foundation through these fundraising efforts are generally not quantifiable. Conversely, private gifts and grants received by the University include some gifts attributable to direct and indirect solicitations by Foundation personnel. Amounts received directly by the University through these fundraising efforts are not quantifiable.

Gifts received from members of the Foundation's Board of Directors were $7,994 and $2,474 for the years ended June 30, 2026 and 2025, respectively. There were no gifts received from the University of Illinois Alumni Alliance during the years ended June 30, 2026 or 2025. Conversely, disbursements to the Alumni Association from the Foundation were $29 and $30 during the years ended June 30, 2026 and 2025, respectively, and recorded on the statements of activities and changes in net assets as fundraising expenses.

10. Transactions With University of Illinois, State of Illinois, and Related Parties (continued)

Gifts and gift-related income transferred from the Foundation to the University as program services totaled $336,620 and $317,894 for the years ended June 30, 2026 and 2025, respectively. These amounts are reflected on the statements of activities and changes in net assets. Other transactions between the Foundation and the University include the following:

- The University leases from the Foundation various properties with a carrying value of $13,009 and $9,419 as of June 30, 2026 and 2025, respectively. Payments by the University to the Foundation, which approximate the Foundation's cost of carrying the properties, were $610 and $523 for the years ended June 30, 2026 and 2025, respectively. The Foundation also holds $70,907 and $70,907 of properties for the University's future use that are not covered by the lease agreement as of June 30, 2026 or 2025, respectively.

- The Foundation obtained certain goods and services (supplies, telephone, printing, etc.) during the years ended June 30, 2026 and 2025, through the University for which the Foundation reimbursed the University at cost.

11. Retirement Plan and Post-employment Benefits

The Foundation contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State's financial reporting entity and is included in the State's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40 of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at SURS.org.

11. Retirement Plan and Post-employment Benefits (continued)

Benefits provided: A traditional benefit plan was established in 1941. Public Act 90-0448, enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members who began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2026, can be found in the SURS comprehensive annual financial report notes to the financial statements.

Contributions: The State is primarily responsible for funding SURS on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 established a statutory funding plan under which the State now contributes a level percentage of the active members of SURS to reach 90% of the total actuarial accrued liability by the end of fiscal year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions that are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for the years ended June 30, 2026 and 2025, was 11.88% and 11.98% of employee payroll, respectively. The Foundation made contributions of $1,924 and $1,848 for the years ended June 30, 2026 and 2025, respectively. The normal cost is equal to the value of the current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

In addition to providing pension benefits, the State provides certain health, dental, and life insurance benefits to annuitants. This includes annuitants of the Foundation. Substantially all State employees, including the Foundation's employees, may become eligible for post-employment benefits if they eventually become annuitants. Health and dental benefits include basic benefits for annuitants under the State's self-insurance plan and insurance contracts currently in force. Life insurance benefits for annuitants under age 60 are equal to their annual salary at the time of retirement; life insurance benefits for annuitants age 60 or older are limited to $5,000 per annuitant. Currently, the State does not segregate payments made to annuitants from those made to current employees for health, dental, or life insurance benefits. The Foundation remits the employer cost of current Foundation employees for health, dental, and life insurance benefits. The Foundation made contributions of $5,755 and $5,276 for the years ended June 30, 2026 and 2025, respectively.

11. Retirement Plan and Post-employment Benefits (continued)

Employees of the Foundation may also elect to participate in several tax-deferred annuity plans and defined contribution plans. These are single employer plans under which benefits are provided to participating employees through contracts issued to each individual. Participation and the level of employee contributions are voluntary. The Foundation is not required to make contributions.

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