
Terra Foundation for American Art

Consolidated Financial Report
June 30, 2025

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Independent Auditor's Report

To the Board of Directors
Terra Foundation for American Art

Opinion

We have audited the consolidated financial statements of Terra Foundation for American Art and its subsidiaries (the "Foundation"), which comprise the consolidated statement of financial position as of June 30, 2025 and 2024 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2025 and 2024 and the changes in its net assets, functional expenses, and 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 Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our 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.

Emphasis of Matter

As described in Note 4, the consolidated financial statements include investments valued at \$268,761,109 and \$235,406,786 (43.7 and 39.9 percent, respectively, of net assets) at June 30, 2025 and 2024, respectively, whose fair value has been estimated at net asset value in the absence of observable inputs used to determine market values. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 the consolidated financial statements are issued or available to be issued.

To the Board of Directors
Terra Foundation for American Art

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 audits 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 consolidated financial statements.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 consolidated 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moreau, PLLC

November 4, 2025

Terra Foundation for American Art

Consolidated Statement of Financial Position

June 30, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	\$ 1,278,636	\$ 493,896
Investments (Note 4)	427,193,649	405,529,731
Accounts receivable	25,492	120,473
Due from brokers (Note 13)	-	1,109,461
Excise tax receivable	266,185	346,048
Other assets	154,624	149,568
Art collection (Note 2)	185,895,816	185,841,816
Right-of-use operating lease assets (Note 10)	19,605	3,146,844
Property, plant, and equipment - Net (Note 5)	5,769,041	6,199,527
Total assets	\$ 620,603,048	\$ 602,937,364
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses (Note 6)	\$ 750,566	\$ 534,371
Grants payable	3,341,094	7,668,998
Deferred excise taxes	908,917	409,232
Other liabilities (Note 12)	18,061	1,516,795
Due to brokers (Note 13)	1,025,456	-
Lease liabilities - Operating (Note 10)	19,846	3,213,361
Total liabilities	6,063,940	13,342,757
Net Assets		
Without donor restrictions	374,547,384	365,923,765
With donor restrictions	239,991,724	223,670,842
Total net assets	614,539,108	589,594,607
Total liabilities and net assets	\$ 620,603,048	\$ 602,937,364

Consolidated Statement of Activities

Year Ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue, Gains, and Other Support			
Gain on disposition of property	\$ 1,500,000	-	1,500,000
Other income	1,443	-	1,443
Net assets released from restrictions for:			
Grantmaking, exhibitions, publications, and educational programs	7,443,041	(7,443,041)	-
Collection care and management	586,945	(586,945)	-
Investment and rental expense	415,193	(415,193)	-
Acquisition of art	54,000	(54,000)	-
Total revenue, gains, and other support before investment income	10,000,622	(8,499,179)	1,501,443
Investment Income - Net	19,443,658	24,820,061	44,263,719
Less Excise Tax Expense - Net	740,542	-	740,542
Income Before Expenses	28,703,738	16,320,882	45,024,620
Expenses			
Program services			
Grantmaking	12,946,819	-	12,946,819
Collection care & management	1,032,713	-	1,032,713
Exhibitions, publications, & educational programs	2,505,888	-	2,505,888
Support services - Management & general	3,710,489	-	3,710,489
Total expenses	20,195,909	-	20,195,909
Change in Net Assets Before Change in Currency Translation Adjustment	8,507,829	16,320,882	24,828,711
Change in Currency Translation Adjustment	115,790	-	115,790
Change in Net Assets Reflecting Change in Currency Translation	<u>\$ 8,623,619</u>	<u>\$ 16,320,882</u>	<u>\$ 24,944,501</u>
Net Assets - Beginning of Year	<u>\$ 365,923,765</u>	<u>\$ 223,670,842</u>	<u>\$ 589,594,607</u>
Net Assets - End of Year	<u>\$ 374,547,384</u>	<u>\$ 239,991,724</u>	<u>\$ 614,539,108</u>

Consolidated Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Gain on sale of artwork	\$ -	3,961,187	3,961,187
Other income	1,209,757	-	1,209,757
Net assets released from restrictions for:			
Grantmaking, exhibitions, publications, and educational programs	7,655,932	(7,655,932)	-
Collection care and management	675,738	(675,738)	-
Investment and rental expense	303,297	(303,297)	-
Acquisition of art	1,200,000	(1,200,000)	-
Total revenue, gains, and other support before investment income	11,044,724	(5,873,780)	5,170,944
Investment Income - Net	19,162,519	23,848,731	43,011,250
Less Excise Tax Expense - Net	546,509	-	546,509
Income Before Expenses	29,660,734	17,974,951	47,635,685
Expenses			
Program services			
Grantmaking	15,448,496	-	15,448,496
Collection care & management	1,030,679	-	1,030,679
Exhibitions, publications, & educational programs	2,222,308	-	2,222,308
Support services - Management & general	3,821,731	-	3,821,731
Total expenses	22,523,214	-	22,523,214
Change in Net Assets Before Change in Currency Translation Adjustment	7,137,520	17,974,951	25,112,471
Change in Currency Translation Adjustment	(16,869)	-	(16,869)
Change in Net Assets Reflecting Change in Currency Translation	\$ 7,120,651	\$ 17,974,951	\$ 25,095,602
Net Assets - Beginning of Year	\$ 358,803,114	\$ 205,695,891	\$ 564,499,005
Net Assets - End of Year	\$ 365,923,765	\$ 223,670,842	\$ 589,594,607

Consolidated Statement of Functional Expenses

Year Ended June 30, 2025

	Program Services				Support Services	
	Grantmaking	Collection Care and Management	Exhibitions, Publications, and Educational Programs	Total	Management and General	Total
Salaries and benefits	\$ 987,244	\$ 375,707	\$ 923,746	\$ 2,286,697	\$ 2,439,579	\$ 4,726,276
Professional fees	607,773	17,787	486,457	1,112,017	212,159	1,324,176
Advertising and publicity	15,000	-	140,717	155,717	-	155,717
Insurance	12,544	156,806	19,266	188,616	20,813	209,429
Rent-related expenses	13,588	49,347	168,574	231,509	428,552	660,061
Utilities	34,633	77,472	61,907	174,012	60,397	234,409
Repairs and maintenance	36,365	85,554	283,118	405,037	67,185	472,222
Depreciation	76,490	173,779	137,776	388,045	131,342	519,387
Travel and entertainment	38,405	27,817	181,521	247,743	231,238	478,981
Grant expense	11,013,493	-	-	11,013,493	-	11,013,493
Miscellaneous	111,284	68,444	102,806	282,534	119,224	401,758
Excise tax expense	-	-	-	-	740,542	740,542
Total functional expenses	\$ 12,946,819	\$ 1,032,713	\$ 2,505,888	\$ 16,485,420	\$ 4,451,031	\$ 20,936,451

Consolidated Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services				Support Services	
	Grantmaking	Collection Care and Management	Exhibitions, Publications, and Educational Programs	Total	Management and General	Total
Salaries and benefits	\$ 826,489	\$ 350,684	\$ 897,110	\$ 2,074,283	\$ 2,432,600	\$ 4,506,883
Professional fees	424,913	24,329	380,996	830,238	223,019	1,053,257
Advertising and publicity	3,807	-	87,497	91,304	2,500	93,804
Insurance	10,165	153,681	18,983	182,829	29,069	211,898
Rent-related expenses	8,885	39,383	156,819	205,087	530,686	735,773
Utilities	36,334	97,749	67,859	201,942	80,838	282,780
Repairs and maintenance	28,147	90,295	210,142	328,584	70,749	399,333
Depreciation	62,721	170,679	140,614	374,014	138,646	512,660
Travel and entertainment	37,203	25,490	133,042	195,735	229,860	425,595
Grant expense	13,927,480	-	-	13,927,480	-	13,927,480
Miscellaneous	82,352	78,389	129,246	289,987	83,764	373,751
Excise tax expense	-	-	-	-	546,509	546,509
Total functional expenses	\$ 15,448,496	\$ 1,030,679	\$ 2,222,308	\$ 18,701,483	\$ 4,368,240	\$ 23,069,723

Consolidated Statement of Cash Flows

Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 24,828,711	\$ 25,112,471
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation	519,387	512,660
Net realized gain on investments	(5,414,007)	(14,121,666)
Net change in unrealized gain on investments	(35,948,513)	(25,149,446)
Contribution of artwork	-	(400,000)
Amortization of right-of-use asset	3,127,239	942,459
Gain on deaccession of artwork	-	(3,961,187)
Gain on disposition of property	(1,500,000)	-
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Receivables - Other	94,981	15,710
Receivables - Interest and dividends	(16,383)	(225,972)
Receivables - Excise taxes	79,863	(95,222)
Other assets	(5,056)	17,017
Grants payable	(4,327,904)	(151,932)
Accounts payable and accrued expenses	213,081	82,637
Deferred excise taxes	499,685	349,577
Other liabilities	1,266	(806,943)
Operating lease liability	(3,193,515)	(904,745)
Net cash and cash equivalents used in operating activities	(21,041,165)	(18,784,582)
Cash Flows from Investing Activities		
Capital expenditures	(31,420)	(230,415)
Proceeds from sale of investments	458,290,246	267,830,338
Purchase of investments	(436,440,344)	(254,063,632)
Addition to art collection	(54,000)	(1,200,000)
Proceeds from deaccession of artwork	-	5,769,000
Net cash and cash equivalents provided by investing activities	21,764,482	18,105,291
Effect of Exchange Rate Changes	61,423	(6,027)
Net Increase (Decrease) in Cash and Cash Equivalents	784,740	(685,318)
Cash and Cash Equivalents - Beginning of year	493,896	1,179,214
Cash and Cash Equivalents - End of year	\$ 1,278,636	\$ 493,896
Supplemental Cash Flow Information - Cash paid for excise taxes	\$ 205,788	\$ 215,000

Note 1 - Nature of Business

Terra Foundation for American Art (collectively with its subsidiaries, the "Foundation") is a private grantmaking foundation. The Foundation's mission is to work in partnership with organizations and individuals locally and globally to foster intercultural dialogues and encourage transformative practices to expand narratives of American Art. As part of this effort, the Foundation has an office in Paris, France, Terra Foundation of American Art Europe (TFAAE).

Note 2 - Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Terra Foundation for American Art, TFAAE, Terra Michigan Avenue Property LLC (TMAP), and Terra Art Vault LLC. All significant intercompany transactions have been eliminated in consolidation. These consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. In fiscal years 1993 through 1996, Daniel J. Terra (the "Founder") established endowments held in perpetuity for purposes consistent with the Foundation's goals. Effective August 18, 2006, distributions are permitted based on a court decree, which shall not exceed 5 percent of the net fair value of the fund's total assets based on a three-year trailing average of the fair value of the funds. The distributions from assets held in perpetuity as a result of the court decree amounted to \$10,839,709 and \$10,836,040 for the years ended June 30, 2025 and 2024, respectively.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Cash Equivalents

The Foundation considers all investments with an original maturity of three months or less when purchased to be cash equivalents. The Foundation maintains its cash and cash equivalents in bank deposit accounts that at times may exceed federally insured limits. The Foundation has not experienced any losses in such accounts.

Investments

The Foundation's investments are reported at fair value. Investment gains (losses), including net realized and unrealized gains (losses), are reflected in the consolidated statement of activities as increases (decreases) in net assets. Interest and dividend income is recorded on the accrual basis.

The Foundation's investments are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the consolidated statement of financial position.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at their estimated fair value at the date donated or at cost if purchased. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range between 3 and 40 years.

Grants Payable

Grants are recorded as liabilities and expensed at the time they are approved. Grants payable consist of unconditional grants that have been approved as of June 30, 2025. The majority of the grants payable balance is scheduled to be paid in less than one year.

Conditional grants, if any, are expensed when such conditions are substantially met. See Note 9 for further information regarding conditional grants awarded as of June 30, 2025 and 2024.

Federal Income Taxes

The Foundation is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3) and is classified as a private foundation under the code. Accordingly, the Foundation is subject to excise taxes based on current net investment income. As of June 30, 2025 and 2024, the Foundation had excise taxes payable of \$15,303 and \$60,098, respectively. The amounts were included in accounts payable and accrued expenses in the consolidated statement of financial position. Excise taxes paid by the Foundation are paid from the respective net assets without donor restrictions or net assets with donor restrictions. The Foundation provides for deferred excise taxes, which represent taxes calculated on the net unrealized appreciation of investments using a 1.39 percent tax rate during 2025 and 2024. Additionally, the Foundation records an excise tax receivable for tax amounts overpaid in previous years to be received or applied in future years.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Art Collection

The Foundation has capitalized its collection since its inception. When purchased, items accessioned into the collection are capitalized at cost; when donated, they are capitalized at their appraised or fair value on the accession date. Gains or losses on the deaccession of collection items are classified on the consolidated statement of activities as with donor restrictions or without donor restrictions, depending on donor restrictions, if any, placed on them at the time of accession. Proceeds from deaccessions can be used to purchase other works of art or for the direct care of the existing art collection.

Foreign Currency Translation

The European euro is considered the functional currency of TFAAE. Accordingly, foreign currency adjustments arising from the translation of TFAAE's accounts to U.S. dollars are recorded in the cumulative foreign currency translation account, which is included within net assets without donor restrictions on the consolidated statement of financial position. Assets and liabilities are translated into U.S. dollars at the rate of exchange in effect at the close of the period. Income and expenses are translated at a weighted-average rate of exchange for the period. The cumulative foreign currency translation adjustment was \$2,163,266 and \$2,047,476 as of June 30, 2025 and 2024, respectively.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, the following expenses require allocation on a reasonable basis that is consistently applied:

- Utilities - Square footage based on function
- Depreciation - Square footage based on function
- Property insurance and building assessments - Square footage based on function
- Repairs and maintenance - Square footage based on function
- Salaries and employee benefits - Estimates of time and effort

Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Leases

The Foundation has an operating lease for its office space in Paris, France and had an operating lease for retail space in Chicago, Illinois through March 2025, as described in Note 10. The Foundation recognizes expense for operating leases on a straight-line basis over the lease term. The Foundation made a policy election not to separate lease and nonlease components for operating leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability.

The Foundation elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for all leased assets.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including November 4, 2025, which is the date the consolidated financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted endowments, contributions without donor restrictions, and contributions with donor restrictions for use in current programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Donor-restricted contributions for programs and activities that are not ongoing or central to its annual operations are excluded from resources available for general expenditures. General expenditures include administrative and general expenses, direct program activities, and grant commitments expected to be paid in the subsequent fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability
- Maintaining adequate liquid assets

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 3 - Liquidity and Availability of Resources (Continued)

- Maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments and obligations that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation. Consistent with this objective, the Foundation budgets to spend no more than 5 percent of the three-year-average value of its unrestricted and donor-restricted invested assets. Although the Foundation does not intend to spend from its unrestricted assets beyond the amounts calculated through the budget approval and appropriation process, these assets are available to meet general expenditures if necessary.

Approximately 52 percent of the Foundation's investment portfolio consists of highly liquid investments as of June 30, 2025 and 2024; 31 and 34 percent of the portfolio's investments as of June 30, 2025 and 2024, respectively, may be redeemed either at future specified redemption dates or currently by incurring a penalty. Finally, certain investments (approximately 17 and 14 percent as of June 30, 2025 and 2024, respectively) in real estate, private equities, and private investments are subject to constraints that limit the Foundation's ability to withdraw capital after such investments are made or may limit the amount available for withdrawal at a given redemption date.

The following financial assets as of June 30 could readily be made available within one year of the consolidated statement of financial position date to meet general expenditures:

	2025	2024
Cash and cash equivalents	\$ 1,278,636	\$ 493,896
Accounts receivable, due from brokers, and excise tax receivable	291,677	1,575,982
Appropriation of donor-restricted endowments for use over next 12 months	10,900,217	10,839,709
Portion of invested assets without donor restrictions	187,201,925	181,858,889
Total	<u>\$ 199,672,455</u>	<u>\$ 194,768,476</u>

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the consolidated financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2025 and 2024 and the valuation techniques used by the Foundation to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 4 - Fair Value Measurements (Continued)

The Foundation estimates fair values for the private equity partnerships and real estate partnerships based on the Foundation's applicable ownership percentage of the investment partnerships' net assets as of the measurement date. In assessing the propriety of using net asset value (NAV) as fair value, the Foundation utilizes valuations provided by the investment partnerships. The investment partnerships value securities and other financial instruments on the fair value basis of accounting. The estimated fair values of certain investments of the investment partnerships, which may include private placements and other securities for which prices are not readily available, are determined by the sponsor of the respective investment partnerships using various techniques, such as discounted cash flow analysis and comparable market data, and may not reflect amounts that could be realized upon immediate sale nor amounts that ultimately may be realized.

The Foundation had no financial liabilities that were accounted for at fair value on a recurring basis as of June 30, 2025 and 2024.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

Assets Measured at Fair Value on a Recurring Basis at June 30, 2025				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
Assets				
Fixed income:				
Money market funds	\$ 7,085,459	\$ -	\$ -	\$ 7,085,459
Government bonds	6,251,774	-	-	6,251,774
Exchange-traded funds - United States	18,077,492	-	-	18,077,492
Equities:				
Common stock	60,003,026	-	-	60,003,026
Mutual funds	48,244,901	-	-	48,244,901
Exchange-traded funds - United States	17,525,711	-	-	17,525,711
Total	<u>\$ 157,188,363</u>	<u>\$ -</u>	<u>\$ -</u>	157,188,363
Investments measured at NAV:				
Commingled funds - Corporate bonds				11,258,896
Real estate partnership				30,132,918
Private equity partnerships				139,821,025
Hedge funds				<u>87,548,270</u>
Total investments measured at NAV				<u>268,761,109</u>
Total assets				<u>\$ 425,949,472</u>

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 4 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at June 30, 2024				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Assets				
Fixed income:				
Money market funds	\$ 20,561,316	\$ -	\$ -	\$ 20,561,316
Government bonds	5,607,052	-	-	5,607,052
Exchange-traded funds - United States	18,758,665	-	-	18,758,665
Equities:				
Common stock	84,574,431	-	-	84,574,431
Mutual funds	25,211,944	-	-	25,211,944
Exchange-traded funds - United States	14,398,829	-	-	14,398,829
Total	<u>\$ 169,112,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>169,112,237</u>
Investments measured at NAV:				
Commingled funds -				
Corporate bonds				14,153,403
Real estate partnership				29,535,630
Private equity partnerships				90,288,813
Hedge funds				<u>101,428,940</u>
Total investments measured at NAV				<u>235,406,786</u>
Total assets				<u>\$ 404,519,023</u>

Excluded from the table above is cash of \$1,244,177 and \$1,010,708 as of June 30, 2025 and 2024, respectively, which is included in investments on the consolidated statement of financial position.

Investments in Entities that Calculate Net Asset Value per Share

The Foundation holds shares or interests in funds at year end where the fair value of the investment held is estimated based on net asset value per share of the fund.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 4 - Fair Value Measurements (Continued)

For 2025 and 2024, the estimated fair values, unfunded commitments, and redemption of those investments are as follows:

	June 30, 2025	June 30, 2024		June 30, 2025	
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Portfolio Advisors (a)	\$ 331,172	\$ 1,007,710	\$ 926,126	**	**
Morgan Stanley Prime Property (b)	9,500,147	10,969,546	-	Quarterly	90 days
Aikya Emerging Markets LP (c)	4,518,367	4,008,490	-	Monthly	5 days
Energy Capital Partners Mezzanine (d)	602,735	618,100	2,312,470	**	**
BREP Asia (e)	1,317,998	1,478,034	848,512	**	**
BREP Europe IV (f)	627,193	729,883	654,387	**	**
BREP Real Estate Partner VIII (g)	5,947,534	6,956,194	985,173	**	**
PIMCO Tactical Opportunities Fund (h)	1,933,063	1,719,241	-	Semiannually	90 days
Wind Point Partners VIII (i)	2,268,159	3,227,908	828,084	**	**
MidOcean Partners (j)	9,365,223	9,827,945	495,424	**	**
JPMorgan Global Private Equity Portfolio IX (k)	9,349,996	8,295,451	3,524,940	**	**
Cantillon Global Equity, LP (l)	39,516,628	42,292,580	-	Quarterly	30 days
Stellex Capital Partners III LP (m)	1,032,424	-	6,269,265	**	**
Shenkman Opportunistic Credit Fund (n)	1,340,080	1,259,377	-	Quarterly	90 days; 25% per quarter
Redwheel Emerging Markets Equity Fund, Ltd. (o)	-	4,414,695	-	Monthly	30 days
Sheridan Square Offshore Fund, Ltd. (p)	20,968,987	17,208,512	-	Monthly	30 days
Tensile Capital Partners, LP (q)	9,467,663	16,558,767	-	Semiannually	90 days; 25% per quarter
The WindAcre Domestic Partnership, LP (r)	31,270,807	29,358,091	-	Annually	45 days
ArrowMark Income Opportunity Fund QP, LP (s)	4,020,029	5,826,188	-	Quarterly	60 days
Brandywine Global Opportunistic Fixed Income (t)	5,956,621	7,403,791	-	Daily	10 days
The Colchester Global Bond Fund (u)	5,302,275	6,749,612	-	Semiannually	5 days
Loop Capital Core Plus Fixed Income, LLC (v)	6,175,382	-	-	Daily	1 day
Metis U.S. Equity Index Portfolio (w)	20,755,732	-	-	Weekly	5 days
Parametric Commodity Common Trust Fund (x)	2,589,211	-	-	Daily	None
Agility Comprehensive Solutions Fund LP - Absolute Return (y)	33,872,426	30,801,704	-	25% per quarter	1 quarter
Agility Comprehensive Solutions Fund LP - Private Capital (z)	40,731,257	24,694,967	54,532,573	**	**
Total	\$ 268,761,109	\$ 235,406,786	\$ 71,376,954		

**The Foundation is unable to withdraw from the partnerships without the consent of the general partner.

Investment strategies are as follows:

- Portfolio Advisors is a private equity fund of funds investing with underlying funds that are focused on buyout and special situation investments. The fund is in the process of winding down and is distributing proceeds as sales of the assets are completed. The remaining proceeds will be distributed upon final liquidation of the Fund, which is expected to occur in 2028.
- Morgan Stanley Prime Property is an open-end fund investing in commercial real estate properties in the United States.
- Aikya Emerging Markets LP aims to achieve long-term capital growth by investing in high-quality companies that also make a positive contribution to sustainable development within the countries in which they operate. The manager aligns itself with business groups who think holistically about both long-term opportunities and risks and who require investee companies to meet high standards of governance. The manager focuses on downside risk protection and absolute returns.
- Energy Capital Partners Mezzanine is a private equity fund providing mezzanine financing to companies involved in the acquisition, development, and construction of energy infrastructure assets. Effective February 15, 2025, the fund will engage in no further business other than what is necessary to wind down.
- BREP Asia is a closed-end fund investing to hold underlying interests and make certain capital contributions to certain real estate partnerships and certain alternative investment vehicles investing in real estate as participants in Asia. Items of distribution, income, and expense are allocated among limited partners in accordance with their interests. The termination date of the fund has been extended until December 10, 2025.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 4 - Fair Value Measurements (Continued)

- (f) BREP Europe IV is a closed-end fund investing to hold underlying interests and make certain capital contributions to certain real estate partnerships and certain alternative investment vehicles, investing in real estate as participants in Europe. Items of distribution and income and expense will be allocated among the general and limited partners in accordance with specific hurdle rate computations and profit-sharing allocations, which provide, among other things, that the limited partners receive priority returns to achieve specified yields. The term of the partnership expired on December 1, 2024, but the fund will continue until it is dissolved upon final sale and distribution of the last investment and the cancellation of the certificate of limited partnership.
- (g) BREP Real Estate Partner VIII is a closed-end fund investing in non-U.S. real estate properties.
- (h) PIMCO Tactical Opportunities Fund is a directional opportunistic credit strategy seeking to capitalize on dislocations across global credit markets. The fund is structured to provide flexibility and liquidity protection to effectively invest across global, public, and private residential, commercial, and corporate credit markets.
- (i) Wind Point Partners VIII is a closed-end fund focusing on partnering with top-caliber CEOs to acquire solid middle market companies with a clear path to value creation in consumer products, industrial products, and business service markets. For each business, they develop a value creation plan to drive operations and financial improvement.
- (j) MidOcean Partners seeks to make 10 to 15 control investments by utilizing sector-focused knowledge and experience to target business service and consumer companies ranging from \$100 million to \$500 million in enterprise value. Investments are then evaluated using a bottom-up approach to identify areas of financial and operational improvement.
- (k) JPMorgan Global Private Equity Portfolio IX is a diversified private equity fund looking to invest in 25-30 core relationships in large buyouts, small/mid buyouts, growth, venture capital, and other opportunities.
- (l) Cantillon Global Equity, LP is a global quality-growth manager with a focus on long-term, sustainable financial productivity. The manager has a strictly fundamental approach, and the fund's core exposure is in high returning, noncyclical businesses at reasonable valuations.
- (m) Stellex Capital Partners III LP is a control-oriented private equity buyout fund that targets middle-market businesses in the U.S. and Europe that are experiencing some form of financial, operational, or cyclical underperformance.
- (n) The Shenkman Opportunistic Credit Fund utilizes an event-driven strategy that seeks to generate consistent alpha by profiting from mispricings across the corporate credit spectrum, including stressed, distressed, and performing bonds, loans, convertibles, and reorganized equity. The manager seeks to identify securities or other assets than have been mispriced by the market or that otherwise represent what are believed to be attractive returns relative to other comparable investments.
- (o) Redwheel Emerging Markets Equity Fund, Ltd. is a global emerging and frontier market strategy combining top-down macro and thematic analysis with bottom-up stock selection. The fund seeks to uncover medium to long-term growth opportunities and investment themes at reasonable prices.
- (p) Sheridan Square Offshore Fund, Ltd. is an international large-cap equity fund that focuses on high-quality large-cap companies that are trading at significant discounts due to their intrinsic value. The manager seeks to identify businesses with steady, predictable growth; high returns on capital; and well-established barriers to competition.
- (q) Tensile Capital Partners, LP is a U.S. equity strategy that uses a rigorous fundamentals-based, research-driven investment process to uncover asymmetric risk/reward opportunities with a strict valuation discipline. The fund is predominantly focused on U.S.-based small- and mid-sized companies.
- (r) The WindAcre Domestic Partnership, LP is an opportunistic, value-oriented global equity fund. The portfolio is highly concentrated and focused on high-quality businesses trading at steep discounts to intrinsic value. The industry exposures of the portfolio will fluctuate depending on the opportunity set.
- (s) ArrowMark Income Opportunity Fund QP, LP has a broad investment universe that includes all areas of the fixed-income market but is predominantly focused within structured credit markets. The manager seeks to identify asymmetric, risk/reward opportunities and to minimize risk through security and sector diversification along with selective hedging strategies.
- (t) Brandywine Global Opportunistic Fixed Income fund invests in global sovereign and corporate credit with a focus on markets offering above-average real interest rates. This manager utilizes a value-driven, active, top-down approach to the global fixed-income markets with a deep understanding of the prevailing macroeconomic conditions.
- (u) The Colchester Global Bond Fund focuses solely on sovereign debt and currency markets. This manager's particular focus is on sovereign bonds that exhibit high real interest rates and stable or appreciating currencies. The portfolio's country and currency exposures actively rotate over time.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 4 - Fair Value Measurements (Continued)

- (v) The Loop Capital Core Plus Fixed Income fund is designed to deliver broad fixed-income market exposure with a higher income and total return profile than the benchmark through use of a broader opportunity set of fixed-income securities and sectors. The objective is to outperform benchmark returns through active portfolio decisions over full market cycles. The fund generally invests in liquid segments of the U.S. bond market, including U.S. governments and agencies; corporate bonds; mortgage and asset-backed securities; and plus sectors, including high-yield, emerging market debt, securitized credit, and other nonbenchmark fixed-income instruments.
- (w) The Metis U.S. Equity Index Portfolio is a U.S. equity indexing strategy that serves as an alternative to U.S. equity futures and ETFs.
- (x) The Parametric Commodity Strategy provides greater diversification than traditional commodity benchmarks by using intelligent design and rules-based implementation. It seeks to avoid concentrations that occur in mainstream commodity indices by investing across multiple commodity types and sectors, including a material allocation to non-index commodities. The result is a diversified, consistent, and long-only exposure that seeks to outperform the Bloomberg Commodity Index over three to five years, while experiencing 90 percent to 95 percent of the index's volatility.
- (y) - (z) Agility Comprehensive Solutions Fund LP (ACS) is a partnership vehicle designed to provide each limited partner with an investment solution that meets its specific needs. While ACS may make other types of investments, most investments are made in pooled investment vehicles or separately managed accounts advised by external investment advisors. These externally managed investments provide limited partners vehicles through which they can gain exposure to various asset classes, including global equities; global fixed income; absolute return; liquid real assets; private capital; private real assets; environmental, social, and governance investments; and other strategies. Investments will be held directly by ACS or through one or more wholly owned subsidiaries of ACS, known as the "Building Block Portfolios." The Building Block Portfolios may be reflective of a broad asset class, an investment strategy or theme, a single investment, or any other investment approach. The Terra Foundation for American Art's investment in ACS is composed of Agility Absolute Return, Agility Private Real Assets IV, Agility Private Real Assets V, Agility Private Capital VI, Agility Private Capital VII, and Agility Private Capital VIII. Each of these portfolios has the objective of earning a rate of return that exceeds its established class-specific benchmark.

Note 5 - Property and Equipment

Property and equipment are summarized as follows:

	2025	2024
Building improvements	\$ 10,544,092	\$ 10,297,161
Furniture and fixtures	2,163,470	2,093,822
Computer equipment and software	717,887	674,269
Construction in progress	-	9,225
Total cost	13,425,449	13,074,477
Less accumulated depreciation	7,656,408	6,874,950
Net property and equipment	<u>\$ 5,769,041</u>	<u>\$ 6,199,527</u>

Depreciation expense for 2025 and 2024 was \$519,387 and \$512,660, respectively.

As of June 30, 2025 and 2024, the Foundation had land, building, and equipment with a net book value of approximately \$610,000 and \$632,000, respectively, located in France.

Note 6 - Retirement Plans

The Foundation has a defined contribution retirement plan (the "Plan") for which substantially all employees are eligible after one full year of service. The Foundation contributes 4 percent of the participant's annual compensation and will match an employee's contribution up to an additional 6 percent. Contributions to the Plan totaled \$243,898 and \$232,148 for the years ended June 30, 2025 and 2024, respectively.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 6 - Retirement Plans (Continued)

The Foundation has a 457(b) deferred compensation plan. According to the plan, the chief executive officer is eligible to make salary reduction contributions. In addition, the Foundation may make a discretionary contribution. The Foundation recorded contributions of \$21,498 and \$20,430 for the years ended June 30, 2025 and 2024, respectively. The accrued liability as of June 30, 2025 and 2024 was \$81,705 and \$56,439, respectively.

Effective November 1, 2024, the Foundation adopted a 457(f) deferred compensation plan covering the chief executive officer. The plan is unfunded and unsecured. The liability for deferred compensation under this plan is accrued over the vesting period, which expires August 31, 2030. For the year ended June 30, 2025, the Foundation recorded accrued contributions of \$16,595.

Balances in the 457(b) and 457(f) plans are maintained on the Foundation's books in a designated account, will remain the sole property of the Foundation, and are available to satisfy the claims of the general creditors of the Foundation.

Note 7 - Net Assets

Net assets with donor restrictions include endowments for which donor-imposed restrictions stipulate that they be maintained by the Foundation in perpetuity. Earnings from restricted net assets are used for either the acquisition, preservation, and restoration of art by the Foundation (Art Acquisition Endowment) or the promotion and furtherance of education in the visual and performing arts (Education Endowment). Net assets with donor restrictions as of June 30 are available for the following purposes:

	2025	2024
Subject to expenditures for a specified purpose:		
Art Acquisition Endowment	\$ 24,591,428	\$ 22,267,346
Education Endowment	15,865,200	15,865,200
Art acquisition or care of art collection	2,707,187	2,761,187
Total subject to expenditures for a specified purpose	43,163,815	40,893,733
Invested in perpetuity, including income not yet appropriated:		
Art Acquisition Endowment	51,134,405	46,247,879
Education Endowment	145,693,504	136,529,230
Total invested in perpetuity	196,827,909	182,777,109
Total net assets with donor restrictions	<u>\$ 239,991,724</u>	<u>\$ 223,670,842</u>

Note 8 - Donor-restricted Endowments

The Foundation's endowment consists of two individual funds established for a variety of purposes, as described above. Its endowment includes only donor-restricted endowment funds where distributions from the funds held in perpetuity are permitted based on a court decree described in Note 2. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 8 - Donor-restricted Endowments (Continued)

Interpretation of Relevant Law

The Foundation is subject to the State Prudent Management of Institutional Funds Act (SPMIFA). The board of directors of the Foundation has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a 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 gifts to the permanent endowment and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The endowment funds will remain classified as such until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Endowment Net Asset Composition by Type of Fund as of June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Endowment funds invested in perpetuity, pursuant to the court decree	\$ -	\$ 196,827,909	\$ 196,827,909
Accumulated investment gains	-	40,456,628	40,456,628
Total	\$ -	\$ 237,284,537	\$ 237,284,537

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ -	\$ 220,909,655	\$ 220,909,655
Investment income	-	24,820,061	24,820,061
Appropriation of endowment assets for expenditure	-	(8,445,179)	(8,445,179)
Endowment net assets - End of year	\$ -	\$ 237,284,537	\$ 237,284,537

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 8 - Donor-restricted Endowments (Continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2024			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Endowment funds invested in perpetuity, pursuant to the court decree	\$ -	\$ 182,777,109	\$ 182,777,109
Accumulated investment gains	-	38,132,546	38,132,546
Total	\$ -	\$ 220,909,655	\$ 220,909,655
Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2024			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ -	\$ 205,695,891	\$ 205,695,891
Investment income	-	23,848,731	23,848,731
Appropriation of endowment assets for expenditure	-	(8,634,967)	(8,634,967)
Endowment net assets - End of year	\$ -	\$ 220,909,655	\$ 220,909,655

Funds with Deficiencies

As of June 30, 2025 and 2024, there were no funds with deficiencies.

Return Objectives and Risk Parameters

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. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner in order to achieve an average annual rate of return of the Consumer Price Index (CPI) plus 5 percent while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year an amount that shall not exceed 5 percent of the net fair value of the funds' total assets based on a three-year trailing average of the fair value of the funds. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow annually at a level equal to changes in the CPI. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term and to provide additional real growth through new additions and investment return. The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater unless otherwise precluded by donor intent or relevant laws and regulations.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 9 - Grants Approved but Not Paid

The Foundation has conditionally approved future grant commitments in the amounts of \$1,913,178 and \$1,313,178 for the years ended June 30, 2025 and 2024, respectively. These amounts have not been recorded as a liability because the Foundation reserves the right to cancel a grant at any time if it determines that the organization receiving the grant is not administering the project and grant funds in accordance with the proposal approved by the Foundation's board of directors.

Note 10 - Leases

The Foundation was obligated under operating leases for retail space in Chicago, Illinois and office space in Paris, France. The Chicago lease was terminated effective March 31, 2025 and is not to be renewed. The Paris lease expired in July 2025 and is operating on a month-to-month basis until a formal renewal agreement is executed. The leases required the Foundation to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these leases was \$839,460 and \$1,109,665 for the years ended June 30, 2025 and 2024, respectively.

As of June 30, 2025, the right-of-use asset and related lease liability are calculated using a discount rate of 2.88 percent. The minimum commitment under this operating lease for the year ending June 30, 2026 is \$19,846.

Note 11 - Commitments

In July 2016, the Foundation entered into an agreement to lend approximately 26 of the Foundation's paintings to the Art Institute of Chicago (AIC) for five years, after which it may be renewed by mutual agreement for a term that is deemed appropriate. In September 2025, this agreement was renewed through June 30, 2026. The remainder of the art will be used in active programming of the Foundation. The Foundation is committed to making an annual contribution of \$50,000 to AIC, which is to be used to support programs, operations, and activities relating to American Art. The total future commitment is recorded in grants payable on the consolidated statement of financial position. Either party has the right to terminate the contract with nine months' notice.

Note 12 - Development Contract

The Foundation entered into a development agreement with a company to develop the Foundation's properties in Chicago that were previously used as administrative offices and museum rental property. As part of the agreement, the developer constructed a mixed-use building containing condominium units and retail and office space. Upon completion of the construction, the Foundation was to own the retail and office space in the mixed-use building, and the ground lease described below would terminate. In addition, the Foundation would own five parking spaces in the garage parcel of the mixed-use building. On February 13, 2013, the Foundation and developer closed on the transaction and the Foundation gained control over the retail space.

On March 12, 2013, the Foundation sold all the retail space. As part of this closing, the Foundation entered into two agreements with the purchaser, under which the Foundation is to pay the rentals for the remaining retail space not leased to third parties until such time as qualified tenants are under lease. The Foundation may not occupy the space. The agreements also require the payment of the Foundation's pro rata share of taxes and operating expenses. For either or both agreements, the Foundation may assign the agreement(s) to a qualified tenant(s), as defined in the agreement(s), and be fully released from all obligations upon additional payments, as defined in the agreement(s). In 2015, the Foundation was able to sublease the remaining retail space. Effective March 31, 2025, both leaseback agreements were terminated by the purchaser; and consequently, the Foundation also terminated the sublease agreement with its tenant effective April 3, 2025.

Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Note 12 - Development Contract (Continued)

As of June 30, 2024, a liability of approximately \$1,500,000 was recorded in other liabilities in the consolidated statement of financial position based upon management's estimate of future cash outflows under these agreements. As of June 30, 2025, the liability was reduced to \$0. Changes in this estimated amount are recognized as a gain or loss within the consolidated statement of activities.

Rental income recorded under the tenant agreement in the years ended June 30, 2025 and 2024 was \$254,891 and \$433,125, respectively.

Note 13 - Other Cash Flow Information

As of June 30, 2025, investments totaling \$1,025,456 were purchased and included in due to brokers. As of June 30, 2024, investments totaling \$1,109,461 were sold and included in due from brokers.