

**THE PORTLAND FOUNDATION  
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**December 31, 2025 and 2024**

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## **Independent Auditors' Report**

### **Board of Directors**

### **The Portland Foundation and Affiliates**

### **Report on the Consolidated Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of The Portland Foundation and Affiliates, which comprise the consolidated statements of financial position as of December 31, 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 referred to above present fairly, in all material respects, the consolidated financial position of The Portland Foundation and Affiliates as of December 31, 2025 and 2024, and the changes in its consolidated net assets and its consolidated 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 Consolidated Financial Statements section of our report. We are required to be independent of The Portland Foundation and Affiliates, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the 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.

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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 Portland Foundation and Affiliates' ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

### ***Auditor's Responsibilities for the Audit 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 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 consolidated 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 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 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 Portland Foundation and Affiliates' 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 Portland Foundation and Affiliates' 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.

*Estep Burkey Simmons, LLC*

Muncie, Indiana

June 17, 2026

## The Portland Foundation and Affiliates

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,

|                                                   | <b>2025</b>                 | <b>2024</b>                 |
|---------------------------------------------------|-----------------------------|-----------------------------|
| <b>ASSETS</b>                                     |                             |                             |
| Cash and cash equivalents                         | \$ 2,060,931                | \$ 2,640,644                |
| Right of use asset                                | 70,179                      | 98,250                      |
| Beneficial interest in charitable remainder trust | 1,331,110                   | 1,260,657                   |
| Investments                                       | 56,498,680                  | 46,786,042                  |
| Property and equipment                            |                             |                             |
| Early Learning Center                             | 4,334,256                   | 4,195,720                   |
| Office and computer equipment                     | 14,119                      | 14,119                      |
| Leasehold improvements                            | 351,385                     | 351,385                     |
|                                                   | <u>4,699,760</u>            | <u>4,561,224</u>            |
| Less accumulated depreciation                     | 446,430                     | 319,719                     |
|                                                   | <u>4,253,330</u>            | <u>4,241,505</u>            |
| Land - Freedom Park                               | <u>255,423</u>              | <u>255,423</u>              |
| Total property and equipment                      | <u>4,508,753</u>            | <u>4,496,928</u>            |
| Total assets                                      | <u><u>\$ 64,469,653</u></u> | <u><u>\$ 55,282,521</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>                 |                             |                             |
| <b>LIABILITIES</b>                                |                             |                             |
| Accounts payable and accrued expenses             | \$ 5,943                    | \$ 40,951                   |
| Right of use liabilities                          | 70,179                      | 98,250                      |
| Agency funds                                      | <u>1,706,404</u>            | <u>1,522,355</u>            |
| Total liabilities                                 | 1,782,526                   | 1,661,556                   |
| <b>NET ASSETS</b>                                 |                             |                             |
| Without donor restrictions                        | 4,590,916                   | 4,658,592                   |
| With donor restrictions                           | <u>58,096,211</u>           | <u>48,962,373</u>           |
| Total net assets                                  | <u>62,687,127</u>           | <u>53,620,965</u>           |
| Total liabilities and net assets                  | <u><u>\$ 64,469,653</u></u> | <u><u>\$ 55,282,521</u></u> |

The accompanying notes are an integral part of these statements.

**The Portland Foundation and Affiliates**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

**Years Ended December 31,**

|                                               | <b>2025</b>                           |                                    |                      |
|-----------------------------------------------|---------------------------------------|------------------------------------|----------------------|
|                                               | <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>         |
| Operating revenue and support                 |                                       |                                    |                      |
| Contributions                                 |                                       | \$ 4,421,827                       | \$ 4,421,827         |
| Gifts-in-kind                                 |                                       | 128,194                            | 128,194              |
| Investment return, net                        | \$ 286                                | 7,047,972                          | 7,048,258            |
| Change in value of charitable remainder trust |                                       | 70,453                             | 70,453               |
| Total operating revenue and support           | 286                                   | 11,668,446                         | 11,668,732           |
| Net assets released from restrictions:        |                                       |                                    |                      |
| Satisfaction of purpose restrictions          | 534,923                               | (534,923)                          |                      |
| Pursuant to spending policy                   | 1,999,685                             | (1,999,685)                        |                      |
| Operating expenses                            |                                       |                                    |                      |
| Program services                              | 2,226,599                             |                                    | 2,226,599            |
| Supporting services:                          |                                       |                                    |                      |
| Management and general                        | 352,741                               |                                    | 352,741              |
| Fundraising expenses                          | 23,230                                |                                    | 23,230               |
|                                               | 2,602,570                             |                                    | 2,602,570            |
| <b>CHANGE IN NET ASSETS</b>                   | (67,676)                              | 9,133,838                          | 9,066,162            |
| Net assets at beginning of year               | 4,658,592                             | 48,962,373                         | 53,620,965           |
| Net assets at end of year                     | <u>\$ 4,590,916</u>                   | <u>\$ 58,096,211</u>               | <u>\$ 62,687,127</u> |

The accompanying notes are an integral part of these statements.

| <b>2024</b>                           |                                    |                      |
|---------------------------------------|------------------------------------|----------------------|
| <b>Without Donor<br/>Restrictions</b> | <b>With Donor<br/>Restrictions</b> | <b>Total</b>         |
|                                       | \$ 4,149,023                       | \$ 4,149,023         |
|                                       | 38,788                             | 38,788               |
| \$ 575                                | 4,051,794                          | 4,052,369            |
|                                       | 40,373                             | 40,373               |
| 575                                   | 8,279,978                          | 8,280,553            |
| 3,035,871                             | (3,035,871)                        |                      |
| 1,950,513                             | (1,950,513)                        |                      |
| 1,793,120                             |                                    | 1,793,120            |
| 236,567                               |                                    | 236,567              |
| 23,835                                |                                    | 23,835               |
| 2,053,522                             |                                    | 2,053,522            |
| 2,933,437                             | 3,293,594                          | 6,227,031            |
| 1,725,155                             | 45,668,779                         | 47,393,934           |
| <u>\$ 4,658,592</u>                   | <u>\$ 48,962,373</u>               | <u>\$ 53,620,965</u> |

**The Portland Foundation and Affiliates**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

**Years Ended December 31,**

|                           | <b>2025</b>              |                                     |                    |                     |
|---------------------------|--------------------------|-------------------------------------|--------------------|---------------------|
|                           | <b>Grant-<br/>making</b> | <b>Management<br/>&amp; General</b> | <b>Fundraising</b> | <b>Total</b>        |
| Salaries and wages        | \$ 120,427               | \$ 114,563                          | \$ 16,000          | \$ 250,990          |
| Payroll taxes             | 8,636                    | 8,216                               | 1,147              | 17,999              |
| Employee benefits         | 6,748                    | 6,420                               | 897                | 14,065              |
| Conferences and meetings  |                          | 3,196                               |                    | 3,196               |
| Grants                    | 2,013,502                |                                     |                    | 2,013,502           |
| Development               |                          |                                     | 1,473              | 1,473               |
| Annual meeting            |                          |                                     | 275                | 275                 |
| Printing and publications |                          | 10,722                              |                    | 10,722              |
| Postage                   |                          | 1,699                               |                    | 1,699               |
| Insurance                 | 15,918                   | 2,865                               |                    | 18,783              |
| Advertising               |                          |                                     | 3,438              | 3,438               |
| Office supplies           |                          | 2,260                               |                    | 2,260               |
| Professional fees         |                          | 20,435                              |                    | 20,435              |
| Rent                      |                          | 32,400                              |                    | 32,400              |
| Utilities                 | 55,320                   | 4,771                               |                    | 60,091              |
| Telephone                 |                          | 2,582                               |                    | 2,582               |
| Dues and subscriptions    |                          | 244                                 |                    | 244                 |
| Repairs and maintenance   | 6,048                    | 15,616                              |                    | 21,664              |
| Miscellaneous             |                          | 41                                  |                    | 41                  |
| Depreciation              |                          | 126,711                             |                    | 126,711             |
|                           | <u>\$ 2,226,599</u>      | <u>\$ 352,741</u>                   | <u>\$ 23,230</u>   | <u>\$ 2,602,570</u> |

The accompanying notes are an integral part of these statements.

| 2024                |                      |                  |                     |
|---------------------|----------------------|------------------|---------------------|
| Grant-making        | Management & General | Fundraising      | Total               |
| \$ 114,771          | \$ 106,223           | \$ 15,225        | \$ 236,219          |
| 8,185               | 7,576                | 1,086            | 16,847              |
| 6,683               | 6,185                | 887              | 13,755              |
|                     | 2,890                |                  | 2,890               |
| 1,609,908           |                      |                  | 1,609,908           |
|                     |                      | 2,188            | 2,188               |
|                     |                      | 275              | 275                 |
|                     | 4,349                |                  | 4,349               |
|                     | 2,197                |                  | 2,197               |
| 15,615              | 2,496                |                  | 18,111              |
|                     |                      | 4,174            | 4,174               |
|                     | 1,341                |                  | 1,341               |
|                     | 20,446               |                  | 20,446              |
|                     | 32,400               |                  | 32,400              |
| 30,829              | 2,805                |                  | 33,634              |
|                     | 2,529                |                  | 2,529               |
|                     | 240                  |                  | 240                 |
| 7,129               | 13,271               |                  | 20,400              |
|                     | 41                   |                  | 41                  |
|                     | 31,578               |                  | 31,578              |
| <u>\$ 1,793,120</u> | <u>\$ 236,567</u>    | <u>\$ 23,835</u> | <u>\$ 2,053,522</u> |

## The Portland Foundation and Affiliates

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31,

|                                                                                                | <b>2025</b>         | <b>2024</b>         |
|------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Cash flows from operating activities:                                                          |                     |                     |
| Increase in net assets                                                                         | \$ 9,066,162        | \$ 6,227,031        |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |                     |                     |
| Depreciation                                                                                   | 126,711             | 31,578              |
| Realized and unrealized gains                                                                  | (5,812,260)         | (2,709,720)         |
| Contributions to funds held in perpetuity                                                      | (2,436,062)         | (2,291,369)         |
| Non-cash contributions                                                                         | (128,194)           | (38,788)            |
| Beneficial interest in charitable remainder trust                                              | (70,453)            | (40,373)            |
| Increase (decrease) in liabilities:                                                            |                     |                     |
| Accounts payable                                                                               | (35,008)            | (499,491)           |
| Agency funds                                                                                   | 184,049             | 73,168              |
| Net cash provided by operating activities                                                      | 894,945             | 752,036             |
| Cash flows from investing activities:                                                          |                     |                     |
| Purchases of property and equipment                                                            | (138,536)           | (3,106,851)         |
| Proceeds from the sales of investments                                                         | 23,620,014          | 6,529,721           |
| Purchase of investments                                                                        | (27,392,198)        | (6,663,059)         |
| Net cash used in investing activities                                                          | (3,910,720)         | (3,240,189)         |
| Cash flows from financing activities:                                                          |                     |                     |
| Cash received from contributors for funds held in perpetuity                                   | 2,436,062           | 2,291,369           |
| Net cash provided by financing activities                                                      | 2,436,062           | 2,291,369           |
| Net decrease in cash and cash equivalents                                                      | (579,713)           | (196,784)           |
| Cash and cash equivalents at beginning of year                                                 | 2,640,644           | 2,837,428           |
| Cash and cash equivalents at end of year                                                       | <u>\$ 2,060,931</u> | <u>\$ 2,640,644</u> |
| <u>Supplemental Disclosure</u>                                                                 |                     |                     |
| Non-cash contributions                                                                         | \$ 128,194          | \$ 38,788           |

The accompanying notes are an integral part of these statements.

## The Portland Foundation and Affiliates

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 and 2024

#### NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

##### 1. Nature of Activities

The Portland Foundation (organized as a trust) and The Portland Foundation, Inc. (affiliate) (together the Foundation) are not-for-profit organizations that were organized under the laws of the State of Indiana. The Foundation receives gifts from individuals, foundation, and organizations and places them into individual funds that match giving priorities of the donors. The majority of the gifts are endowment gifts which are preserved into perpetuity, the income of which is returned to the Jay County community through grants and scholarships.

The Portland Foundation Building Corporation, Inc. was incorporated in the state of Indiana to support The Portland Foundation by holding any real estate owned by the Foundation.

##### 2. Basis of Presentation

Net assets, support, investment return, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. While most gift instruments give the Foundation's Board of Directors the right to vary the terms of the gift, this only allows for a limited right of modification and does not relieve the restrictions imposed by the donor. Accordingly, the net assets of the Foundation are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and comprised of the Foundation's operating fund and unrestricted income from endowment funds.

Net assets with donor restrictions - Net assets not yet appropriated for expenditure by the Foundation's Board of Directors in accordance with their spending policy or that have donor-imposed restrictions relating to a stipulated purpose or a specified time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished or amounts have been allocated for expenditure by the Board of Directors, net assets are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as net assets released from restrictions.

##### 3. Contributions

Contributions are recognized when the donor makes a promise to give to the Foundation that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the financial year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

## The Portland Foundation and Affiliates

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 and 2024

## NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Cash and Cash Equivalents

The Foundation maintains its cash in accounts at local financial institutions, which are insured by agencies of the U.S. Government. For purposes of the Consolidated Statements of Cash Flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

5. Investments

The Foundation records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Consolidated Statements of Financial Position. Net investment return/(loss) is reported in the Consolidated Statements of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expenses.

6. Property and Equipment

Property and equipment is stated at cost. Donated equipment is recorded as support at the estimated fair value at the date of gift. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Depreciation is computed according to the estimated useful lives of the respective assets using the straight-line method with useful lives ranging from three to fifteen years.

Depreciation expense totaled \$126,711 and \$31,578 for the years ending December 31, 2025 and 2024, respectively.

7. Income Taxes

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision has been made for income taxes.

8. Administrative Fees

The Foundation assesses an administrative charge of 1% on endowment and pass-through funds. Fees are assessed quarterly based on the quarterly balance one prior quarter. This amount is used primarily to support the operations of the Foundation.

9. Compensated Absences

The employees of the Foundation earn vacation days based upon length of service. Vacation days must be used by the end of the calendar year. Employees are entitled to five sick days per year. Unused vacation and sick days are not paid out upon termination. The Foundation's policy is to recognize the cost of compensated absences when actually paid to employees.

## The Portland Foundation and Affiliates

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 and 2024

## NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Uncertain Tax Positions

The Foundation recognizes a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. The Foundation has examined this issue and has determined there are no material contingent tax liabilities.

The Foundation's federal and state exempt organization tax returns for 2022, 2023, and 2024 are subject to examination by the Internal Revenue Service and the Indiana Department of Revenue. Returns are generally subject to examination for three years after they are filed.

11. Functional Allocation of Expenses

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Those expenses include depreciation, insurance, printing and publications, rent, telephone, repairs and maintenance, office supplies, postage, salaries and wages, payroll taxes, benefits, conferences and meetings, and miscellaneous expenses. These expenses are allocated on the basis of estimates of time and effort.

12. In-Kind Contributions

During the years ended December 31, 2025 and 2024 the value of contributed services meeting the requirements for recognition in the consolidated financial statements was not material and has not been recorded. During the year ended December 31, 2025 and 2024, the Foundation received gifts of grain in the amount of \$31,006 and \$8,222, respectively. During the years ended December 31, 2025 and 2024, the Foundation received public securities with a value of \$97,188 and \$30,566, respectively. It is the Foundation's policy to immediately liquidate gifts of public securities and gifts of grain and invest the proceeds in compliance with the Foundation's investment policy.

13. Concentration of Credit Risk

The Foundation maintains its cash in bank deposit accounts at high credit quality financial institutions. At December 31, 2025 and 2024, the Foundation exceeded the insured limit by \$0- and \$149,159, respectively.

14. Concentration of Revenue Risk

During the year ended December 31, 2024, the Foundation received 82% of its support from five donors. This concentration did not recur during the year ended December 31, 2025.

**The Portland Foundation and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2025 and 2024**

**NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - Continued**

15. Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE B - BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUST**

A donor established two trusts with a naming the Foundation as the lead beneficiary of the charitable remainder unitrusts. Under this type of charitable remainder trust, the donor is to receive distributions in the amount of 5% of the fair value of the trust annually until death. Upon the death of the donor, the remaining assets in the trust pass to the Foundation for donor restricted use. Based on the donor's life expectancy and a discount rate of 4.6% and 5.0%, the present value of future benefits expected to be received by the Foundation was estimated to be \$1,331,110 and \$1,260,657 at December 31, 2025 and 2024, respectively, and is recorded as a net asset with donor restrictions. The change in value of the split interest agreement for the years ended December 31, 2025 and 2024 was \$70,453 and \$40,373, respectively, and is reflected in the Consolidated Statements of Activities.

**NOTE C - FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A hierarchy of inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Foundation. Unobservable inputs are inputs that reflect the Foundation's assumptions about the assumptions that market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

## The Portland Foundation and Affiliates

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 and 2024

## NOTE C - FAIR VALUE MEASUREMENTS - Continued

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

|                                                   |    | 2025       |               |         |              |
|---------------------------------------------------|----|------------|---------------|---------|--------------|
|                                                   |    | Fair Value | Level 1       | Level 2 | Level 3      |
| Assets:                                           |    |            |               |         |              |
| Beneficial interest in charitable remainder trust |    |            |               |         |              |
|                                                   | \$ | 1,331,110  |               | \$      | 1,331,110    |
| Investments                                       |    |            |               |         |              |
| Paintings                                         | \$ | 11,450     |               |         | \$ 11,450    |
| Property held in life estate                      | \$ | 1,943,648  |               |         | \$ 1,943,648 |
| Mutual funds - equities                           | \$ | 43,639,342 | \$ 43,639,342 |         |              |
| Mutual funds - fixed income                       | \$ | 10,904,240 | \$ 10,904,240 |         |              |

|                                                   |    | 2024       |               |         |           |
|---------------------------------------------------|----|------------|---------------|---------|-----------|
|                                                   |    | Fair Value | Level 1       | Level 2 | Level 3   |
| Assets:                                           |    |            |               |         |           |
| Beneficial interest in charitable remainder trust |    |            |               |         |           |
|                                                   | \$ | 1,260,657  |               | \$      | 1,260,657 |
| Investments                                       |    |            |               |         |           |
| Paintings                                         | \$ | 11,050     |               |         | \$ 11,050 |
| Mutual funds - equities                           | \$ | 35,541,655 | \$ 35,541,655 |         |           |
| Mutual funds - fixed income                       | \$ | 11,233,337 | \$ 11,233,337 |         |           |

The following schedules provide further detail of the investments being held as Level 3 fair value measurements using significant unobservable inputs at December 31, 2025 and 2024:

|                   |    | Level 3 |           |
|-------------------|----|---------|-----------|
|                   |    | 2025    | 2024      |
| Paintings         |    |         |           |
| Beginning balance | \$ | 11,050  | \$ 11,050 |
| Unrealized gains  |    | 400     | -0-       |
| Ending balance    | \$ | 11,450  | \$ 11,050 |

## The Portland Foundation and Affiliates

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 and 2024

## NOTE C - FAIR VALUE MEASUREMENTS - Continued

|                              | Level 3             |               |
|------------------------------|---------------------|---------------|
|                              | 2025                | 2024          |
| Property held in life estate |                     |               |
| Beginning balance            | \$ -0-              | \$ -0-        |
| Contribution                 | 1,943,648           | -0-           |
| Ending balance               | <u>\$ 1,943,648</u> | <u>\$ -0-</u> |

Fair values for beneficial interest in charitable remainder trust and investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value for the beneficial interest in charitable remainder trust is determined by calculating the present value of the trust using published life expectancy tables. The fair value of the Level 3 paintings of is determined by reference to an appraisal. The fair value of the Level 3 property held in life estate is determined by a present value calculation.

## NOTE D - OPERATING LEASES

The Foundation entered into a lease for office space which expires in June 2028 with monthly payments of \$2,700. Rent expense was \$32,400 and \$32,400 for the years ended December 31, 2025 and 2024, respectively. The following table discloses the undiscounted cash flows due related to operating leases, as of December 31, 2025, along with a reconciliation to the discounted amount recorded on the Consolidated Statements of Financial Position.

|                              |                  |
|------------------------------|------------------|
| 2026                         | \$ 32,400        |
| 2027                         | 32,400           |
| 2028                         | 16,200           |
| 2029                         | -0-              |
| 2030                         | -0-              |
|                              | <u>81,000</u>    |
| Present value discount       | <u>10,821</u>    |
| Right of use asset/liability | <u>\$ 70,179</u> |

## NOTE E - RISKS AND UNCERTAINTIES

The Foundation holds a variety of investments (Note F). Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying consolidated financial statements.

## The Portland Foundation and Affiliates

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 and 2024

## NOTE F - INVESTMENTS

The following is an analysis of the fair value at December 31, 2025 and 2024 by type of investment.

|                                       | Fair Value    |               |
|---------------------------------------|---------------|---------------|
|                                       | 2025          | 2024          |
| Paintings                             | \$ 11,450     | \$ 11,050     |
| Property held in life estate          | 1,943,648     |               |
| Mutual funds - equities:              |               |               |
| Foreign large blend                   | 5,455,879     | 5,134,432     |
| Foreign large growth                  | 1,910,215     | 17,862        |
| Foreign large value                   | 978,685       | 1,394,451     |
| Global large stock growth             | 34,562        | 36,490        |
| Diversified emerging markets          | 2,543,741     | 1,919,855     |
| Small growth                          | 562,158       | 50,560        |
| Small value                           | 516,223       | 999,188       |
| Small blend                           | 2,928,785     | 2,281,775     |
| Mid-cap blend                         | 822,678       | 747,404       |
| Mid-cap growth                        | 226,094       | 225,636       |
| Large value                           | 837,367       | 2,841,853     |
| Large growth                          | 93,832        | 2,423,185     |
| Large blend                           | 21,563,803    | 10,460,323    |
| Options trading                       | 1,459,681     | 1,814,707     |
| Tactical allocation                   | 397,866       | 1,034,641     |
| Infrastructure                        | 446,629       |               |
| Energy                                | 781,165       | 925,833       |
| Derivative income                     | 455,516       | 425,652       |
| Commodities broad basket              | 213,306       | 561,675       |
| Systematic trend                      | 289,877       |               |
| Real estate                           | 1,121,280     | 2,246,133     |
| Total mutual funds - equities         | 43,639,342    | 35,541,655    |
| Mutual funds - fixed income:          |               |               |
| Multisector bond                      | 11,478        |               |
| Long government                       | 647,985       | 625,441       |
| Intermediate government               | 171,745       | 161,808       |
| Conservative allocation               | 84,944        | 1,091,433     |
| Inflation-protected bond              |               | 724,118       |
| Short-term bond                       | 5,803,931     | 728,087       |
| Intermediate-term bond                | 4,109,976     | 7,833,873     |
| Nontraditional bond                   | 74,181        | 68,577        |
| Total mutual funds - fixed income     | 10,904,240    | 11,233,337    |
| Total investments, at fair value      | \$ 56,498,680 | \$ 46,786,042 |
| Total investments, at historical cost | \$ 47,085,765 | \$ 40,693,869 |

**The Portland Foundation and Affiliates****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2025 and 2024****NOTE G - ENDOWMENT FUNDS**

At December 31, 2025 and 2024, the Foundation's endowment consists of donor-restricted endowment funds established to support designated charitable purposes and organizations. 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.

The Board of Directors of the Foundation has interpreted the Indiana Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2025 and 2024, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The Foundation has adopted investment and spending policies for endowment assets to attempt to provide a predictable stream of funding for granting purposes while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must use for a donor-specified purpose. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce long-term growth of capital without undue exposure to risk. The Foundation expects its endowment funds, over time, to grow at a rate equal or greater than the Consumer Price Index plus any distributions and administrative expenses. Actual returns in any given year may vary from this amount.

## The Portland Foundation and Affiliates

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 and 2024

## NOTE G - ENDOWMENT FUNDS - Continued

Endowment net asset composition by type of fund as of December 31, 2025 and 2024 was as follows:

|                                       | With Donor Restrictions |                      |
|---------------------------------------|-------------------------|----------------------|
|                                       | 2025                    | 2024                 |
| Donor-restricted endowment funds:     |                         |                      |
| Original donor-restricted gift amount |                         |                      |
| and amounts required to be maintained |                         |                      |
| in perpetuity by donor                | \$ 38,634,863           | \$ 36,198,801        |
| Accumulated investment gains          | 18,536,386              | 12,364,413           |
|                                       | <u>\$ 57,171,249</u>    | <u>\$ 48,563,214</u> |

Changes in endowment net assets for the years ended December 31, 2025 and 2024 were as follows:

|                                         | With Donor Restrictions |                      |
|-----------------------------------------|-------------------------|----------------------|
|                                         | 2025                    | 2024                 |
| Revenue and support                     |                         |                      |
| Contributions                           | \$ 3,444,742            | \$ 1,247,774         |
| Investment return, net                  | 7,162,978               | 3,958,190            |
| Total revenue and support               | 10,607,720              | 5,205,964            |
| Appropriation of endowment              |                         |                      |
| assets for expenditure                  | 1,999,685               | 1,950,513            |
| Change in endowment net assets          | 8,608,035               | 3,255,451            |
| Endowment net assets, beginning of year | 48,563,214              | 45,307,763           |
| Endowment net assets, end of year       | <u>\$ 57,171,249</u>    | <u>\$ 48,563,214</u> |

Occasionally, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that UPMIFA requires the Foundation to retain as a fund of perpetual duration. As of December 31, 2025, none of the endowment funds had deficiencies. As of December 31, 2024, 16 of the 443 endowment funds had deficiencies totaling \$82,211. Deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions and continued appropriation for certain programs that was deemed prudent by the board of directors.

The Foundation has adopted investment and spending policies for endowment assets with an objective 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, the endowment assets are invested in a manner intended to produce positive results while assuming a moderate level of investment risk. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investments are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

## The Portland Foundation and Affiliates

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 and 2024

**NOTE G - ENDOWMENT FUNDS** - Continued

The Foundation has a policy of appropriating for distribution each year a discretionary amount, of 4%, based on its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. 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 as well as to provide additional real growth through new gifts and investment return.

**NOTE H - RETIREMENT PLAN**

The Foundation set-up a retirement plan during 2008 for employees. The contribution is determined annually by the Board of Directors. The Foundation's contribution to the retirement plan for the years ended December 31, 2025 and 2024 was \$13,325 and \$13,000, respectively.

**NOTE I - NET ASSETS RELEASED FROM DONOR RESTRICTION**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31, 2025 and 2024:

|                                                                    | <b>2025</b>                | <b>2024</b>                |
|--------------------------------------------------------------------|----------------------------|----------------------------|
| Purpose restrictions accomplished:                                 |                            |                            |
| Pass throughs                                                      | \$ 81,651                  | \$ 163,298                 |
| Early Learning Center                                              | 264,736                    | 2,832,573                  |
| GIFT IX granting                                                   | 188,536                    |                            |
| GIFT VIII Planning Grant                                           |                            | 40,000                     |
|                                                                    | <u>534,923</u>             | <u>3,035,871</u>           |
| Restricted-purpose spending-rate distributions and appropriations: |                            |                            |
| Donor designated                                                   | 400,082                    | 403,261                    |
| Donor advised                                                      | 77,964                     | 60,324                     |
| Field of interest                                                  | 35,199                     | 39,875                     |
| Operations                                                         | 43,198                     | 43,271                     |
| Scholarships                                                       | 540,736                    | 503,612                    |
| Dunkirk community funds                                            | 93,256                     | 95,484                     |
| Community grants                                                   | 809,250                    | 804,686                    |
|                                                                    | <u>1,999,685</u>           | <u>1,950,513</u>           |
|                                                                    | <u><u>\$ 2,534,608</u></u> | <u><u>\$ 4,986,384</u></u> |

## The Portland Foundation and Affiliates

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 and 2024

## NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2025 and 2024:

|                                                                           | <b>2025</b>          | <b>2024</b>          |
|---------------------------------------------------------------------------|----------------------|----------------------|
| Subject to expenditure for a specific purpose:                            |                      |                      |
| Pass through                                                              | \$ 363,498           | \$ 399,159           |
| GIFT IX granting                                                          | 561,464              |                      |
|                                                                           | 924,962              | 399,159              |
| Endowments:                                                               |                      |                      |
| Subject to appropriation and expenditure when<br>a specific event occurs: |                      |                      |
| Restricted by donors for:                                                 |                      |                      |
| Donor designated                                                          | 15,499               | 16,611               |
| Donor advised                                                             | 3,919                | 6,262                |
| Field of interest                                                         | 155                  | 158                  |
| Scholarships                                                              | 29,960               | 678                  |
| Community grants                                                          | 8,161                | 3,079                |
|                                                                           | 57,694               | 26,788               |
| Subject to the passage of time:                                           |                      |                      |
| Proceeds from charitable remainder trust upon<br>death of the trustor     | 1,331,110            | 1,260,657            |
| Subject to Foundation spending and appropriation:                         |                      |                      |
| Donor designated                                                          | 15,017,747           | 11,647,903           |
| Donor advised                                                             | 928,846              | 785,412              |
| Field of interest                                                         | 1,369,449            | 1,222,143            |
| Scholarships                                                              | 15,322,511           | 13,035,460           |
| Operating                                                                 | 1,108,558            | 888,781              |
| Dunkirk community funds                                                   | 2,481,184            | 2,224,537            |
| Community grants                                                          | 19,554,150           | 17,553,744           |
| Underwater endowments                                                     |                      | (82,211)             |
|                                                                           | 55,782,445           | 47,275,769           |
|                                                                           | <u>\$ 58,096,211</u> | <u>\$ 48,962,373</u> |

## NOTE K - RELATED PARTIES

Several board members of the Foundation also serve as board members of other organizations that receive grants from the Foundation. Additionally, there are board members employed at other organizations that receive grants from the Foundation.

## The Portland Foundation and Affiliates

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025 and 2024

**NOTE K - RELATED PARTIES** - Continued

Furthermore, for the years ending December 31, 2025 and 2024, the Foundation leases office space from an organization where a related party serves as the Executive Director. Rent expense for the years ending December 31, 2025 and 2024 totaled \$32,400 and \$32,400, respectively.

In addition, the Foundation maintained investments at a brokerage firm for which a related party worked as the financial advisor of the investments. The value of these investments totaled \$339,643 and \$307,967 at December 31, 2025 and 2024, respectively.

**NOTE L - AGENCY FUNDS**

The Foundation reports contributions as a liability when third party organizations transfer these assets to the Foundation and specify themselves, or their affiliates, as the beneficiary. These liabilities are offset by the Foundation's investments. During the years ended December 31, 2025 and 2024, the following activity occurred in the agency funds held by the Foundation. These amounts are not reflected on the Consolidated Statements of Activities.

|                              | <u>2025</u>                | <u>2024</u>                |
|------------------------------|----------------------------|----------------------------|
| Support and revenue          |                            |                            |
| Contributions and pledges    | \$ -                       | \$ 2,404                   |
| Investment return, net       | <u>223,796</u>             | <u>131,969</u>             |
|                              | \$ 223,796                 | \$ 134,373                 |
| Expenses                     |                            |                            |
| Grants expense               | <u>39,747</u>              | <u>61,205</u>              |
|                              | <u>39,747</u>              | <u>61,205</u>              |
| Increase in agency funds     | 184,049                    | 73,168                     |
| Balance at beginning of year | <u>1,522,355</u>           | <u>1,449,187</u>           |
| Balance at end of year       | <u><u>\$ 1,706,404</u></u> | <u><u>\$ 1,522,355</u></u> |

**NOTE M - LIQUIDITY**

The Foundation has financial assets available within one year of the Consolidated Statements of Financial Position date consists of cash totaling \$608,834 and \$589,261 as December 31, 2025 and 2024.

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Consolidated Statements of Financial Position date. As part of its liquidity management, the Foundation invests cash in excess of daily requirements in various cash equivalents including money market funds and other interest earning opportunities.

**The Portland Foundation and Affiliates**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2025 and 2024**

**NOTE N - SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through June 17, 2026, which is the date these consolidated financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2025 have been incorporated into these consolidated financial statements herein.