

BIG SHOULDERS FUND
CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

BIG SHOULDERS FUND
Chicago, Illinois

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Big Shoulders Fund
Chicago, Illinois

Opinion

We have audited the consolidated financial statements of Big Shoulders Fund (the "Fund"), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Fund as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Fund's ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Fund'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 Fund's ability to continue as a going concern for a reasonable period of time.

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

Crowe LLP

Crowe LLP

Chicago, Illinois
September 30, 2025

BIG SHOULDERS FUND
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 3,842,026	\$ 13,306,952
Investments:		
Investments attributable to endowments	41,028,424	38,208,506
Other investments	64,172,461	61,794,195
Total investments	<u>105,200,885</u>	<u>100,002,701</u>
Pledges receivable, net	40,607,154	36,124,799
Fixed assets, net	19,855	29,037
Other assets	285,569	463,958
Right of use asset	<u>2,130,502</u>	<u>207,383</u>
Total	<u>\$ 152,085,991</u>	<u>\$ 150,134,830</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,202,263	\$ 1,301,263
Deferred revenue	404,000	392,235
Agency payables	151,238	475,202
Lease liability	2,130,502	217,131
Grants payable, net	18,773,078	16,919,074
Total liabilities	<u>22,661,081</u>	<u>19,304,905</u>
NET ASSETS		
Without donor restrictions	39,896,440	41,875,236
With donor restrictions	<u>89,528,470</u>	<u>88,954,689</u>
Total net assets	<u>129,424,910</u>	<u>130,829,925</u>
Total	<u>\$ 152,085,991</u>	<u>\$ 150,134,830</u>

See accompanying notes to consolidated financial statements.

BIG SHOULDERS FUND
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2025

	2025		
	Without Donor <u>Retrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Changes in net assets - operating			
Public support and other revenue			
Contributions	\$ 5,926,144	\$ 31,120,481	\$ 37,046,625
Other income	204,920	630,499	835,419
In-kind contributions	187,839	-	187,839
Less amounts designated to other organizations by donors	-	(1,127,762)	(1,127,762)
Fundraising events revenue, net	<u>3,543,749</u>	<u>790,750</u>	<u>4,334,499</u>
Total public support and event revenue	9,862,652	31,413,968	41,276,620
Net interest income - operating	963,630	-	963,630
Endowment earnings used for programs and operations	1,020,089	754,866	1,774,955
Net assets released from restrictions	<u>33,111,677</u>	<u>(33,111,677)</u>	<u>-</u>
Net contributions and other revenue available for operations	44,958,048	(942,843)	44,015,205
Expenses			
Program expense	50,401,731	-	50,401,731
Management expense	1,800,991	-	1,800,991
Fundraising expense	<u>1,355,757</u>	<u>-</u>	<u>1,355,757</u>
Total expenses	<u>53,558,479</u>	<u>-</u>	<u>53,558,479</u>
Changes in net assets - operating	(8,600,431)	(942,843)	(9,543,274)
Changes in net assets - non-operating			
Contributions	-	452,264	452,264
Net investment return - non-operating	7,641,724	1,819,226	9,460,950
Less endowment earnings used for programs and operations	<u>(1,020,089)</u>	<u>(754,866)</u>	<u>(1,774,955)</u>
Changes in net assets - non-operating	<u>6,621,635</u>	<u>1,516,624</u>	<u>8,138,259</u>
Changes in net assets	(1,978,796)	573,781	(1,405,015)
Net assets at beginning of year	<u>41,875,236</u>	<u>88,954,689</u>	<u>130,829,925</u>
Net assets at end of year	<u>\$ 39,896,440</u>	<u>\$ 89,528,470</u>	<u>\$ 129,424,910</u>

See accompanying notes to consolidated financial statements.

BIG SHOULDERS FUND
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2024

	2024		
	Without Donor <u>Retrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Changes in net assets - operating			
Public support and other revenue			
Contributions	\$ 18,009,829	\$ 53,464,395	\$ 71,474,224
Other income	196,437	745,862	942,299
In-kind contributions	39,741	-	39,741
Less amounts designated to other organizations by donors	-	(24,055,083)	(24,055,083)
Fundraising events revenue, net	<u>300,500</u>	<u>848,503</u>	<u>1,149,003</u>
Total public support and event revenue	18,546,507	31,003,677	49,550,184
Net interest income - operating	1,420,306	-	1,420,306
Endowment earnings used for programs and operations	1,063,087	779,920	1,843,007
Net assets released from restrictions	<u>21,319,248</u>	<u>(21,319,248)</u>	<u>-</u>
Net contributions and other revenue available for operations	42,349,148	10,464,349	52,813,497
Expenses			
Program expense	39,465,055	-	39,465,055
Management expense	1,654,247	-	1,654,247
Fundraising expense	<u>1,441,883</u>	<u>-</u>	<u>1,441,883</u>
Total expenses	<u>42,561,185</u>	<u>-</u>	<u>42,561,185</u>
Changes in net assets - operating	(212,037)	10,464,349	10,252,312
Changes in net assets - non-operating			
Contributions	-	82,814	82,814
Net investment return - non-operating	7,676,065	1,981,913	9,657,978
Less endowment earnings used for programs and operations	<u>(1,063,087)</u>	<u>(779,920)</u>	<u>(1,843,007)</u>
Changes in net assets - non-operating	<u>6,612,978</u>	<u>1,284,807</u>	<u>7,897,785</u>
Changes in net assets	6,400,941	11,749,156	18,150,097
Net assets at beginning of year	<u>35,474,295</u>	<u>77,205,533</u>	<u>112,679,828</u>
Net assets at end of year	<u>\$ 41,875,236</u>	<u>\$ 88,954,689</u>	<u>\$ 130,829,925</u>

See accompanying notes to consolidated financial statements.

BIG SHOULDERS FUND
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets (total operating and non-operating activities)	\$ (1,405,015)	\$ 18,150,097
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Net investment gains	(9,458,230)	(9,154,815)
Depreciation expense	9,182	9,184
Noncash contribution of securities	-	(9,299,778)
Contributions for permanent endowment fund	(452,264)	(82,814)
Noncash lease expense	180,929	135,852
Changes in assets and liabilities:		
Pledges receivable	(4,482,355)	(8,756,441)
Other assets	178,389	592,050
Accounts payable and accrued expenses	(99,000)	494,881
Deferred revenue	11,765	128,997
Agency payable	(323,964)	(9,262,482)
Lease liability	(190,677)	(166,153)
Grants payable	1,854,004	5,365,909
Net cash flows from operating activities	<u>(14,177,236)</u>	<u>(11,845,513)</u>
Cash flows from investing activities		
Purchases of investments	(30,303,499)	(21,446,705)
Proceeds from sales of investments	<u>34,563,545</u>	<u>11,498,256</u>
Net cash flows from investing activities	4,260,046	(9,948,449)
Cash flows from financing activities		
Contributions for permanent endowment fund	<u>452,264</u>	<u>82,814</u>
Net cash flows from financing activities	<u>452,264</u>	<u>82,814</u>
Change in cash and cash equivalents	(9,464,926)	(21,711,148)
Cash and cash equivalents at beginning of year	<u>13,306,952</u>	<u>35,018,100</u>
Cash and cash equivalents at end of year	<u><u>\$ 3,842,026</u></u>	<u><u>\$ 13,306,952</u></u>
Supplementary cash flow information		
Noncash contributions of securities to be used for operations not liquidated during the year	\$ -	\$ 9,299,778
Assets obtained in exchange for operating lease obligations	2,104,048	-

See accompanying notes to consolidated financial statements.

BIG SHOULDERS FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 1 - NATURE OF OPERATIONS

Big Shoulders Fund (the “Fund”) is an independent 501(c)(3) corporation established in 1986. The Fund provides support to schools in the neediest areas of Chicagoland and Northwest Indiana. The funds raised by Big Shoulders Fund are used for student scholarships, academic enrichment programs, teacher and leadership development, and operating grants. Educating children in underserved communities from all backgrounds, the Big Shoulders Fund schools are seen as anchors in their communities and in the lives of the families they serve. The Fund seeks to offer children and their parents the choice of quality, values-based education in a safe and structured environment.

These consolidated financial statements reflect the financial position, changes in net assets, and cash flows of the Fund. The Archdiocese of Chicago and the Diocese of Gary, Indiana together with their respective schools are separate and distinct organizations whose activities are not reflected in these consolidated financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation: The consolidated financial statements include the accounts of Big Shoulders Fund and Southeast Side Experience Incubator (SSEI).

SSEI was incorporated in 2022, with the Fund as the single member, began operations on July 1, 2022, and provides Work Study Programs for students of St. Francis de Sales High School to gain valuable life experience and develop real world job skills while continuing to receive a high-quality college prep education.

Basis of Accounting: The consolidated financial statements of the Fund are prepared on the accrual basis of accounting.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“US GAAP”) 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Operations: The Fund classifies changes in net assets as either operating or non-operating activity. Non-operating activity includes endowment contributions, returns on long-term investments and endowments in excess of amounts used or appropriated for use in programs and operations, and other infrequent changes in net assets. Operating activity includes all other activity not classified as non-operating. For purposes of the consolidated statement of cash flows only, “operating activities” refers to the changes both in operating and non-operating net assets.

Revenue Recognition: Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Realized and unrealized gains and losses on investments are reported as increases or decreases in net assets without donor restrictions in the consolidated statements of activities unless their use is restricted by explicit donor stipulations or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets in the consolidated statement of activities as net assets released from restrictions.

(Continued)

BIG SHOULDERS FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions: Unconditional contributions with a readily determinable fair value are reflected in the consolidated financial statements at the time contributions are received. Conditional gifts, with a barrier and right of return, are not recognized until the conditions on which they depend are met or explicitly waived by the donor. Multi-year pledges are recorded at the risk-adjusted present value of their expected future payments. Contributions received with donor-imposed restrictions that are met in the same year as the contributions are received are reported as revenue with donor restriction and released from restriction in the same period.

Contributions designated by donors for use by specific beneficiaries/other organizations are known as agency transactions. Current US GAAP requires the exclusion of these receipts from revenue. However, to present the full results of the Fund's fundraising efforts, which includes these transactions, they are included along with other contributions received by the Fund on the consolidated statement of activities and are then presented as a reduction of gross contribution revenue in the same period the contribution revenue is recognized. On the consolidated statement of financial position, they are recorded as liabilities of the Fund. Expenditures made because of agency transactions reduce these liabilities when the payment is made. Agency transactions were primarily generated by the Invest in Kids Scholarship Tax Credit Program, which ended on December 31, 2023.

Fundraising Events: The Fund holds fundraising events each year. In conjunction with these events, the Fund may receive event contributions or event revenue. The Fund defines event contributions as receipts for which the donor receives no goods or services of value in return.

The Fund defines event revenue as receipts for which the donor receives something of value in return, such as dinner, foursomes at a golf outing, auction items, etc. "Fundraising events revenue, net" on the consolidated statements of activities represents event revenue, as defined above, less direct event expenses. Event revenue is recognized at the point in time when the event occurs. The Fund had no costs that were capitalized to obtain or to fulfill a contract with a customer.

Functional Expenses: Operating expenses directly identified with a functional area (program, management, or fundraising) are charged to that area. When expenses affect more than one area, they are allocated based on employee hours or other relevant means.

Cash and Cash Equivalents: Cash equivalents are defined as all highly liquid debt instruments with original maturities of three months or less, which are not part of investments. The Fund maintains cash balances at certain financial institutions more than the insurance limits provided by the Federal Deposit Insurance Corporation. The Fund has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in cash.

Investments: Investments in marketable securities with readily determinable fair values are valued primarily from quoted market prices, where available, or quoted market prices of comparable instruments, where prices are not available. For other investments for which there is no active market, fair values are based on valuations determined by the investment managers using net asset values or equivalents ("NAV"). The NAVs of the investment funds are determined on the accrual basis of accounting in conformity with US GAAP. The investment managers utilize standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV. Unrealized gains and losses are included in the change in net assets net of investment fees. See Note 3 for further disclosures.

(Continued)

BIG SHOULDERS FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges and Other Receivables: Pledges receivable are recorded at the time an unconditional promise to give is received by the Fund. Other receivables are recorded at the time an obligation to the Fund is incurred. Conditional pledges are not recorded until the conditions are met. Unconditional pledges designated by donors for use by a specific beneficiary (agency transactions) are not recorded as assets or liabilities of the Fund at the time the pledge is made. They are, however, included on the consolidated statement of activities in gross contribution revenue and the corresponding reduction of contribution revenue in the same manner as other agency transactions. Future collections on these pledges increase liabilities of the Fund.

Fixed Assets: Donated furniture and leasehold improvements are recorded at fair value as of the date of gift. Purchased fixed assets are recorded at cost. Furniture and equipment are being depreciated on a straight-line method over their estimated useful life. Leasehold improvements are being depreciated on a straight-line method over the lease term. Long-lived assets, such as furniture and leasehold improvements, are reviewed for impairment whenever events or changes in circumstances indicate that the fair value of an asset may be less than its carrying value. This loss will be recorded if it is not recoverable.

Right of Use Assets and Lease Liabilities: Right of use ("ROU") assets represent the Fund's right to use the underlying assets for the lease term and lease liabilities represent the net present value of the Fund's obligation to make payments arising from these leases. The lease liabilities are based on the present value of fixed lease payments over the lease term using the Fund's incremental borrowing rate on the lease commencement date. If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain the Fund will exercise the options. Operating lease expense is recognized on a straight-line basis over the term of the lease. Leases with an initial term of twelve months or less ("short-term leases") are not recorded on the accompanying consolidated statements of financial position.

The Fund has lease agreements with lease and non-lease components, which are accounted for as a single lease component under the practical expedient provisions of the standard.

Variable lease payments consist mainly of common area maintenance, utilities, and taxes, not included in the recognition of ROU assets and related lease liabilities. Variable lease payments and short-term lease expenses were immaterial to the Fund's consolidated financial statements for the years ended June 30, 2025 and 2024. The Fund's lease agreements do not contain material restrictive covenants. The Fund determines if an arrangement is a lease at inception.

Deferred Revenue: Deferred revenue consists of payments received in advance of the annual golf outing that is held during August of each year and the annual social fund-raiser held in the Fall of each year.

Net Assets: The Fund classifies net assets as follows:

Without Donor Restrictions - Net assets which are free of donor-imposed restrictions; all revenue, expenses, gains, and losses that are not changes in donor restricted net assets. For the Fund, this category includes contributions and investment income not related to donor restricted endowments, and all program, fundraising, and management expenses.

With Donor Restrictions - Net assets whose use by the Fund is limited by donor-imposed restrictions that either expire by the passage of time or can be removed by the fulfillment of the stipulated purpose for which the donation was restricted. Also, net assets donated with stipulations that they be invested to provide a permanent source of income (e.g., endowment funds); such restrictions can neither expire with the passage of time nor be removed by the fulfillment of a stipulated purpose. All with donor restricted funds are restricted for scholarships, grants and program expenses benefitting students and schools served by the Fund.

(Continued)

BIG SHOULDERS FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Expenses: Unconditional grants are recognized as expenses during the period in which they are authorized by the Fund's Board of Trustees. Unconditional grants payable that are due in future years are recorded at the present value of their expected future payments. Scholarships are recognized as expenses during the period in which they are authorized by the Fund's Board of Trustees and paid. Conditional grants are recognized when conditions are substantially met.

NOTE 3 - INVESTMENTS AND INVESTMENT RETURN

Certain investments are accounted for at fair value using a three-tier framework based on various inputs. The hierarchy of inputs utilized by the Fund for classifying investments is summarized below:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity can access as of the measurement date. Investments in this category for the Fund consist of publicly traded stocks, mutual funds, or corporate bonds with quoted prices on nationally recognized securities exchanges.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. Investments in this category for the Fund consist of corporate bonds which may not currently have active markets and certificates of deposit.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability. The Fund currently has no investments classified at Level 3.

Other investments which are valued using the practical expedient of the Net Asset Value ("NAV") as determined by the investment manager are not categorized by level.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy is therefore based on price transparency and is not necessarily an indication of risk or liquidity associated with these investments.

Investments that are not publicly traded may not be readily marketable, and their estimated value is subject to uncertainty. Therefore, there may be a material difference between their estimated value and the value that would have been used had a readily determinable fair value for such investments existed.

The Fund relies on information provided by fund managers to determine the fair value of investments using the Net Asset Value. The Fund reviews the performance of investments at least quarterly with its investment consultant, including (1) comparisons of investment returns to relevant benchmarks, (2) comparison of annual results reported on periodic management statements to audited financial statements, and (3) periodic review of management of fund managers, including personal meetings or telephone conferences with fund representatives and review of any commentary presented by fund managers. The Fund believes its reliance on the investment fund managers' estimates of fair value for non-publicly traded investments is appropriate.

(Continued)

BIG SHOULDERS FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 3 - INVESTMENTS AND INVESTMENT RETURN (Continued)

Investments are the only asset currently measured at fair value on a recurring basis. Investments are summarized below:

<u>Type of Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>NAV</u>	<u>Total</u>	<u>Percent of Total</u>
<u>2025</u>					
Large cap equity funds	\$ 18,690,011	\$ -	\$ 7,013,724	\$ 25,703,735	24.5%
Small/mid cap equity funds	3,054,821	-	4,988,666	8,043,487	7.6%
International equity - developed market funds	-	-	13,041,770	13,041,770	12.4%
International equity - emerging market funds	-	-	4,144,566	4,144,566	3.9%
Hybrid hedged equity funds	-	-	4,547,822	4,547,822	4.3%
Hedged equity funds	-	-	8,562,451	8,562,451	8.1%
Private equity funds	-	-	11,521,438	11,521,438	11.0%
Alternative credit funds	-	-	9,826,207	9,826,207	9.3%
Liquidating funds	-	-	337,083	337,083	0.3%
Fixed income	8,059,334	11,412,992	-	19,472,326	18.6%
 Total Investments	 <u>\$ 29,804,166</u>	 <u>\$ 11,412,992</u>	 <u>\$ 63,983,727</u>	 <u>\$ 105,200,885</u>	 <u>100%</u>
 Percent of total	 28.4%	 10.8%	 60.8%	 100.0%	
 <u>2024</u>					
Large cap equity funds	\$ 23,582,441	\$ -	\$ 6,032,831	\$ 29,615,272	29.6%
Small/mid cap equity funds	2,223,981	-	4,528,023	6,752,004	6.8%
International equity - developed market funds	-	-	11,156,751	11,156,751	11.2%
International equity - emerging market funds	-	-	4,268,730	4,268,730	4.3%
Hybrid hedged equity funds	-	-	4,423,434	4,423,434	4.4%
Hedged equity funds	-	-	7,949,598	7,949,598	7.9%
Private equity funds	-	-	8,715,508	8,715,508	8.7%
Alternative credit funds	-	-	9,754,412	9,754,412	9.8%
Liquidating funds	-	-	395,204	395,204	0.4%
Fixed income	4,606,339	12,365,449	-	16,971,788	16.9%
 Total Investments	 <u>\$ 30,412,761</u>	 <u>\$ 12,365,449</u>	 <u>\$ 57,224,491</u>	 <u>\$ 100,002,701</u>	 <u>100%</u>
 Percent of total	 30.4%	 12.4%	 57.2%	 100.0%	

(Continued)

BIG SHOULDERS FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 3 - INVESTMENTS AND INVESTMENT RETURN (Continued)

Transfers between levels due to changes in inputs are considered to take place at the end of the reporting period. There were no transfers between levels during 2025 or 2024.

The Fund makes alternate investments that require an upfront financial commitment. The commitment may be reduced by periodic capital calls from investment managers. The Fund's maximum commitment to future capital calls is \$7,580,000 and \$8,309,500 on June 30, 2025 and 2024, respectively.

Investments, except for certain designated investments, are managed on a pooled basis, using a unit method to allocate both values and earnings. Investment totals, and net investment return consisted of the following for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Investments allocable to endowments	\$ 41,028,424	\$ 38,208,506
General investments of the Fund	<u>64,172,461</u>	<u>61,794,195</u>
Total investments	<u>\$ 105,200,885</u>	<u>\$ 100,002,701</u>
Investment return allocable to endowments	\$ 4,142,609	\$ 4,578,941
Investment return allocable to general investments	<u>5,318,341</u>	<u>5,079,037</u>
Total investment return	<u>\$ 9,460,950</u>	<u>\$ 9,657,978</u>

(Continued)

BIG SHOULDERS FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 3 - INVESTMENTS AND INVESTMENT RETURN (Continued)

The following tables summarize the basic strategies of each investment, valuation methods, and redemption restrictions:

	<u>Fair Value</u> <u>2025</u>	<u>Fair Value</u> <u>2024</u>	<u>Level / NAV</u>	<u>Liquidity Terms</u>	<u>Notice</u> <u>Requirement</u>
Large Cap Equity					
Large Cap U S Equities	\$ 18,690,011	\$ 23,582,441	1	Daily	On Demand
Large Cap Equity Fund, concentrated long only equity strategy	7,013,724	6,032,831	NAV	Quarterly	30 Days
Small / Mid Cap Equity					
Concentrated value-based equity strategy focusing on companies with a market capitalization of \$1 to \$12.5 billion	2,922,773	2,588,459	NAV	Monthly	30 Days
Holds 25 high quality small to mid-cap growth stocks that are conviction weighted based on bottom-up, fundamental research.	3,054,821	2,223,981	1	Daily	On Demand
International Equity, generally international stocks (90S)	2,065,893	1,939,564	NAV	Quarterly	60 Days
International Developed and Emerging					
International Equity, generally international stocks (30)	2,545,717	2,318,508	NAV	Monthly	30 Days
International Equity, generally international stocks (90)	2,589,713	2,546,385	NAV	Quarterly	90 Days
International Equity, generally international stocks (360)	5,339,100	4,188,000	NAV	More than 1 year	120 Days
International Equity - all markets	2,567,240	2,103,858	NAV	Daily	On Demand
International Equity Fund, emerging markets, all regions	4,144,566	4,268,730	NAV	Monthly	5 Days
Hedged Equity					
Hedged Equity Fund, generally stocks	8,562,451	7,949,598	NAV	Annual	45 Days
Hybrid Hedged Equity					
Fully-integrated, multi-stage investment manager that invests in public and private healthcare and life science companies	2,374,904	2,510,129	NAV	Annual	90 Days
Global Technology, Media, and Telecom (TMT) investment manager	2,172,918	1,913,305	NAV	More than 1 year	90 Days
Private Equity					
Private Equity, secondary market	11,521,438	8,715,508	NAV	No withdrawals allowed, initial term of 10 years	

(Continued)

BIG SHOULDERS FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 3 - INVESTMENTS AND INVESTMENT RETURN (Continued)

	Fair Value <u>2025</u>	Fair Value <u>2024</u>	<u>Level / NAV</u>	<u>Liquidity Terms</u>	<u>Notice Requirement</u>
Alternative Credit					
Absolute Return Fund, event driven debt and equity investments	\$ -	\$ 2,338,192	NAV	Quarterly	65 Days
Absolute Return Fund, stressed corporate debt, distressed corporate debt, deep value and special situation equities, and low loan-to-value high yield debt	1,684,582	1,558,473	NAV	Semi-Annual	75 Days
An opportunistic strategy that will invest in loans and securitizations that fall outside the primary funds mandate.	274,686	387,979	NAV	No withdrawals allowed, initial term of 7 years	
Alternative Fixed Income Fund, event driven debt and equity investments	1,972,974	1,919,962	NAV	No withdrawals allowed, initial term of 3 years	
Fixed income investments in the senior layers of the capital structure of leveraged companies	3,826,046	3,549,806	NAV	Semi-Annual	60 Days
Alternative Fixed Income Fund, event driven debt and equity investments (90)	2,067,919	-	NAV	Quarterly	90 Days
Liquidating Funds					
Absolute Return Fund, primarily invest in credit, loans, and high yield, but can also invest in equity and derivatives.	337,083	395,204	NAV	None	Liquidating funds
Fixed Income					
Fixed Income Mutual Fund, short/intermediate high quality debt instruments	4,986,021	2,148,041	1	Daily	On Demand
Fixed Income, individual corporate and government bonds	11,412,992	12,365,449	2	Daily	Yes
Federal Money Market Fund, which invests in U.S. government securities	3,073,313	2,458,298	1	Daily	On Demand
Total	<u>\$ 105,200,885</u>	<u>\$ 100,002,701</u>			

NOTE 4 - ENDOWMENTS

The Fund's endowment consists of both donor-restricted endowment funds and funds designated by the Trustees to function as endowments. Depending on the source of the fund, earnings may be restricted or designated for use in scholarships, programs, or for the general use of the Fund.

Net assets associated with endowment funds, including funds internally designated by the Executive Committee to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Illinois has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Trustees of the Fund has interpreted UPMIFA for accounting purposes as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Fund classifies as with donor restrictions net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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 remaining portion of the donor-restricted endowment fund that is not classified in with donor restrictions net assets is classified as with donor restrictions net assets until those amounts are appropriated for expenditure by the Fund in a manner consistent with the standard of prudence prescribed by UPMIFA.

(Continued)

BIG SHOULDERS FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 4 - ENDOWMENTS (Continued)

The Fund has adopted an investment policy that states that the long-term goal is to preserve and grow the purchasing power of the endowment without taking on unnecessary downside risk. The specific objectives of the management of investments are: 1) up to a 5% payout for expenses; 2) a need for growth at the rate of 5% on a real (net of inflation) basis; and 3) preservation of principal. The Fund utilizes a total return strategy whereby it is portfolio total risk and total return that matters. The Fund has set goals for investing in and maintaining diverse asset classes which balance expected returns, both for current income and long-term appreciation, and risk tolerance. Actual returns and allocations in any given year may vary from expected goals.

The annual spending policy of the Fund is to utilize a percentage of the floating three-year average fair value of an individual fund as of June 30 in the following fiscal year. The utilization rate for endowments, both donor restricted and internally designated, with restrictions or designations as to use is 5%. The utilization rate for endowments, both donor restricted and internally designated, with no restrictions or designations as to use is 3% to 5%, based on the current needs of the Fund. The rate used for endowments with no restriction or designation as to use was 5% in 2025 and 2024. Based on this policy, endowment earnings of \$1,774,955 and \$1,843,007 were appropriated for expenditure and used for operations for the years ended June 30, 2025 and 2024, respectively. Assets are considered appropriated for expenditure in the year for which the Board of Trustees authorizes the actual expenditure.

Endowments, which represent only a portion of investments, are composed of the following as of June 30, 2025 and 2024:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>2025</u>			
Donor-restricted endowment funds and unappropriated earnings	\$ -	\$ 18,044,252	\$ 18,044,252
Internally-designated funds	<u>22,984,172</u>	<u>-</u>	<u>22,984,172</u>
 Total endowment funds	 <u>\$ 22,984,172</u>	 <u>\$ 18,044,252</u>	 <u>\$ 41,028,424</u>
 <u>2024</u>			
Donor-restricted endowment funds and unappropriated earnings	\$ -	\$ 16,530,633	\$ 16,530,633
Internally-designated funds	<u>21,677,873</u>	<u>-</u>	<u>21,677,873</u>
 Total endowment funds	 <u>\$ 21,677,873</u>	 <u>\$ 16,530,633</u>	 <u>\$ 38,208,506</u>

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Fund to retain as a fund of perpetual duration. Deficiencies of this nature that are more than related temporarily restricted amounts are reported in net assets without donor restriction. The fair value of certain individual funds was approximately \$2,586 and \$4,000 below historical cost on June 30, 2025 and 2024, respectively. UPMIFA does allow the expenditure of funds from these endowments if the Fund deems it prudent and the donor has not stated otherwise.

(Continued)

BIG SHOULDERS FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 4 - ENDOWMENTS (Continued)

Changes in endowment net assets for the years ended June 30, 2025 and 2024 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Total endowment funds, June 30, 2023	\$ 20,140,632	\$ 15,249,126	\$ 35,389,758
New gifts	-	82,814	82,814
Earnings appropriated for expenditure and used for programs and operations	(1,063,087)	(779,920)	(1,843,007)
Net investment return	<u>2,600,328</u>	<u>1,978,613</u>	<u>4,578,941</u>
Total endowment funds, June 30, 2024	21,677,873	16,530,633	38,208,506
New gifts	-	452,264	452,264
Earnings appropriated for expenditure and used for programs and operations	(1,020,089)	(754,866)	(1,774,955)
Net investment return	<u>2,326,388</u>	<u>1,816,221</u>	<u>4,142,609</u>
Total endowment funds, June 30, 2025	<u>\$ 22,984,172</u>	<u>\$ 18,044,252</u>	<u>\$ 41,028,424</u>

NOTE 5 - PLEDGES RECEIVABLE

For measurement purposes, discount rates between 0.58% and 5.90% are used to determine the present value of pledges receivable, which includes an adjustment for risk premium. Aging and valuation on June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Due in		
Less than one year	\$ 12,031,698	\$ 11,772,865
Two to five years	26,587,597	20,603,825
More than five years	<u>8,220,750</u>	<u>10,396,625</u>
Gross pledges receivable	46,840,045	42,773,315
Less allowance for uncollectible pledges	-	(25,000)
Less discount to risk-adjusted present value	<u>(6,232,891)</u>	<u>(6,623,516)</u>
Pledges receivable, net	<u>\$ 40,607,154</u>	<u>\$ 36,124,799</u>

(Continued)

BIG SHOULDERS FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Purpose restrictions		
Scholarships and grants to schools	\$ 70,439,656	\$ 68,074,465
Time restrictions		
Contributions receivable for programming	1,044,562	4,349,591
Perpetual restrictions		
Endowment funds and unappropriated earnings	<u>18,044,252</u>	<u>16,530,633</u>
 Total net assets with donor restrictions	 <u>\$ 89,528,470</u>	 <u>\$ 88,954,689</u>

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

NOTE 7 - FIXED ASSETS

Fixed assets are comprised of the following on June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Furniture and equipment	\$ 137,052	\$ 137,052
Vehicles	32,211	59,985
Leasehold improvements	<u>147,789</u>	<u>147,789</u>
Total fixed assets	317,052	344,826
 Less allowance for depreciation	 <u>(297,197)</u>	 <u>(315,789)</u>
 Fixed assets, net	 <u>\$ 19,855</u>	 <u>\$ 29,037</u>

The provision for depreciation of furniture, equipment, and leasehold improvements amounted to \$9,182 and \$9,184 for the years ended June 30, 2025 and 2024, respectively.

(Continued)

BIG SHOULDERS FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 8 - GRANTS PAYABLE

The Fund awards operating, capital, and programmatic grants to schools, and incurs other expenses for specific programs benefiting schools within the educational system. Certain grants may cover multiple years. At June 30, 2025 and 2024, grants payable were not discounted as all material grants are to be payable within one year. Grants payable on June 30, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Grants to Schools due in one year	\$ 18,722,794	\$ 16,856,836
Grants to Schools due in two or more years	<u>50,284</u>	<u>62,238</u>
Total grants payable	<u>\$ 18,773,078</u>	<u>\$ 16,919,074</u>

NOTE 9 - CONTRIBUTED SERVICES

Contributed services from outside entities during the years ended June 30, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Contributed services	\$ 127,839	\$ 39,741
Contributed facilities	<u>60,000</u>	<u>-</u>
Total	<u>\$ 187,839</u>	<u>\$ 39,741</u>

Contributed services recognized comprise professional services from attorneys advising the Fund on various administrative legal matters. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar legal services.

Contributed facilities recognized comprise office space located in Merrillville, Indiana used for program and administrative activities priced at a substantial discount to prevailing market rates. In valuing the contributed office space, the Fund's estimated the fair value based on recent prices in the Merrillville real estate market.

NOTE 10 - FUNDRAISING EVENTS

The Fund holds fundraising events each year, such as the Golf Classic and Auxiliary Board Ball. The Humanitarian Award Dinner is held bi-annually, most recently in May 2025.

As described in Note 2, the Fund may receive event contributions or event revenue in conjunction with these events. Net fundraising event revenue consists of the following:

	<u>2025</u>	<u>2024</u>
Event revenue	\$ 5,481,087	\$ 1,480,066
Event expenses	<u>(1,146,588)</u>	<u>(331,063)</u>
Fundraising events revenue, net	<u>\$ 4,334,499</u>	<u>\$ 1,149,003</u>

Because event contributions are not included above and event activity may span one or more fiscal years, it should be noted that these amounts reflect only the event revenue, as defined in Note 2, for the fiscal years, and not the complete results of fundraising events.

(Continued)

BIG SHOULDERS FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 11 - EXPENSES

The summary of expenses for the year ended June 30, 2025, is as follows:

	Program Expenses						Supporting Expenses		
	School Operations Programs	Leadership & Teacher Development Programs	Academic Enrichment Programs	Student Scholarship Programs	Other Programs	Total Program Expenses	Management Expenses	Fundraising Expenses	Total Expenses
Grants to schools and other organizations	\$ 20,788,381	\$ 1,220,550	\$ 3,136,428	\$ 137,235	\$ 792,269	\$ 26,074,863	\$ -	\$ -	\$ 26,074,863
Services/goods provided to schools	1,303,476	8,706	1,555,650	42,368	295,612	3,205,812	-	-	3,205,812
Scholarships and other assistance	50,000	72,978	142,338	12,283,512	1,000	12,549,828	-	-	12,549,828
Total grants and scholarships	22,141,857	1,302,234	4,834,416	12,463,115	1,088,881	41,830,503	-	-	41,830,503
Less expenditures for agency transactions	(956,904)	-	-	(25,000)	(469,823)	(1,451,727)	-	-	(1,451,727)
Net grants and scholarships expense	21,184,953	1,302,234	4,834,416	12,438,115	619,058	40,378,776	-	-	40,378,776
Salaries and related benefits	1,683,515	596,801	2,835,368	920,361	494,294	6,530,339	1,132,553	1,005,075	8,667,967
All other expenses	249,545	580,119	2,197,761	196,719	268,472	3,492,616	668,438	350,682	4,511,736
Total expenses	<u>\$ 23,118,013</u>	<u>\$ 2,479,154</u>	<u>\$ 9,867,545</u>	<u>\$ 13,555,195</u>	<u>\$ 1,381,824</u>	<u>\$ 50,401,731</u>	<u>\$ 1,800,991</u>	<u>\$ 1,355,757</u>	<u>\$ 53,558,479</u>
Percent of total	42.6%	4.7%	18.6%	25.5%	2.6%	94.0%	3.4%	2.6%	100%

(Continued)

BIG SHOULDERS FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 11 - EXPENSES (Continued)

The summary of expenses for the year ended June 30, 2024, is as follows:

	Program Expenses						Supporting Expenses		
	School Operations Programs	Leadership & Teacher Development Programs	Academic Enrichment Programs	Student Scholarship Programs	Other Programs	Total Program Expenses	Management Expenses	Fundraising Expenses	Total Expenses
Grants to schools and other organizations	\$ 16,885,702	\$ 1,244,144	\$ 526,626	\$ 541,240	\$ 1,086,101	\$ 20,283,813	\$ -	\$ -	\$ 20,283,813
Services/goods provided to schools	1,292,455	4,673	966,608	36,016	408,451	2,708,203	-	-	2,708,203
Scholarships and other assistance	28,371	40,609	143,469	39,947,297	1,092	40,160,838	-	-	40,160,838
Total grants and scholarships	18,206,528	1,289,426	1,636,703	40,524,553	1,495,644	63,152,854	-	-	63,152,854
Less expenditures for agency transactions	(807,265)	-	(8,700)	(32,012,823)	(488,777)	(33,317,565)	-	-	(33,317,565)
Net grants and scholarships expense	17,399,263	1,289,426	1,628,003	8,511,730	1,006,867	29,835,289	-	-	29,835,289
Salaries and related benefits	1,415,289	607,589	940,632	1,054,694	1,382,531	5,400,735	1,107,791	1,073,445	7,581,971
All other expenses	232,170	595,909	1,086,535	1,395,522	918,895	4,229,031	546,456	368,438	5,143,925
Total expenses	<u>\$ 19,046,722</u>	<u>\$ 2,492,924</u>	<u>\$ 3,655,170</u>	<u>\$ 10,961,946</u>	<u>\$ 3,308,293</u>	<u>\$ 39,465,055</u>	<u>\$ 1,654,247</u>	<u>\$ 1,441,883</u>	<u>\$ 42,561,185</u>
Percent of total	44.8%	5.9%	8.6%	25.8%	7.8%	92.7%	3.9%	3.4%	100%

Expenditures for agency transactions represent payments made pursuant to contributions received that were designated by donors for use by specific beneficiaries. Current US GAAP requires the exclusion of these expenditures from expenses. However, these payments are included in gross expenses of the Fund on the preceding summary to present the full amount of the benefits provided to schools and students and are then presented as a reduction of the related expenses in the period in which the payments are made. Fundraising event expenses presented net with revenues (Note 10) on the statements of activities are included in the above chart. See Note 2 for a description of the Fund's policy regarding these transactions.

(Continued)

BIG SHOULDERS FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 12 - CONDITIONAL SCHOLARSHIPS AND OPERATIONAL SUPPORT

Certain student scholarships awarded by the Fund span multiple years. To maintain these scholarship awards, students may be required to achieve a minimum grade point average, actively participate in the scholastic program, or fulfill other donor-imposed conditions. Because the scholarship awards are conditional on the continued attendance at a participating Catholic school, academic performance, and program participation of the student, they have not been accrued and expensed in these consolidated financial statements.

Management estimates that these conditional scholarship awards for existing students in the program that may be provided by the Fund for the years ended June 30 are:

2026	\$ 7,095,645
2027	5,465,625
2028	4,480,675
2029	3,509,275
2030 and subsequent	<u>6,924,300</u>
Total	<u>\$ 27,475,520</u>

As of January 2020, Big Shoulders Fund entered into a legal agreement with the Archdiocese of Chicago that establishes a ten-year conditional commitment for a subset of the schools it has historically supported. Big Shoulders Fund may, at its own choosing, increase or decrease the number of schools subject to this conditional commitment.

Annual financial support is conditional on notification by the Fund to the Archdiocese by December 1 of each year for the following academic year beginning July 1. Operational and capital support can be reduced by the Fund if steps are taken to streamline operations and introduce efficiencies which reduce the amount of financial support required to operate the schools. Based on school budgets, management estimates that operational support for fiscal year 2026 to be \$17,345,715. This is included as a liability in the Statement of Financial Position in grants payable. Thereafter, conditional operating support is based on the original legal agreement for the years ending June 30:

2027	\$ 6,944,966
2028	6,944,966
2029	<u>6,944,966</u>
Total	<u>\$ 20,834,898</u>

NOTE 13 - LEASES

The Fund leases office space under a non-cancelable operating lease agreement originally entered into in October 2010. The lease was extended in April 2020 until June 2025. In October 2024, the Fund exercised an extension option that includes additional office space and establishes a new 10-year lease term expiring in June 2035.

Lease payments comprise fixed amounts and variable charges related to the Fund's proportionate share of property taxes, insurance, and common area maintenance. Variable lease payments are excluded from the measurement of lease liability and are recognized as incurred.

(Continued)

BIG SHOULDERS FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 13 - LEASES (Continued)

The lease liability is measured using a discount rate of 4.28%. Cash payments under the lease for the years ended June 30, 2025 and 2024 were \$186,777 and \$182,673, respectively.

The Fund has obligations as a lessee for copier equipment. The lease began in March of 2024 for a 5-year term. Payments due under the lease contract are for fixed payments and require variable payments for use taxes and supply charges.

The lease has a term remaining of 4 years and the discount rate used is 4.33%. Cash paid for the year ended June 30, 2025 and 2024, is \$8,452 and \$2,649, respectively.

Future minimum payments related to leases are as follows as of June 30:

2026	\$	213,486
2027		219,138
2028		259,331
2029		263,291
2030		264,648
Thereafter		<u>1,421,524</u>
		2,641,418
Less imputed interest		<u>(510,916)</u>
	\$	<u>2,130,502</u>

Rent expense for the years ended June 30, 2025 and 2024, was \$262,829 and \$202,829, respectively.

NOTE 14 - RETIREMENT PLANS

Employees are eligible to participate in the Fund's defined contribution retirement plan (Section 403(b) plan). Employees may contribute taxable or pre-tax dollars to an individual investment account. The Fund currently matches contributions at a rate of \$0.50 per \$1.00 contributed up to a maximum of 8% of the employee's eligible wages. In the fiscal years 2025 and 2024, the Fund contributed \$221,666 and \$198,786, respectively, to the plan on behalf of participating employees.

NOTE 15 - TAX-EXEMPT STATUS

The Fund has received a determination letter from the Internal Revenue Service indicating that the Fund is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code of 1986 and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes. The Fund is classified as a public charity under Section 509(a)(1) and Section 170(b)(1)(A)(vi), an organization that normally receives a substantial part of its support from direct or indirect contributions from the general public. SSEI is a low-profit limited liability company under section 1-26 of the Illinois Limited Liability Company Act (805 ILCS 180/1-26) and will be treated as a disregarded entity by the Fund.

(Continued)

BIG SHOULDERS FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2025 and 2024

NOTE 15 - TAX-EXEMPT STATUS (Continued)

The Fund recognizes a tax position as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely to be realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. The Fund does not expect the total amount of unrecognized tax benefits to significantly change in the next twelve months.

The Fund has applied this criterion to all tax positions for which the statute of limitations remains open. Tax years open to examination by tax authorities under the statute of limitations include the last three fiscal years. The Fund recognizes interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. The Fund has no amounts accrued for interest or penalties as of June 30, 2025 and 2024. The Fund has determined that its tax provisions satisfy the more likely than not criterion and that no provision for income taxes is required on June 30, 2025 and 2024.

NOTE 16 - LIQUIDITY AND AVAILABILITY

The following reflects the Fund's financial assets as of the consolidated statement of financial position date, reduced by amounts not available within one year of the consolidated statement of financial position date because of donor imposed or internal designations. Amounts available include the Board approved appropriation from the endowment fund for the following year as well as donor-restricted amounts that are available for expenditure in the following year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Executive Committee approves that action:

As part of the Fund's liquidity management, the Fund invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 3,842,026	\$ 13,306,952
Investments	105,200,885	100,002,701
Gross pledges receivable	46,840,045	42,773,315
Gross pledges receivable scheduled for collection >1 year	(34,808,347)	(31,000,450)
Endowment, including board designated endowment	(41,028,424)	(38,208,506)
Agency payables	(151,238)	(475,202)
Annual endowment draw	<u>1,900,000</u>	<u>1,900,000</u>
Financial assets available for general use	<u>\$ 81,794,947</u>	<u>\$ 88,298,810</u>

NOTE 17 - SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions after June 30, 2025, to determine the need for any adjustments or additional disclosures within the audited consolidated financial statements for the year ended June 30, 2025. It was determined that no additional disclosure is required. Management has performed their analysis through September 30, 2025, the date the consolidated financial statements were available to be issued.