



Longwood University Foundation, Inc. and Affiliates

Consolidated Financial Report

December 31, 2025

Longwood University Foundation, Inc. and Affiliates

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Independent Auditor's Report

The Board of Directors
Longwood University Foundation, Inc. and Affiliates
Farmville, Virginia

Opinion

We have audited the accompanying consolidated financial statements of Longwood University Foundation, Inc. and Affiliates, (the "Foundation") (a Virginia nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 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. 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 Foundation 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

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



CERTIFIED PUBLIC ACCOUNTANTS

Christiansburg, Virginia
May 27, 2026



Consolidated Financial Statements

Longwood University Foundation, Inc. and Affiliates

Consolidated Statements of Financial Position

December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 7,144,707	\$ 5,250,735
Prepaid expenses	561,141	567,637
Contributions receivable, net	1,856,155	1,066,853
Investments	117,738,535	105,480,476
Cash value of life insurance policies	154,251	147,539
Note receivable, related party	6,000,000	-
Longwood Center for the Visual Arts art collection	-	4,848,165
Depreciable property and equipment, net of accumulated depreciation	-	52,060
Land	1,286,854	1,286,854
Wetland credits	8,196	10,761
Beneficial interest in perpetual trust	2,777,339	2,528,483
Other receivables	102,111	70,836
Total assets	\$ 137,629,289	\$ 121,310,399
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 437,482	\$ 1,129,198
Amounts payable to third-party beneficiaries	921,971	836,076
Annuities payable	205,574	213,247
Total liabilities	1,565,027	2,178,521
NET ASSETS		
Without donor restrictions	11,364,143	9,765,058
With donor restrictions	124,700,119	109,366,820
Total net assets	136,064,262	119,131,878
Total liabilities and net assets	\$ 137,629,289	\$ 121,310,399

Longwood University Foundation, Inc. and Affiliates

Consolidated Statement of Activities

Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ -	\$ 11,108,981	\$ 11,108,981
Income from perpetual trust	-	120,000	120,000
Investment income	143,239	1,790,953	1,934,192
Net realized and unrealized gain on investments	1,267,788	13,343,677	14,611,465
Net unrealized gain on perpetual trust	-	174,603	174,603
Other revenue	-	174,835	174,835
Annuity and unitrust adjustments	-	(13,874)	(13,874)
In-kind contribution-affiliate	793,772	-	793,772
Net revenues from sale of wetland credits	-	174,935	174,935
Net assets released from restrictions	11,540,811	(11,540,811)	-
Total revenues, gains, and other support	13,745,610	15,333,299	29,078,909
EXPENSES			
Program expenses			
Institutional support	7,019,186	-	7,019,186
Scholarships and grants	3,070,842	-	3,070,842
Alumni association	95,578	-	95,578
Other	127,986	-	127,986
Supporting expenses			
Administrative and general	1,028,639	-	1,028,639
Fundraising	804,294	-	804,294
Total expenses	12,146,525	-	12,146,525
Change in net assets	1,599,085	15,333,299	16,932,384
NET ASSETS			
Beginning	9,765,058	109,366,820	119,131,878
Ending	<u>\$ 11,364,143</u>	<u>\$ 124,700,119</u>	<u>\$ 136,064,262</u>

Longwood University Foundation, Inc. and Affiliates

Consolidated Statement of Activities

Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	\$ -	\$ 5,704,445	\$ 5,704,445
Income from perpetual trust	-	107,000	107,000
Investment income	61,420	1,739,671	1,801,091
Net realized and unrealized gain on investments	934,866	9,225,504	10,160,370
Net unrealized gain on perpetual trust	-	87,533	87,533
Other revenue	1,428	192,158	193,586
Annuity and unitrust adjustments	-	20,958	20,958
In-kind contribution-affiliate	791,724	-	791,724
Net revenues from sale of wetland credits	-	2,957,572	2,957,572
Net assets released from restrictions	11,936,680	(11,936,680)	-
Total revenues, gains, and other support	13,726,118	8,098,161	21,824,279
EXPENSES			
Program expenses			
Institutional support	7,471,732	-	7,471,732
Scholarships and grants	3,129,609	-	3,129,609
Alumni association	128,867	-	128,867
Other	113,233	-	113,233
Supporting expenses			
Administrative and general	895,461	-	895,461
Fundraising	796,781	-	796,781
Total expenses	12,535,683	-	12,535,683
Change in net assets	1,190,435	8,098,161	9,288,596
NET ASSETS			
Beginning	8,574,623	101,268,659	109,843,282
Ending	<u>\$ 9,765,058</u>	<u>\$ 109,366,820</u>	<u>\$ 119,131,878</u>

Longwood University Foundation, Inc. and Affiliates

Consolidated Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	2025	2024
OPERATING ACTIVITIES		
Change in net assets	\$ 16,932,384	\$ 9,288,596
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,062	2,125
Loss on disposition of property and equipment	50,998	-
Transfer of Longwood Center for the Visual Arts art collection	4,848,165	-
Gain on sale of wetland credits	(174,935)	(2,957,572)
Net realized and unrealized gain on investments	(14,611,465)	(10,160,370)
Contributions restricted for endowment	(9,840,371)	(3,218,397)
Net unrealized gain on perpetual trust	(174,603)	(87,533)
Additions to perpetual trusts	(74,253)	(72,537)
Changes in operating assets and liabilities:		
Prepaid expenses	6,496	(29,412)
Contributions receivable	(789,302)	1,242,625
Cash value of life insurance policies	(6,712)	(4,998)
Other receivables	(31,275)	(14,780)
Accounts payable	(691,716)	888,059
Amounts payable to third-party beneficiaries	85,895	63,306
Annuities payable	13,874	(20,958)
Net cash used in operating activities	(4,455,758)	(5,081,846)
INVESTING ACTIVITIES		
Net sales of investments	2,353,406	818,263
Proceeds from sale of Hotel Weyanoke	-	77,335
Issuance of note receivable, related party	(6,000,000)	-
Proceeds from sale of wetland credits	177,500	3,148,750
Net cash provided by (used in) investing activities	(3,469,094)	4,044,348
FINANCING ACTIVITIES		
Contributions restricted for endowment	9,840,371	3,218,397
Payments of annuity obligations	(21,547)	(23,246)
Net cash provided by financing activities	9,818,824	3,195,151
Net increase in cash and cash equivalents	1,893,972	2,157,653
CASH AND CASH EQUIVALENTS		
Beginning	5,250,735	3,093,082
Ending	<u>\$ 7,144,707</u>	<u>\$ 5,250,735</u>

Longwood University Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2025

Note 1 – Summary of Significant Accounting Policies

Nature of Foundation Activities

Longwood University Foundation, Inc. and Affiliates (the “Foundation”) is a nonprofit organization that exists for the sole purpose of accepting gifts and distributing funds to support the students, activities, and operations of Longwood University (the “University”) in Farmville, Virginia.

Principles of Consolidation

The consolidated financial statements include the accounts of the Longwood University Foundation, Inc.; Duvahl Ridgeway Hull and Andrew W. Hull Charitable Foundation (the “Hull Foundation”); and Longwood University Alumni Association.

The Foundation receives 85% of the Hull Foundation’s net income. The assets of the Hull Foundation include one charitable remainder trust and other investments. Fifteen percent of the Hull Foundation net assets are payable to unrelated third parties and have been recorded in the consolidated statements of financial position as amounts payable to third-party beneficiaries.

A former organization, the Hull Springs Farm Foundation was established in 2008 as a supporting organization to the Foundation and, prior to March 2013, owned and operated the Hull Springs Farm located in Virginia within the Chesapeake Bay watershed. The property is used by Longwood University and other universities for educational purposes and research. On March 25, 2013, the Hull Springs Farm Foundation was dissolved, and all of its assets were distributed to the Longwood University Foundation, Inc. (see Note 16).

Basis of Presentation

The accompanying consolidated financial statements present information regarding the Foundation’s financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported in two classes as follows:

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. These net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Revenues, gains, and losses that are not net assets with donor restrictions are included in this classification. Expenses are reported as decreases in this classification.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or that can be fulfilled by action of the Foundation pursuant to those stipulations. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. All 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 and are reported in the consolidated statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and all highly liquid investments with original maturities of three months or fewer when purchased, except those amounts held by the Foundation’s investment managers as a part of a long-term strategy.

Longwood University Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2025

Investments

Investments with readily determinable fair values are reported at fair value based upon quoted market prices. Donated investments are recorded at fair value as of the date received. Certain investments in limited partnership interests are reported at estimated fair value and valued using the net asset value for the units obtained by the investment administrator. Investment income and realized and unrealized gains (losses) are included in the consolidated statement of activities in the appropriate net asset class.

Longwood Center for the Visual Arts Art Collection

The Longwood Center for the Visual Arts art collection is stated at cost, except those items received as gifts, which are stated at appraised value on the date of the gift and are not depreciated.

Property and Equipment

Property and equipment are stated at cost at the date of acquisition or at fair value at the date of the gift, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of 40 years for buildings and 5 years for property and equipment. Betterments and major renewals that appreciably extend the useful lives of the properties are capitalized, whereas repairs and maintenance are charged to expense in the year incurred. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are eliminated from the accounts, and any gain or loss is reflected in net income. Generally, it is the Foundation's policy to capitalize property and equipment that have an acquisition cost of greater than \$5,000.

Land

Land is stated at cost at the date of acquisition or at fair value at the date of the gift. Depreciation is not recognized on land.

Irrevocable Split-Interest Agreements

The Foundation is a participant in various split-interest agreements, for which it serves as trustee. A split-interest agreement is created when a donor contributes assets to the Foundation or places them in a trust for the benefit of the Foundation, but the Foundation is not the sole beneficiary of the assets' economic value. Generally, assets held under these agreements are recorded at fair value and are included in investments. Liabilities are recorded for any portion of the assets held for donors or other beneficiaries equal to the present value of the expected future payments to be made and are included in liability amounts payable to third-party beneficiaries. The liabilities are adjusted annually for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits. Contribution revenues are recognized at the dates the agreements are established for the difference between the assets and the liabilities. The discount rate used to determine the present value of the liability approximates the U.S. Treasury rate for the applicable period. Split-interest agreements where the Foundation is not the trustee are included in either contributions receivable or funds held in perpetual trusts. Obligations under split-interest agreements at December 31, 2025 and 2024 were \$921,971 and \$836,076, respectively, and are included as amounts payable to third-party beneficiaries in the consolidated statements of financial position.

Contributions

Contributions, including unconditional promises to give or contributions receivable, are recognized as contributions without donor restrictions or contributions with donor restrictions depending on the existence and/or nature of any donor

Longwood University Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2025

restrictions when the donor's commitment is received. Unconditional promises to give without donor restrictions are recognized as revenues with donor restrictions unless the donor explicitly stipulates its use to support current period activities. Conditional promises to give are not recognized until they become unconditional, i.e., when the conditions on which they depend are substantially met.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate. The discount rate was 5.00% for each of the years ended December 31, 2025 and 2024. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Contributions received with donor-imposed time or purpose restrictions are classified as revenues in the net assets with donor restrictions class until such time as the restricted purpose or passage of time specified by the donor has been met.

In-Kind Contributions – Affiliate

As further discussed below and in Note 12, contributed services from personnel of an affiliate are recognized if those services directly benefit the Foundation. These services are measured at the cost recognized by the affiliate for the personnel providing those services.

Gifts-In-Kind

Material gifts-in-kind items received by the Foundation are recorded as income along with a corresponding charge to expense or capitalized cost.

Income Taxes

The Foundation has received a favorable determination letter from the Internal Revenue Service stating that it is exempt under Section 501(a) of the *Internal Revenue Code (IRC)* as an organization described in Section 501(c)(3).

Management has evaluated the effect of the guidance provided in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) on Accounting for Uncertainty in Income Taxes. Management believes that the Foundation continues to satisfy the requirements of a tax-exempt organization at December 31, 2025 and 2024. Management has evaluated all tax positions that could have a significant effect on the consolidated financial statements and determined that the Foundation had no uncertain income tax positions at December 31, 2025 and 2024.

Expense Allocation

Expenses that can be directly identifiable to a program are charged to program services. Joint expenses, which relate to more than one program, are charged to program services on the basis of the twelve-month average market value of the endowed fund balances. General and administrative expenses represent those expenses not directly identifiable to any specific program but for the overall support and direction of the Foundation.

Estimates

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

Longwood University Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2025

Fair Value

The Foundation follows the fair value measurements topic of the FASB ASC, which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction value hierarchy, which requires an entity to maximize the use of observable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

Level 2 – Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and

Level 3 – Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying amounts reflected in the consolidated statement of financial position for cash and cash equivalents approximate the respective fair values due to the short maturities of those instruments and any differences being immaterial.

The carrying value of investments, other than the interests in limited partnerships described in Note 5, approximate fair value, as amounts were derived from quoted prices in active markets, net asset value of investments held, a mid-market quotation from a broker, or a bid quotation, and are considered Level 1 within the valuation hierarchy.

The carrying value of the beneficial interest in a perpetual trust is measured using the fair value of the trust's assets. For fair value measurement, the Foundation considers its interest in the trust as a single asset class. Since the Foundation will never receive the trust's underlying assets, and since there is no active market for the trust, the beneficial interest in a perpetual trust is considered Level 3 within the valuation hierarchy.

The Foundation is a limited partner in various private ventures. The private ventures' investment portfolios include domestic equity, international equity, private equity, credit, real estate, and real assets, as well as other asset classes. The Foundation's investments in these limited partnerships are made primarily through participation in other investment funds, or direct investment in the asset classes listed above. Based on the terms of the private venture limited partnership agreements, for fair value measurement, the Foundation views its investment in these limited partnerships as a single asset class. The Foundation has estimated the fair value of the investment in the limited partnerships on the basis of the Net Asset Value (NAV) per share of the individual limited partnership (or its equivalent) as a practical expedient because (a) the underlying investment manager's calculation of the NAV is fair value based and (b) the NAV has been calculated as of the Foundation's fiscal year end date. The Foundation believes that the stated value of the investment in the limited partnerships are reasonable estimates of fair value as of December 31, 2025 and 2024. As further discussed in Note 6, the Foundation's investment in the limited partnerships is not included in the fair value hierarchy.

Longwood University Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2025

The Foundation's planned giving liabilities, which include gift annuities and irrevocable trust liabilities, are computed, and measured at fair value based on discounted future cash flows. Inputs used in computing the liability include a discount rate equal to the current risk-free rate, the estimated return on the invested assets, the duration of the agreement, the life expectancy of the donors and their beneficiaries, and the contractual payment obligation under the agreement. Planned giving liabilities are considered Level 3 within the valuation hierarchy because some of the factors used in valuation include factors not easily observable in similar instruments in an active market.

Subsequent Events

Management of the Foundation has evaluated subsequent events through May 27, 2026, the date the consolidated financial statements were available to be issued. No events requiring disclosure have occurred through this date.

Note 2 – Financial Assets and Liquidity Resources

As part of the Foundation's liquidity management, it invests cash in excess of amounts required for operations in money markets, certificates of deposit, bonds, and equity securities in accordance with the Foundation's investment policy. To help manage the liquidity needs, the Foundation has board-designated endowment funds. Although the Foundation does not intend to spend from these funds, other than amounts appropriated for general expenditure as part of its annual budget and appropriation, amounts from its board-designated endowment funds could be made available by action of the Board of Directors, if necessary.

The financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures are as follows:

	2025	2024
Cash and cash equivalents	\$ 7,144,707	\$ 5,250,735
Less Mitigation Bank escrow	(774,861)	(815,672)
Illiquid cash in investments	(21,630)	(17,853)
Redemption in transit	7,530,190	1,500,000
Note receivable due within one year	6,000,000	-
Net contributions receivable due within one year	921,859	417,895
Short-term investment in Treasury Bond ETF	2,248,692	1,647,838
	<u>\$ 23,048,957</u>	<u>\$ 7,982,943</u>

Note 3 – Contributions Receivable

	2025	2024
Pledges expected to be collected in:		
Less than one year	\$ 921,859	\$ 417,895
One to five years	887,341	440,589
Thereafter	469,999	521,545
	<u>2,279,199</u>	<u>1,380,029</u>
Less discount to present value	(423,044)	(313,176)
	<u>\$ 1,856,155</u>	<u>\$ 1,066,853</u>

Longwood University Foundation, Inc. and Affiliates

Notes to Consolidated Financial Statements

December 31, 2025

The use of funds from contributions receivable have been restricted by donors for future use as follows:

	2025	2024
With donor restrictions – time and purpose restrictions	\$ 238,721	\$ 613,169
With donor restrictions – held in perpetuity	1,617,434	453,684
	\$ 1,856,155	\$ 1,066,853

The Foundation considers contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been recognized. If amounts become uncollectible, they will be charged to operations when that determination is made.

At December 31, 2025 and 2024, the Foundation had received bequests and other intentions to give of \$14,925,694 and \$12,776,694, respectively. These intentions to give are conditional and, therefore, are not recognized as assets. If they are received, they will generally be restricted for specific purposes as stipulated by the donors.

Note 4 – Note Receivable

In June 2025, the Foundation entered into a liquidity agreement with the University to provide short-term liquidity for the University's working capital needs. The facility provides a maximum principal commitment of \$6,000,000. Draws bear interest at the one-year U.S. Treasury rate plus 300 basis points, reset annually. A 0.25% annual commitment fee on the unused portion of the commitment is also payable by the University.

As of December 31, 2025, the balance of the note receivable and accrued interest were \$6,000,000 and \$35,574, respectively, and were included in the accompanying consolidated statement of financial position. The University made interest and unused commitment payments of \$125,849 during the year ended December 31, 2025, which are included in investment income in the accompanying consolidated statement of activities.

Note 5 – Investments

Investments and the beneficial interest in perpetual trust portfolio were comprised of the following as of December 31, 2025:

	Cost	Fair Market Value
Cash and cash equivalents	\$ 7,144,707	\$ 7,144,707
Investments:		
Government bonds, corporate obligations, and fixed income securities	3,658,370	3,656,162
Redemption in transit	7,530,190	7,530,190
Corporate stocks and mutual funds	15,110,776	20,449,691
Limited partnerships	49,833,694	86,102,492
Total investments	76,133,030	117,738,535
Beneficial interest in perpetual trust	2,152,403	2,777,339
Total	\$ 85,430,140	\$ 127,660,581

Longwood University Foundation, Inc. and Affiliates

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December 31, 2025

Investments and the beneficial interest in perpetual trust portfolio were comprised of the following as of December 31, 2024:

	Cost	Fair Market Value
Cash and cash equivalents	\$ 5,250,735	\$ 5,250,735
Investments:		
Government bonds, corporate obligations, and fixed income securities	3,195,978	3,190,890
Redemption in transit	1,500,000	1,500,000
Corporate stocks and mutual funds	11,791,717	14,260,902
Limited partnerships	55,480,645	86,528,684
Total investments	71,968,340	105,480,476
Beneficial interest in perpetual trust	2,176,158	2,528,483
Total	\$ 79,395,233	\$ 113,259,694

Cash and cash equivalents include operating cash of \$5,388,494 and \$3,711,700 as of December 31, 2025 and 2024, respectively.

Investment fees netted against the related investment income or net realized and unrealized gain on investments for the years ended December 31, 2025 and 2024 were \$671,973 and \$667,452, respectively.

In April 2010, the Foundation became a partner in the Fund managed by Spider Management Company, LLC, a Virginia limited liability company and wholly-owned subsidiary of the University of Richmond. The Fund is only available to tax-exempt organizations described in Section 501(c) of the *IRC* to which contributions may be made that are deductible under *IRC* Section 170 and are “accredited investors” within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended.

The Fund’s investment objective is to provide steady gains during market upswings through a diverse array of public/private and domestic/international investments, while preserving capital during market downturns. The Fund is invested as if it is part of the endowment of the University of Richmond, and the timewighted returns for the Fund and the University of Richmond are blended on a quarterly basis. The assets of the Fund, when combined with the University of Richmond’s endowment assets on a pro forma basis, will be invested in accordance with the University of Richmond’s Investment Policy Statement.

At December 31, 2025, the Fund consisted of 29 partners and the Foundation’s interest in the Fund represented 2.29% of the total partnership capital. At December 31, 2024, the Fund consisted of 29 partners and the Foundation’s interest in the Fund represented 2.53% of the total partnership capital. The Fund is audited on a semi-annual basis on June 30 and December 31.

In March 2022, the Foundation entered into a third-party partnership. The purpose of the partnership’s business is to realize long-term capital appreciation from investments primarily in established small and medium-sized private niche manufacturing and industrial service companies that are doing business primarily in the United States. The Foundation’s interest in the fund represented 1.62% of the total partnership capital at December 31, 2025 and 2024, respectively. The Foundation’s unfunded commitment at December 31, 2025 was \$3,464,826. In October 2024, the Foundation entered into another agreement with the same third party. The purpose of the partnership’s business is similar to the original partnership. The Foundation’s interest in the fund represented 1.47% of the total partnership capital at December 31, 2025. The Foundation’s unfunded commitment at December 31, 2025 was \$4,493,643. Both funds are audited on an annual basis at December 31.

Longwood University Foundation, Inc. and Affiliates

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In December 2022, the Foundation entered into a third-party partnership. The purpose of the partnership's business is to acquire, invest in, hold for investment, manage, own, lease, operate, maintain, finance, refinance, mortgage, encumber, improve, develop, rent, dispose of and otherwise deal with improved and unimproved real property (including direct and indirect interests therein). At December 31, 2025 and 2024, the Foundation's interest in the fund represented 12.47% of the total partnership capital. The Foundation's unfunded commitment at December 31, 2025 was \$474,781. In November 2025, the Foundation entered into another agreement with the same third party. The purpose of the partnership's business is similar to the original partnership. The Foundation's unfunded commitment at December 31, 2025 was \$4,000,000. Both funds are audited on an annual basis at December 31.

In January 2024, the Foundation invested in a third-party partnership which holds interests in alternative investment vehicles that invest primarily in private equity, private credit, real assets, and other illiquid investment strategies. Because quoted market prices for these investments are not readily available, fair values are generally determined using net asset value as discussed in Note 1. At December 31, 2025 and 2024, the Fund consisted of 130 partners and the Foundation's interest in the Fund represented 0.04% of the total partnership capital. The Fund is audited on an annual basis.

Note 6 – Fair Value Measurements of Assets and Liabilities

See "Fair Value" in Note 1 for a discussion of the methodologies and assumptions used to determine the fair value of the Foundation's investments.

The following table summarizes the valuation of the Foundation's financial assets and liabilities measured at fair value on a recurring basis, based on the level of input utilized to measure fair value at December 31, 2025:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Investments:				
Domestic equity funds	\$ 10,580,474	\$ -	\$ -	\$ 10,580,474
International equity funds	7,023,004	-	-	7,023,004
Domestic stocks	2,822,163	-	-	2,822,163
Real estate funds	-	-	-	-
Fixed income funds	3,656,162	-	-	3,656,162
International stocks	24,050	-	-	24,050
Redemption in transit	7,530,190	-	-	7,530,190
Limited partnerships measured at NAV*	-	-	-	86,102,492
Total investments	31,636,043	-	-	117,738,535
Beneficial interest in perpetual trust	-	-	2,777,339	2,777,339
	\$ 31,636,043	\$ -	\$ 2,777,339	\$ 120,515,874
Amounts payable to third-party beneficiaries	\$ -	\$ -	\$ 921,971	\$ 921,971
Annuities payable	-	-	205,574	205,574
	\$ -	\$ -	\$ 1,127,545	\$ 1,127,545

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The following table summarizes the valuation of the Foundation's financial assets and liabilities measured at fair value on a recurring basis, based on the level of input utilized to measure fair value at December 31, 2024:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Investments:				
Domestic equity funds	\$ 7,544,762	\$ -	\$ -	\$ 7,544,762
International equity funds	4,921,597	-	-	4,921,597
Domestic stocks	1,760,925	-	-	1,760,925
Real estate funds	11,135	-	-	11,135
Fixed income funds	3,190,890	-	-	3,190,890
International stocks	22,483	-	-	22,483
Redemption in transit	1,500,000	-	-	1,500,000
Limited partnerships measured at NAV*	-	-	-	86,528,684
Total investments	18,951,792	-	-	105,480,476
Beneficial interest in perpetual trust	-	-	2,528,483	2,528,483
	<u>\$ 18,951,792</u>	<u>\$ -</u>	<u>\$ 2,528,483</u>	<u>\$ 108,008,959</u>
Amounts payable to third-party beneficiaries	\$ -	\$ -	\$ 836,076	\$ 836,076
Annuities payable	-	-	213,247	213,247
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,049,323</u>	<u>\$ 1,049,323</u>

* In accordance with FASB ASC 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts of the investments presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the years ended December 31, 2025 and 2024:

	Beneficial Interest in Perpetual Trust
Balance at December 31, 2023	\$ 2,368,413
Investment income	107,000
Net realized and unrealized gain in investments	87,533
Withdrawals	(107,000)
Other income	72,537
Balance at December 31, 2024	2,528,483
Investment income	120,000
Net realized and unrealized gain in investments	174,603
Withdrawals	(120,000)
Other income	74,253
Balance at December 31, 2025	<u>\$ 2,777,339</u>

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The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 liabilities for the years ended December 31, 2025 and 2024:

	Planned Giving Liabilities
Balance at December 31, 2023	\$ 1,030,221
Payments to beneficiaries	(23,246)
Actuarial adjustments	(20,958)
Change in amounts payable to third-party beneficiaries	63,306
Balance at December 31, 2024	1,049,323
Payments to beneficiaries	(21,547)
Actuarial adjustments	13,874
Change in amounts payable to third-party beneficiaries	85,895
Balance at December 31, 2025	<u><u>\$ 1,127,545</u></u>

For investments in entities that calculate NAV or its equivalent whose fair value is not readily determinable, the following table provides information about the relative liquidity of these investments. The fair values of these investments have been estimated using NAV per share of the investments, unless otherwise noted. Management is not aware of any factors that would impact NAV as of December 31, 2025.

The following table sets forth a summary of the Foundation's assets valued at NAV per share, or its equivalent, as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency (If Applicable)	Redemption Notice Period
				30 days up to 5% and 60 days between 5-10%
Limited partnership*	\$ 70,822,500	\$ -	Quarterly	
Limited partnership*	\$ 4,751,188	\$ 3,464,826	N/A	N/A
Limited partnership*	\$ 3,968,938	\$ 474,781	N/A	N/A
Limited partnership*	\$ 437,596	\$ 4,493,643	N/A	N/A
Limited partnership*	\$ -	\$ 4,000,000	N/A	N/A
Limited partnership*	\$ 6,122,270	\$ -	N/A	N/A

* The limited partnerships investment objectives seek to produce absolute and consistent risk-adjusted returns through its investments in credit, global equities, real estate, and real assets, as well as other asset classes.

Note 7 – Property and Equipment

The following is a summary of depreciable property and equipment:

	2025	2024
Buildings	\$ -	\$ 85,000
Less accumulated depreciation	-	(32,940)
Depreciable property and equipment, net	<u><u>\$ -</u></u>	<u><u>\$ 52,060</u></u>

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Note 8 – Beneficial Interest in Perpetual Trust

The Foundation is the beneficiary of the annual income earned from a trust held by Wells Fargo Bank, N.A. The assets of the trust are neither in the possession nor under the control of the Foundation.

At December 31, 2025 and 2024, the fair market value of the trust was \$2,777,339 and \$2,528,483, respectively, which is recorded in the consolidated statements of financial position. Income and unrealized gains on the trust for the year ended December 31, 2025 were \$120,000 and \$174,603, respectively. Income and unrealized gains on the trust for the year ended December 31, 2024 were \$107,000 and \$87,533, respectively.

Note 9 – Net Assets without Donor Restrictions

Net assets without donor restrictions included the following:

	2025	2024
Designated for:		
Current operations	\$ 731,825	\$ 739,558
Funds functioning as endowment (board-designated endowment)	9,068,466	7,613,523
Designated for specific purposes	1,563,852	1,411,977
	<u>\$ 11,364,143</u>	<u>\$ 9,765,058</u>

Note 10 – Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes:

	2025	2024
Restricted by specific purposes or time:		
Longwood Center for the Visual Arts	\$ 908,141	\$ 5,304,657
Scholarships and awards	29,163,677	22,035,457
Academic support	12,173,681	9,806,317
Class gift projects	1,440,804	1,315,784
Athletics	1,238,281	1,335,039
Other capital projects	485,772	517,711
Other purpose restrictions	1,112,893	1,013,768
Time restrictions	1,850,807	1,554,365
	<u>48,374,056</u>	<u>42,883,098</u>
Restricted in perpetuity, the income from which is expendable for:		
Scholarships and awards	51,590,068	48,893,954
Professorships	3,006,062	1,104,961
Longwood Center for the Visual Arts	1,609,128	1,596,132
Baliles Center at Hull Springs Farm	2,382,642	2,382,642
Other endowment gifts	17,738,163	12,506,033
	<u>76,326,063</u>	<u>66,483,722</u>
	<u>\$ 124,700,119</u>	<u>\$ 109,366,820</u>

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Note 11 – Endowment

The Foundation has adopted the provisions of FASB ASC, *Presentation of Financial Statements for Not-for-Profit Entities*, which provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) and also requires disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

The Foundation’s endowment consists of approximately 645 individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Foundation’s Board of Directors (the “Board”) to function as endowments. Net assets associated with endowment funds, including funds designated by the Board as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation has interpreted UPMIFA 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 Foundation classifies as net assets with donor restrictions (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 is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets – December 31, 2023	\$ 6,170,525	\$ 91,120,552	\$ 97,291,077
Investment return:			
Investment income	-	1,642,827	1,642,827
Net realized and unrealized gain	931,959	9,268,115	10,200,074
Total investment return	931,959	10,910,942	11,842,901
Contributions	-	3,218,397	3,218,397
Appropriations of endowment assets for expenditure	-	(5,543,400)	(5,543,400)
Net unrealized loss on perpetual trust	-	(14,049)	(14,049)
Other revenue	-	49,300	49,300
Annuity and unitrust adjustments	-	46,035	46,035
Administrative fees	-	(1,300,761)	(1,300,761)
Other changes – transfers and reclassifications	511,039	363,426	874,465
Endowment net assets – December 31, 2024	7,613,523	98,850,442	106,463,965
Investment return:			
Investment income	120,257	1,722,152	1,842,409
Net realized and unrealized gain	1,267,788	13,412,806	14,680,594
Total investment return	1,388,045	15,134,958	16,523,003
Contributions	-	9,840,371	9,840,371
Appropriations of endowment assets for expenditure	(10,102)	(3,337,474)	(3,347,576)
Net unrealized gain on perpetual trust	-	28,156	28,156
Other revenue	-	55,000	55,000
Annuity and unitrust adjustments	-	(5,443)	(5,443)
Administrative fees	-	(1,238,497)	(1,238,497)
Other changes – transfers and reclassifications	77,000	(136,554)	(59,554)
Endowment net assets – December 31, 2025	<u>\$ 9,068,466</u>	<u>\$ 119,190,959</u>	<u>\$ 128,259,425</u>

Funds with Deficiencies (“Underwater” Funds)

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 Foundation to retain as a fund of perpetual duration, due to market fluctuations or other draws on the endowment. As of December 31, 2025, one fund with a fair value of \$99,817 and an original gift value of \$100,000 was underwater by \$183. As of December 31, 2024, one fund with a fair value of \$8,208 and an original gift value of \$11,705 were underwater by \$3,497.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for scholarships and programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period, as well as board-designated funds. Funds classified as growing toward endowment include in their pledge agreement that if the pledge is not paid within five years, the Foundation, at its discretion, could convert the fund to an operating fund. As of December 31, 2025, no funds have ever been converted to an operating fund. In all respects, these funds are treated as endowment funds, including charging an administrative fee and allocating monthly earnings. The only difference is that these funds growing toward endowment

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have no annual appropriation. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a benchmark composed of 70% MSCI ACWII and 30% US AGG. The Foundation expects its endowment funds, over the long term, to provide an average annual total return sufficient to cover the annual expenses and distributions of the Foundation. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The primary objective is to provide a strategic mix of asset classes which produces the highest expected investment return within a prudent risk framework.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation currently has a policy of appropriating for distribution 4.00% (Spend Rate) of its endowment funds' average fair value. Newly endowed gifts mature in 8 quarters. Distributions will be calculated by multiplying the Spend Rate by the 8-quarter average of market values of the new endowed gift. After the first year of distribution, the calculation of distributions are based on a 12-quarter average of market values, along with all other gifts. The Foundation has a policy of appropriating an administrative fee, which varies based on dollar value of each individual endowed fund and approximates a blended rate of 1.38% on the fair value of the funds on September 30 of the fiscal year, to cover administrative costs of the Foundation. In establishing these policies, the Foundation considers the expected return on its endowment.

Note 12 – Related Parties

The Foundation received contribution revenue from Board members of \$58,180 and \$32,250 for the years ended December 31, 2025 and 2024, respectively. The amount of contributions receivable due from the Board members totaled \$99,882 and \$45,044 at December 31, 2025 and 2024, respectively.

In conjunction with its mission to support the students, activities and operations of Longwood University, the Foundation has entered into various lease arrangements for nominal amounts with the University. Total net book value of assets leased to the University was \$1,286,854 and \$1,338,914 at December 31, 2025 and 2024, respectively, including land on the consolidated statements of financial position.

For the years ended December 31, 2025 and 2024, the Foundation recognized \$793,772 and \$791,724, respectively, of in-kind contributions and fundraising expense for services provided from University personnel that directly benefited the Foundation.

The Foundation sends non-endowed gifts received and certain other funds to the University to support the University's students, activities, and operations. The Foundation also sends net proceeds after escrows from sales of wetland credits to the Longwood University Real Estate Foundation ("Real Estate Foundation") to support maintenance at Hull Springs Farm (Note 16). The Foundation had \$230,966 and \$867,800 payable to the Real Estate Foundation and \$62,502 and \$101,642 payable to the University as of December 31, 2025 and 2024, respectively.

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Note 13 – Concentrations of Credit Risk

The Foundation maintains its cash, cash equivalents, and investment balances in multiple financial institutions. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 for substantially all depository accounts. The Foundation from time to time may have amounts on deposit in excess of the insured limits. The Foundation has not experienced significant losses in such accounts and does not believe it is exposed to any significant risk. Related credit risk is mitigated by the high credit quality of the financial institutions.

The carrying amounts of cash, cash equivalents, and investments approximate fair value. As of December 31, 2025 and 2024, respectively, the Foundation maintained 60% and 68% of its investment portfolio with one financial manager.

During the years ended December 31, 2025 and 2024, respectively, contributions collected from five donors represented approximately 70% and 78% of the Foundation's total contributions and as of December 31, 2025 and 2024, respectively, five donors represented approximately 59% and 57% of gross contributions receivable.

Note 14 – Retirement Plan

The Foundation has a Section 403(b) retirement plan, which covers substantially all full-time employees. The Foundation's contribution rate of employee salary and bonus is a maximum 7.0% match of employee contributions that vests immediately. For the years ended December 31, 2025 and 2024, the Foundation's contributed match was \$44,446 and \$35,370, respectively.

Note 15 – Risk Management

The Foundation is exposed to various risks of loss related to torts, theft of assets, and errors and omissions. Additionally, the Foundation's affairs are conducted in part by the employees of Longwood University and exposure to loss resulting from this arrangement are managed by the University through a combination of methods, including participation in various risk pools administered by the Commonwealth of Virginia, purchase of commercial insurance, and self-retention of certain risks which are included in the operations of the University and not associated with the Foundation. Further details on the University's risk management program are disclosed in the financial report of the University.

Note 16 – Hull Springs Farm

The Foundation owns the Hull Springs Farm (the "Farm") located in Virginia within the Chesapeake Bay watershed, which is used by the University and other universities for educational purposes and research. Since 2011, the Foundation has been working towards restoring, protecting, and preserving the Farm's wetlands through a wetland mitigation bank program administered by the Virginia Department of Environmental Quality (DEQ). As a result of the establishment of the Farm's wetland mitigation bank, the bank has created economic "credits" which are based on the ecological value associated with the wetlands. These credits can be sold to developers or other third parties whose projects may impact various ecosystems.

As of December 31, 2025, the Foundation has expended and capitalized to date \$1,261,442 towards the construction of wetlands at the Farm for generating credits already sold and for sale in the future.

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During the year ended December 31, 2025, the Foundation sold 0.71 wetland credits for a total of \$177,500 resulting in net revenues on sale of credits of \$174,935. During the year ended December 31, 2024, the Foundation sold 12.6 wetland credits for a total of \$3,148,750 resulting in net revenues on sale of credits of \$2,957,572. The net revenues on sale of credits is included in the accompanying consolidated statements of activities.

Note 17 – Unusual and Infrequent Transactions

On September 30, 2025, the Foundation transferred ownership, title, and all legal and beneficial interest in the artwork ("LCVA Collection") managed by the Longwood Center for the Visual Arts ("LCVA") and any storage facilities related to such artwork owned by the Foundation, to the University. The transfer was executed pursuant to a transfer agreement signed by both parties. The LCVA Collection consists of artwork donated to the Foundation to benefit the LCVA, which has been overseen, curated, stored, and insured by the University.

The artwork comprising the LCVA Collection had been recorded on the Foundation's consolidated statements of financial position at \$4,848,165 as of the date of transfer. The full value of the transfer is reflected as institutional support in the consolidated statement of activities for the year ended December 31, 2025. The Foundation disclaimed all remaining rights or interests in the LCVA Collection following the transfer.

In 2024, the Foundation received a large bequest from the estate of a long-time donor. Artwork valued at \$2,224,184 and cash of \$90,045 satisfied a pledge that the donor had previously made to the Foundation. An additional \$251,825 of cash was received from the estate and recognized as contribution revenue in 2024. The donor's intent was that the donated artwork benefit the LCVA, which is overseen and managed by the University. The Foundation transferred the artwork to the University in accordance with the donor's wishes. The transfer of \$2,224,184 is included in institutional support in the consolidated statement of activities for the year ended December 31, 2024.