



**James Whitcomb Riley Memorial Association, Inc.
d/b/a Riley Children's Endowment**

Independent Auditor's Report and Consolidated Financial Statements
June 30, 2025 and 2024

James Whitcomb Riley Memorial Association, Inc.
d/b/a Riley Children’s Endowment
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June 30, 2025 and 2024

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Independent Auditor's Report

Board of Directors
James Whitcomb Riley Memorial Association, Inc.
d/b/a Riley Children's Endowment
Indianapolis, Indiana

Opinion

We have audited the consolidated financial statements of James Whitcomb Riley Memorial Association, Inc. d/b/a Riley Children's Endowment (Endowment), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of James Whitcomb Riley Memorial Association, Inc. d/b/a Riley Children's Endowment as of June 30, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of the Endowment 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 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 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 Endowment's ability to continue as a going concern within one year after the date that these 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 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 Endowment'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 Endowment'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.

Forvis Mazars, LLP

Indianapolis, Indiana
October 16, 2025

James Whitcomb Riley Memorial Association, Inc.
d/b/a Riley Children's Endowment
Consolidated Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	\$ 8,068,144	\$ 12,865,489
Other assets	821,666	812,623
Contributions receivable, net of allowance	21,399,208	21,508,192
Government grants receivable	911,119	292,738
Cash surrender value of life insurance	526,295	1,186,640
Investments	481,424,141	427,769,206
Beneficial interest in charitable lead trusts	8,717,895	8,351,274
Beneficial interest in perpetual trusts	34,431,188	32,036,420
Right-of-use asset - operating leases	506,948	656,729
Property and equipment	1,399,129	1,279,619
	<u>558,205,733</u>	<u>506,758,930</u>
Total assets	<u>\$ 558,205,733</u>	<u>\$ 506,758,930</u>
Liabilities		
Accounts payable	\$ 172,329	\$ 275,132
Other liabilities	1,211,736	1,676,520
Grants payable	39,021,706	32,644,331
Annuity obligations	1,095,610	136,776
Investments held on behalf of Indiana University	2,500,948	2,203,933
Operating lease liability	532,869	691,570
Total liabilities	<u>44,535,198</u>	<u>37,628,262</u>
Net Assets		
Without donor restrictions		
Undesignated	152,600,412	139,315,552
Board-designated	98,408,334	93,683,792
Total without donor restrictions net assets	<u>251,008,746</u>	<u>232,999,344</u>
With donor restrictions	262,661,789	236,131,324
Total net assets	<u>513,670,535</u>	<u>469,130,668</u>
Total liabilities and net assets	<u>\$ 558,205,733</u>	<u>\$ 506,758,930</u>

James Whitcomb Riley Memorial Association, Inc.
d/b/a Riley Children's Endowment
Consolidated Statements of Activities
Years Ended June 30, 2025 and 2024

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Gift income			
Contributions	\$ 11,101,465	\$ 36,841,852	\$ 47,943,317
Gifts in-kind	390,575	103,230	493,805
Total gifts	11,492,040	36,945,082	48,437,122
Income from government grants	2,032,108	-	2,032,108
Other revenue and support			
Investment income	1,541,776	364,311	1,906,087
Realized and unrealized gains on investments	36,453,629	17,826,596	54,280,225
Gain on perpetual trusts	-	2,394,768	2,394,768
Income from trusts	512,533	777,280	1,289,813
Other income	(33,030)	87,683	54,653
	51,999,056	58,395,720	110,394,776
Net assets released from restrictions	31,781,005	(31,781,005)	-
Total revenues, gains and other support	83,780,061	26,614,715	110,394,776
Expenses and Losses			
Program Services			
Grants			
Research	22,097,559	-	22,097,559
Clinical programs	14,360,009	-	14,360,009
Education	3,276,601	-	3,276,601
Patient and family services	2,162,974	-	2,162,974
Advocacy	5,841,585	-	5,841,585
Buildings and equipment	4,602	-	4,602
Camp Riley	1,332,953	-	1,332,953
Other	209,985	-	209,985
Total grants	49,286,268	-	49,286,268
Riley Museum Home	419,256	-	419,256
Total program services	49,705,524	-	49,705,524
Supporting Services			
Administration	2,408,827	-	2,408,827
Finance	509,328	-	509,328
Fundraising	11,415,257	-	11,415,257
Communications	1,731,723	-	1,731,723
Total supporting services	16,065,135	-	16,065,135
Loss on uncollectible contributions receivable	-	84,250	84,250
Total expenses and losses	65,770,659	84,250	65,854,909
Change in Net Assets	18,009,402	26,530,465	44,539,867
Net Assets, Beginning of Year	232,999,344	236,131,324	469,130,668
Net Assets, End of Year	\$ 251,008,746	\$ 262,661,789	\$ 513,670,535

See Notes to Consolidated Financial Statements

2024		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 11,298,314	\$ 42,196,276	\$ 53,494,590
813,445	79,877	893,322
12,111,759	42,276,153	54,387,912
774,141	-	774,141
1,812,482	470,527	2,283,009
30,492,228	15,059,488	45,551,716
-	2,922,135	2,922,135
530,783	718,825	1,249,608
13,305	76,632	89,937
45,734,698	61,523,760	107,258,458
27,993,147	(27,993,147)	-
73,727,845	33,530,613	107,258,458
17,814,605	-	17,814,605
11,280,860	-	11,280,860
3,162,424	-	3,162,424
3,380,435	-	3,380,435
4,207,676	-	4,207,676
975,012	-	975,012
1,140,705	-	1,140,705
265,984	-	265,984
42,227,701	-	42,227,701
382,974	-	382,974
42,610,675	-	42,610,675
2,385,745	-	2,385,745
508,964	-	508,964
10,387,293	-	10,387,293
2,130,314	-	2,130,314
15,412,316	-	15,412,316
-	325,782	325,782
58,022,991	325,782	58,348,773
15,704,854	33,204,831	48,909,685
217,294,490	202,926,493	420,220,983
\$ 232,999,344	\$ 236,131,324	\$ 469,130,668

James Whitcomb Riley Memorial Association, Inc.
d/b/a Riley Children's Endowment
Consolidated Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services		Supporting Services				Total	June 30, 2024 Total
	Grants	Riley Museum Home	Administration	Finance	Fundraising	Communications		
Grants	\$ 49,286,268	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,286,268	\$ 42,222,734
Salaries, taxes and benefits	-	239,174	906,760	375,378	6,844,972	621,034	8,987,318	8,534,704
Advertising and promotion	-	4,565	-	-	91,414	692,870	788,849	673,996
Bank fees	-	1,585	13,469	-	277,978	-	293,032	259,127
Central Information Systems	-	-	-	-	223,978	-	223,978	214,135
Children's Miracle Network	-	-	-	-	965,279	-	965,279	964,430
Direct mail	-	-	-	-	457,117	-	457,117	467,382
Donor relations	-	-	-	-	155,559	-	155,559	85,619
Events	-	9,220	15,265	-	801,767	-	826,252	711,490
Insurance	-	18,721	160,711	497	22,760	1,703	204,392	198,492
Fundraising platform fees	-	-	-	-	144,453	-	144,453	131,628
Postage and printing services	-	5,994	1,070	1,019	148,828	77,651	234,562	156,440
Professional development and memberships	-	279	79,587	810	68,293	-	148,969	149,085
Professional fees and consulting	-	-	212,957	5,260	260,534	-	478,751	442,305
Rent	-	-	18,007	9,004	117,222	30,869	175,102	173,786
Repairs and maintenance	-	53,238	3,206	1,082	14,070	3,711	75,307	106,553
Service and support contracts	-	3,337	30,288	108,234	334,407	93,351	569,617	513,752
Taxes	-	-	675,000	-	-	-	675,000	717,285
Travel and related expenses	-	249	19,355	386	85,106	5,724	110,820	111,267
Other	-	7,109	260,660	1,412	19,818	4,995	293,994	114,259
Utilities, telephone, and internet	-	15,750	4,343	2,172	28,025	7,446	57,736	57,333
Depreciation and amortization	-	45,341	8,149	4,074	52,966	13,969	124,499	123,867
Subtotal	49,286,268	404,562	2,408,827	509,328	11,114,546	1,553,323	65,276,854	57,129,669
In-kind grants	-	-	-	-	-	-	-	4,967
In-kind advertising and promotion	-	-	-	-	-	178,400	178,400	676,726
In-kind equipment and facility rental	-	-	-	-	59,464	-	59,464	57,434
In-kind event related supplies	-	14,694	-	-	241,247	-	255,941	154,195
June 30, 2025 Total	\$ 49,286,268	\$ 419,256	\$ 2,408,827	\$ 509,328	\$ 11,415,257	\$ 1,731,723	\$ 65,770,659	
June 30, 2024 Total	\$ 42,227,701	\$ 382,974	\$ 2,385,745	\$ 508,964	\$ 10,387,293	\$ 2,130,314		\$ 58,022,991

**James Whitcomb Riley Memorial Association, Inc.
d/b/a Riley Children's Endowment
Consolidated Statement of Functional Expenses
Year Ended June 30, 2024**

	Program Services		Supporting Services				Total
	Grants	Riley Museum Home	Administration	Finance	Fundraising	Communications	
Grants	\$ 42,222,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,222,734
Salaries, taxes and benefits	-	228,196	997,963	371,238	6,386,750	550,557	8,534,704
Advertising and promotion	-	13,116	-	-	9,582	651,298	673,996
Bank fees	-	3,057	6,803	-	249,267	-	259,127
Central Information Systems	-	-	-	-	214,135	-	214,135
Children's Miracle Network	-	-	-	-	964,430	-	964,430
Direct mail	-	-	-	-	467,382	-	467,382
Donor relations	-	-	2,856	-	82,763	-	85,619
Events	-	13,520	6,178	-	680,022	11,770	711,490
Insurance	-	16,709	157,698	501	21,868	1,716	198,492
Fundraising platform fees	-	-	-	-	131,628	-	131,628
Postage and printing services	-	2,144	1,951	992	109,275	42,078	156,440
Professional development and memberships	-	-	83,128	3,858	61,901	198	149,085
Professional fees and consulting	-	-	208,415	3,155	230,735	-	442,305
Rent	-	-	20,445	8,945	113,728	30,668	173,786
Repairs and maintenance	-	27,239	13,306	3,850	48,956	13,202	106,553
Service and support contracts	-	3,510	34,183	108,945	259,306	107,808	513,752
Taxes	-	-	717,285	-	-	-	717,285
Travel and related expenses	-	225	29,237	303	77,142	4,360	111,267
Other	-	8,944	91,817	912	9,786	2,800	114,259
Utilities, telephone and internet	-	14,191	5,216	2,212	28,129	7,585	57,333
Depreciation and amortization	-	45,123	9,264	4,053	51,531	13,896	123,867
Subtotal	42,222,734	375,974	2,385,745	508,964	10,198,316	1,437,936	57,129,669
Donated grant related items	4,967	-	-	-	-	-	4,967
Donated advertising	-	-	-	-	-	676,726	676,726
Donated equipment and facility rental	-	-	-	-	57,434	-	57,434
Donated event related supplies	-	7,000	-	-	131,543	15,652	154,195
June 30, 2024 Total	\$ 42,227,701	\$ 382,974	\$ 2,385,745	\$ 508,964	\$ 10,387,293	\$ 2,130,314	\$ 58,022,991

James Whitcomb Riley Memorial Association, Inc.
d/b/a Riley Children's Endowment
Consolidated Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Operating Activities		
Change in net assets	\$ 44,539,867	\$ 48,909,685
Items not requiring (providing) cash		
Depreciation and amortization	124,499	123,867
Loss on uncollectible contributions receivable	84,250	325,782
Net realized and unrealized gains on investments	(54,280,225)	(45,551,716)
Change in value of beneficial interest in charitable lead trusts	(366,621)	(351,203)
Change in value of beneficial interest in perpetual trusts	(2,394,768)	(2,922,135)
Contributions restricted for long-term investment	(5,613,808)	(4,493,319)
Operating lease expense	149,781	145,284
Changes in		
Prepaid expenses and other assets	(9,043)	(35,462)
Contributions receivable	24,734	(11,829,108)
Grants receivable	(618,381)	(220,245)
Accounts payable and accrued expenses	(567,587)	790,769
Grants payable	6,377,375	(569,076)
Operating lease liability	(158,701)	(149,997)
Net cash used in operating activities	<u>(12,708,628)</u>	<u>(15,826,874)</u>
Investing Activities		
Purchase of property and equipment	(244,009)	(86,147)
Purchase of investments	(133,854,591)	(120,024,710)
Proceeds from sales and maturities of investments	134,479,881	139,032,500
Net decrease (increase) in cash surrender value of life insurance	660,345	(29,008)
Net cash provided by investing activities	<u>1,041,626</u>	<u>18,892,635</u>
Financing Activities		
Contributions restricted for long-term investment	5,613,808	4,493,319
Change in value of investment held on behalf of Indiana University	297,015	(1,429,557)
Contribution of annuity	1,024,855	-
Annuity payments	(66,021)	(10,298)
Net cash provided by financing activities	<u>6,869,657</u>	<u>3,053,464</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(4,797,345)</u>	<u>6,119,225</u>
Cash and Cash Equivalents, Beginning of Year	<u>12,865,489</u>	<u>6,746,264</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 8,068,144</u></u>	<u><u>\$ 12,865,489</u></u>
Supplemental Cash Flows Information		
Stock gifts	\$ 3,578,021	\$ 3,738,873
Gifts-in-kind	493,805	893,322

Note 1. Nature of Operations and Summary of Significant Accounting Policies

The James Whitcomb Riley Memorial Association, Inc., d/b/a Riley Children's Endowment (Endowment) was organized in 1921 to commemorate the life of Indiana's poet, James Whitcomb Riley. The Endowment provides support for Riley Children's Health and its research programs, Camp Riley and the Riley Museum Home. The Endowment's primary sources of support and revenue are contributions and investment earnings.

The vision of the Endowment is to ensure all children have equitable access to exceptional healthcare so they may reach their optimal health and quality of life. The mission is to inspire people to invest in pediatric research, care, and programs that support the physical and mental health of kids.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Endowment and its wholly owned subsidiaries, Riley Children's Foundation, LLC (established in 2018) and Indiana University Dance Marathon, LLC (established in 2022).

Effective April 1, 2018, James Whitcomb Riley Memorial Association, Inc. changed its d/b/a to Riley Children's Endowment (Endowment) and a new entity was formed, Riley Children's Foundation, LLC (Foundation). The Endowment's Board of Governors determined that given the challenges involved in managing both operational and investment activities and the vastly different governance needs of these distinct functions, the Endowment could most effectively and efficiently further its charitable purposes by focusing exclusively on investment and endowment management, and by transferring the charitable programming and activities function to the Foundation, which has a governance structure and organizational capacity designed specifically to advance fundraising efforts.

Effective December 22, 2021, the Foundation formed Indiana University Dance Marathon, LLC (IUDM). IUDM was created to further the charitable purpose of the Foundation by engaging in fundraising efforts specifically related to the Indiana University Dance Marathon. The Indiana University Dance Marathon is a group of events led by Indiana University students that raise money and awareness for Riley Children's Health and its related research programs.

All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (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 the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Endowment considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2025 and 2024, cash equivalents consisted primarily of a sweep account. For the purposes of the consolidated statements of cash flows, the Endowment does not consider cash equivalents included within the managed portfolio (investments) to be cash equivalents.

At June 30, 2025, the Endowment's cash accounts exceeded insured limits by approximately \$7,700,000.

Investments

Investments are carried at fair value. The Endowment's alternative investments (including private equity, hedge funds, etc.) are recorded at net asset value (NAV) as a practical expedient to determine the fair value of those investments. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

The Endowment invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

The Endowment maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

At June 30, 2025 and 2024, approximately 99% of the Endowment's investments are invested in the Riley Children's Endowment Unitized Fund (the "Fund") coordinated through Northern Trust. The Endowment treats the application of its investment in the Fund as a mutual fund with shares as the common unit. The custodian-held assets in the Fund are managed by professional investment firms in accordance with Board-approved investment and spending policies. Net earnings of the Fund are allocated to investing participants on a pro-rata basis. The fair value of the Fund's investments in equities, fixed income securities and commodities are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Alternative investments, principally private equity, real estate, hedge funds and similar interests are valued using the most recent valuation available by the respective external fund manager, adjusted for cash receipts and cash disbursements.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

Leases

The Endowment determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Endowment determines lease classification as operating or finance at the lease commencement date.

The Endowment combines lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office buildings. In addition, for certain equipment leases, the Endowment applies a portfolio approach to effectively account for the operating lease ROU assets and liabilities.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Endowment has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

James Whitcomb Riley Memorial Association, Inc.
d/b/a Riley Children’s Endowment
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

The lease term may include options to extend or to terminate the lease that the Endowment is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Endowment has elected not to record leases with initial term of 12 months or less on the consolidated statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Furniture and equipment	3 - 7 years
Leasehold improvements	5 years
Riley Museum Home Visitors Center	30 years

Long-Lived Asset Impairment

The Endowment evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2025 and 2024.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment. 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 other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

James Whitcomb Riley Memorial Association, Inc.
d/b/a Riley Children's Endowment
Notes to Consolidated Financial Statements
June 30, 2025 and 2024

Contributions

Contributions are provided to the Endowment either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<p><i>Conditional gifts, with or without restriction</i></p> <p>Gifts that depend on the Endowment overcoming a donor-imposed barrier to be entitled to the funds</p>	<p>Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor-imposed barrier is met</p>
<p><i>Unconditional gifts, with or without restriction</i></p> <p>Received at date of gift – cash and other assets</p> <p>Received at date of gift – property, equipment and long-lived assets</p> <p>Expected to be collected within one year</p> <p>Collected in future years</p>	<p>Fair value</p> <p>Estimated fair value</p> <p>Net realizable value</p> <p>Initially reported at fair value determined using the discounted present value of estimated future cash flows technique</p>

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction. During 2023, the Endowment received a \$10 million conditional promise to give. This contribution will be recognized as earned, which is conditioned upon the Endowment raising \$10 million for pediatric cancer research. The Endowment has received \$3,576,265 of commitments towards this match as of June 30, 2025.

During 2024, the Endowment received a \$2.5 million conditional promise to give. This contribution will be recognized as earned, which is conditioned upon the Endowment raising \$2.5 million for children's nutritional health research. The Endowment has raised \$258,233 of commitments towards this match as of June 30, 2025.

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In-Kind Contributions

In addition to receiving cash contributions, the Endowment receives various in-kind contributions including advertising, concessions, office space, software, equipment, entertainment space, etc. from various donors. It is the policy of the Endowment to record the estimated fair value of certain in-kind donations as an expense in its consolidated financial statements, and similarly increase contribution revenue by the same amount. For the years ended June 30, 2025 and 2024, \$493,805 and \$893,322, respectively, was received in in-kind contributions.

Government Grants

Support funded by grants is recognized as the Endowment meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Endowment is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Endowment is subject to federal income tax on any unrelated business taxable income. The Endowment files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, administration, finance, fundraising and communications categories based on time studies, space allocations, and other methods.

Subsequent Events

Subsequent events have been evaluated through October 16, 2025, which is the date the consolidated financial statements were available to be issued.

Note 2. Contributions Receivable

	Without Donor Restrictions	2025 With Donor Restrictions	Total
Due within one year	\$ 626,014	\$ 9,262,370	\$ 9,888,384
Due in one to five years	-	9,074,871	9,074,871
Due in more than five years	-	8,453,750	8,453,750
	626,014	26,790,991	27,417,005
Allowance for uncollectible contributions	-	(345,000)	(345,000)
	626,014	26,445,991	27,072,005
Discount for time value of money	-	(5,672,797)	(5,672,797)
	<u>\$ 626,014</u>	<u>\$ 20,773,194</u>	<u>\$ 21,399,208</u>

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	Without Donor Restrictions	2024 With Donor Restrictions	Total
Due within one year	\$ 639,082	\$ 9,035,436	\$ 9,674,518
Due in one to five years	-	9,567,111	9,567,111
Due in more than five years	-	8,507,250	8,507,250
	639,082	27,109,797	27,748,879
Allowance for uncollectible contributions	-	(345,000)	(345,000)
	639,082	26,764,797	27,403,879
Discount for time value of money	-	(5,895,687)	(5,895,687)
	<u>\$ 639,082</u>	<u>\$ 20,869,110</u>	<u>\$ 21,508,192</u>

Discount rates ranged from 0.33% to 5.09% and from 0.33% to 5.33% for 2025 and 2024, respectively.

Note 3. Investments

The Endowment participates in an investment pool with Indiana University. This investment pool is under the control of the Endowment, as it is held in the Endowment's name and is subject to the Endowment's investment policy. Current fair value is used to determine the number of units allocated to additional assets placed in the pool and to value withdrawals from the pool. Investment income and realized and unrealized gains and losses are allocated equitably based on the number of units assigned to each participant.

Details of the pool's participant accounts at June 30 are as follows:

	No. of Units	Fair Value	
		2025	2024
Riley Children's Endowment	15,827,751	\$ 473,709,028	\$ 422,234,233
Indiana University	668,675	2,500,948	2,203,933
Total		<u>\$ 476,209,976</u>	<u>\$ 424,438,166</u>

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The Endowment's investments (including those investments held in the pool) as of June 30 are as follows:

	2025	2024
Cash equivalents	\$ 14,377,620	\$ 15,847,717
Equities:		
Common stocks	1,042,522	1,674,769
International equities	342,156	360,083
Common trust/mutual funds	45,194,699	36,771,257
Commingled funds	126,757,474	100,003,627
Fixed income:		
U.S. Government and Government Agency securities	22,639,920	19,297,987
Corporate bonds	12,160,945	13,259,874
Municipal bonds	344,707	79,447
Common trust/mutual funds	1,606,199	891,593
Other fixed income	1,999,394	2,628,123
Commingled funds	33,842,298	32,137,154
Hedge funds	114,960,952	105,377,921
Private credit	2,361,872	1,800,590
Private equity	82,189,159	67,490,547
Real assets - Partnerships	21,604,224	30,148,517
Total	<u>\$ 481,424,141</u>	<u>\$ 427,769,206</u>

Alternative Investments

Alternative investments held at June 30 consist of the following:

	June 30, 2025			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity commingled funds	\$ 126,757,474	\$ -	Quarterly	90 Days
Fixed income commingled funds	33,842,298	-	Daily	2 Days
Hedge funds	114,960,952	-	Quarterly	90 Days
Private credit	2,361,872	1,199,147	None	Not applicable
Private equity	82,189,159	93,039,873	None	Not applicable
Real assets - Partnerships	21,604,224	4,971,911	None	Not applicable
	June 30, 2024			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity commingled funds	\$ 100,003,627	\$ -	Quarterly	90 Days
Fixed income commingled funds	32,137,154	-	Daily	2 Days
Hedge funds	105,377,921	-	Quarterly	90 Days
Private credit	1,800,590	1,650,000	None	Not applicable
Private equity	67,490,547	48,376,763	None	Not applicable
Real assets - Partnerships	30,148,517	7,170,371	None	Not applicable

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Equity Commingled Funds: Equity commingled funds consist of an investment in a commingled fund vehicle that is a limited partnership. This fund invests in U.S., non-U.S., and emerging markets marketable equity securities. Equity commingled funds have quarterly liquidity subject to certain notice requirements and gate provisions. The fair value of the investment in this category has been estimated using the net asset value per share of the fund, which reflects the fair value of the underlying securities.

Fixed Income Commingled Funds: Fixed income commingled funds include investments in limited liability companies with U.S. short-term investment grade and U.S. intermediate government/credit fixed income strategies. These commingled funds have daily liquidity with two business days' notice. The fair value of the investments in this category have been estimated using the net asset value per share of the fund, which reflects the fair value of the underlying bonds.

Hedge Funds: Hedge funds consist of investments in commingled fund vehicles including Cayman Islands limited partnerships and previously included a Cayman Islands exempt company that was redeemed in 2025. These funds implement a range of alternative investment strategies such as long/short equity, credit, managers investing opportunistically across the capital structure, and other strategies. These funds are open-ended in duration and generally offer quarterly liquidity subject to certain notice requirements and gate provisions, with the expectation that investments will be held for the long-term unless liquidity, rebalancing, or other needs of the Endowment necessitate redemption. Additionally, certain hedge fund investments may include side pockets, holdbacks, or other illiquid investments where no redemptions are permitted until such investments are liquidated or deemed realized. The fair values of the investments in this category have been estimated using the net asset value per share of the fund, which reflects the fair value of the underlying securities.

Private Credit: Private credit includes an investment in a limited partnership that provides customized and secured debt financing to emerging growth companies. Private credit funds typically have investment terms greater than 10 years. The fair value of this investment has been estimated using the net asset value of the Endowment's ownership interest in partners' capital. This investment cannot be redeemed during the term of the fund. Distributions from this fund are received as the underlying investments of the fund are liquidated.

Private Equity: Private equity includes investments in limited partnerships, limited liability companies, British Virgin Islands limited companies, Cayman Islands exempt limited partnerships, and an English limited partnership that consist of direct and fund-of-funds structures, including private equity buyout, venture capital, direct financing (debt), and secondary private equity funds. These private equity funds typically have investment terms greater than 10 years. The fair values of these investments have been estimated using the net asset value of the Endowment's ownership interest in partners' capital. The investments cannot be redeemed during the term of the fund. Distributions from each fund are received as the underlying investments of the funds are liquidated.

Real Asset - Partnerships: Real asset partnerships include investments in limited partnerships, limited liability companies, and a Cayman Islands exempt limited partnership which invest in a variety of energy and natural resources related infrastructure, property or companies, as well as real estate investments. These real asset partnerships typically have investment terms greater than 10 years. The fair values of these investments have been estimated using the net asset value of the Endowment's ownership interest in partners' capital. The investments cannot be redeemed during the term of the fund. Distributions from each fund are received as the underlying investments of the funds are liquidated.

Note 4. Split-Interest Agreements

Beneficial Interest Charitable Lead Trust

The Endowment is the beneficiary of a charitable lead annuity trust. The trust provides for annual variable annuity payments through 2037. Based on the lives of the trust and applicable discount rates, the present value of future benefits expected to be received by the Endowment was estimated to be \$8,717,895 and \$8,351,274 at June 30, 2025 and 2024, respectively. The discount rate was 4.39% for 2025 and 2024.

Beneficial Interest in Perpetual Trusts

The Endowment is also the beneficiary under various perpetual trusts administered by outside parties. Under the terms of the trusts, the Endowment has the irrevocable right to receive income earned on the trusts' assets in perpetuity, but never receives the assets held in trusts. The estimated value of the expected future cash flows is \$34,431,188 and \$32,036,420, which represents the fair value of the trusts' assets at June 30, 2025 and 2024, respectively. Income from these trusts was \$1,289,813 and \$1,249,608 for the years ended 2025 and 2024, respectively.

Charitable Gift Annuities

The Endowment has executed charitable annuity agreements with various donors. Under the terms of the annuity agreements, the donors contribute assets to the Endowment in exchange for the right to receive a fixed payment for a specified period of time. Upon receiving the annuity gift, the Endowment records a liability based on the present value of the estimated payments to the donor. The remainder of the gift is recorded as revenue in the period received. Annuity liabilities were \$1,095,610 and \$136,776 at June 30, 2025 and 2024, respectively.

Note 5. Property and Equipment

The Endowment's property and equipment as of June 30 is comprised of the following:

	2025	2024
Riley Museum Home	\$ 43,190	\$ 43,190
Riley Museum Home Visitors Center	1,311,143	1,311,143
Furniture and equipment	915,108	671,099
Leasehold improvements	310,521	310,521
	<u>2,579,962</u>	<u>2,335,953</u>
Accumulated depreciation	<u>(1,180,833)</u>	<u>(1,056,334)</u>
	<u><u>\$ 1,399,129</u></u>	<u><u>\$ 1,279,619</u></u>

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Note 6. Leases

Operating Leases

The Endowment has a lease for office space that expires in fiscal year 2029. Termination of the lease is generally prohibited unless there is a violation under the lease agreement. Annual minimum lease payments of \$165,438 began on April 1, 2022. In addition to the minimum rent, the Endowment is required to pay additional rent based on a portion of the increase in the landlord's operating expenses and real estate taxes.

Quantitative Disclosures

The lease cost and other required information for the years ended June 30, 2025 and 2024, are:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$ 176,813	\$ 172,574
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 158,733	\$ 149,997
Weighted-average remaining operating lease term	3 years	4 years
Weighted-average discount rate	2.92%	2.92%

Future minimum lease payments and reconciliation to the consolidated statement of financial position at June 30, 2025 is as follows:

2026	\$ 180,430
2027	184,869
2028	189,413
2029	31,695
Total future undiscounted lease payments	<u>586,407</u>
Less interest	<u>53,538</u>
Lease liabilities	<u><u>\$ 532,869</u></u>

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Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are available for the following purposes or periods:

	2025	2024
Subject to expenditure for specified purpose		
Research	\$ 12,577,159	\$ 14,487,429
Clinical programs	21,231,493	18,259,136
Education	1,256,719	1,321,106
Patient and family services	7,238,783	6,993,067
Advocacy	2,440,596	1,098,212
Buildings and equipment	9,214,214	9,541,852
Camp Riley	4,311,775	4,506,370
General program support - Riley Children's Health and other	16,872,673	12,279,868
Other	117,484	152,078
	<u>75,260,896</u>	<u>68,639,118</u>
Subject to passage of time, no purpose restriction	<u>301,510</u>	<u>1,114,358</u>
Endowments		
Accumulated investment income, subject to spending policy and appropriation		
Research	11,155,534	7,766,610
Clinical programs	8,530,429	6,308,003
Education	9,467,802	5,074,823
Patient and family services	6,196,421	5,244,387
Advocacy	118,073	66,341
Buildings and equipment	114,192	68,365
Camp Riley	1,348,978	1,037,453
General program support - Riley Children's Health and other	1,777,194	1,233,796
Museum Home	434,563	304,703
Other	78,332	135,348
	<u>39,221,518</u>	<u>27,239,829</u>
Amounts to be held in perpetuity		
Research	29,946,552	26,599,198
Clinical programs	18,701,829	17,697,733
Education	44,745,158	43,693,506
Patient and family services	5,622,029	5,581,479
Advocacy	377,982	336,974
Buildings and equipment	682,279	542,858
Camp Riley	2,426,292	2,422,493
General program support - Riley Children's Health and other	4,500,376	4,034,522
Museum Home	1,286,790	1,111,790
Foundation operations	1,861,031	1,861,031
Other	199,287	297,463
	<u>110,349,605</u>	<u>104,179,047</u>
Total endowments	<u>149,571,123</u>	<u>131,418,876</u>

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	2025	2024
<i>(Continued)</i>		
Other amounts to be held in perpetuity		
Research	\$ 4,162,308	\$ 4,618,414
Clinical programs	384,182	231,532
Education	985,425	479,324
Patient and family services	5,544,483	5,198,255
Advocacy	84	84
General program support - Riley Children's Health and other	12,369,045	11,391,923
Foundation operations	14,077,622	13,033,080
Other	5,111	6,360
	<u>37,528,260</u>	<u>34,958,972</u>
	<u>\$ 262,661,789</u>	<u>\$ 236,131,324</u>

Net Assets Released From Restrictions

Net assets were released from donor restrictions during the years ended June 30 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2025	2024
Purpose restrictions accomplished		
Program related		
Research	\$ 12,508,045	\$ 6,877,166
Clinical programs	3,500,740	2,323,056
Education	2,593,395	2,416,275
Patient and family services	2,081,304	3,019,828
Advocacy	507,692	617,789
Buildings and equipment	112,476	1,022,865
Camp Riley	1,192,520	1,003,650
General program support	7,935,936	10,085,076
Museum Home	214,798	143,730
Other	45,162	6,534
Time restriction met	<u>1,088,937</u>	<u>477,178</u>
Net restrictions released	<u>\$ 31,781,005</u>	<u>\$ 27,993,147</u>

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Note 8. Endowment

The Endowment's endowment consists of approximately 225 individual funds established to support a variety of purposes, including:

- Pediatric research
- Clinical care
- Education
- Family Support Programs
- The Riley Museum Home
- Operations of the Endowment

The endowment includes both donor-restricted endowment funds and funds designated by the Board of Governors to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Endowment's Board of Governors has interpreted the State of Indiana Prudent Management of Institutional Funds Act (SPMIFA) as requiring 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, when reviewing its donor-restricted endowment funds, the Endowment considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Endowment has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Endowment considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

The composition of net assets by type of endowment fund at June 30, 2025 and 2024, was:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 88,396,742	\$ -	\$ 88,396,742
Donor-restricted endowment funds			
Accumulated investment gains	-	39,221,518	39,221,518
Amounts to be held in perpetuity	-	110,349,605	110,349,605
Total endowment funds	\$ 88,396,742	\$ 149,571,123	\$ 237,967,865

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	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 81,437,879	\$ -	81,437,879
Donor-restricted endowment funds			
Accumulated investment gains	-	27,239,829	27,239,829
Amounts to be held in perpetuity	-	104,179,047	104,179,047
Total endowment funds	<u>\$ 81,437,879</u>	<u>\$ 131,418,876</u>	<u>\$ 212,856,755</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2023	71,265,964	119,865,098	\$ 191,131,062
Investment return			
Investment income	283,301	497,056	780,357
Net appreciation in values	9,341,615	15,059,487	24,401,102
Contributions	-	1,957,959	1,957,959
Administrative expenses	(180,352)	(275,656)	(456,008)
Transfer to create Board designated endowment	4,477,863	-	4,477,863
Appropriation of endowment assets for expenditure	<u>(3,750,512)</u>	<u>(5,685,068)</u>	<u>(9,435,580)</u>
Endowment net assets, June 30, 2024	81,437,879	131,418,876	212,856,755
Investment return			
Investment income	191,508	365,761	557,269
Net appreciation in values	11,269,074	17,826,596	29,095,670
Contributions	-	5,265,385	5,265,385
Administrative expenses	(188,069)	(288,899)	(476,968)
Transfer to create Board designated endowment	395,889	-	395,889
Appropriation of endowment assets for expenditure	<u>(3,835,787)</u>	<u>(5,890,348)</u>	<u>(9,726,135)</u>
Transfers and other changes	<u>(873,752)</u>	<u>873,752</u>	<u>-</u>
Endowment net assets, June 30, 2025	<u>\$ 88,396,742</u>	<u>\$ 149,571,123</u>	<u>\$ 237,967,865</u>

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From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Endowment is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body. At June 30, 2025 and 2024, underwater endowment funds with donor restrictions were as follows:

	2025	2024
Fair values	\$ -	\$ 20,774,568
Original gift values	-	20,836,388
Underwater endowment fund values	\$ -	\$ 61,820

The Endowment has adopted investment and spending policies, approved by the Board of Governors, for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Endowment must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Endowment's policies, endowment assets are invested in a manner that is intended to produce results that exceed the annual distribution while assuming an acceptable level of investment risk. The Endowment expects its endowment funds to provide an average rate of return of approximately 8% annually over time. Actual returns in any given year may vary from this amount.

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

The Endowment has a policy (the spending policy) of appropriating for expenditure each year 5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year end preceding the year in which expenditure is planned. In establishing this policy, the Endowment considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effect of inflation. Accordingly, over the long-term, the Endowment expects the current spending policy to allow its endowment to grow at an average of the long-term rate of inflation. This is consistent with the Endowment's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

The Endowment has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Likewise, the Endowment has a policy that permits spending from underwater endowment funds unless otherwise precluded by donor stipulations or laws and regulations.

Note 9. Employee Benefits

The Endowment has established a 401(k) retirement plan for employees who meet certain eligibility requirements. The Endowment provides a safe harbor contribution of 5% and also matches 2.5% of salary deferrals. Total retirement plan costs for 2025 and 2024 were \$468,771 and \$444,292, respectively.

Note 10. Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** 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 for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

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Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2025 and 2024:

	Fair Value Measurements Using				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value	
June 30, 2025					
Investments					
Cash equivalents	\$ 14,377,620	\$ -	\$ -	\$ 14,377,620	
Equities:					
Common stocks	1,042,522	-	-	1,042,522	
International equities	342,156	-	-	342,156	
Common trust/mutual funds	45,194,699	-	-	45,194,699	
Fixed income:					
U.S. Government and Government					
Agency securities	22,639,920	-	-	22,639,920	
Corporate bonds	12,160,945	-	-	12,160,945	
Municipal bonds	344,707	-	-	344,707	
Common trust/mutual funds	1,606,199	-	-	1,606,199	
Other fixed income	1,999,394	-	-	1,999,394	
Private equity	-	-	3,227,727	3,227,727	
Real assets - Partnerships	-	-	951,128	951,128	
Total investments in the fair value hierarchy	99,708,162	-	4,178,855	103,887,017	
Investments measured at NAV ^(A)				377,537,124	
Total investments				481,424,141	
Beneficial interest in charitable lead trusts	-	-	8,717,895	8,717,895	
Beneficial interest in perpetual trusts	-	-	34,431,188	34,431,188	
June 30, 2024					
Investments					
Cash equivalents	\$ 15,847,717	\$ -	\$ -	\$ 15,847,717	
Equities:					
Common stocks	1,674,769	-	-	1,674,769	
International equities	360,083	-	-	360,083	
Common trust/mutual funds	36,771,257	-	-	36,771,257	
Fixed income:					
U.S. Government and Government					
Agency securities	19,297,987	-	-	19,297,987	
Corporate bonds	13,259,874	-	-	13,259,874	
Municipal bonds	79,447	-	-	79,447	
Common trust/mutual funds	891,593	-	-	891,593	
Other fixed income	2,628,123	-	-	2,628,123	
Private equity	-	-	4,014,146	4,014,146	
Real assets - Partnerships	-	-	3,182,885	3,182,885	
Total investments in the fair value hierarchy	90,810,850	-	7,197,031	98,007,881	
Investments measured at NAV ^(A)				329,761,325	
Total investments				427,769,206	
Beneficial interest in charitable lead trusts	-	-	8,351,274	8,351,274	
Beneficial interest in perpetual trusts	-	-	32,036,420	32,036,420	

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statement of financial position.

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Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2025. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Level 3 Valuation Process

Fair value determinations for Level 3 measurements of securities are the responsibility of the Accounting Department in conjunction with the investment advisor and fund managers. The Accounting Department challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States of America.

Beneficial Interest in Charitable Lead Trusts

Fair value is estimated by calculating the present value of the annuity over the term of the trusts using discount rates.

Beneficial Interest in Perpetual Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Unobservable (Level 3) Inputs

The following tables present quantitative information about unobservable inputs used in recurring Level 3 fair value measurements at June 30, 2025 and 2024.

	Fair Value at June 30, 2025	Valuation Technique	Unobservable Inputs	Range
Private equity investments	\$ 3,227,727	Net asset value equivalent (NAV)	Adjustments to NAV	None
Real asset investments	951,128	NAV	Adjustments to NAV	None
Beneficial interest in charitable lead trusts	8,717,895	Discounted cash flow	Discount rate	4.39%
Beneficial interest in perpetual trusts	34,431,188	Discounted cash flow	(1)	None
	Fair Value at June 30, 2024	Valuation Technique	Unobservable Inputs	Range
Private equity investments	\$ 4,014,146	Net asset value equivalent (NAV)	Adjustments to NAV	None
Real asset investments	3,182,885	NAV	Adjustments to NAV	None
Beneficial interest in charitable lead trusts	8,351,274	Discounted cash flow	Discount rate	4.39%
Beneficial interest in perpetual trusts	32,036,420	Discounted cash flow	(1)	None

(1) Fair value has been determined utilizing the fair value of the underlying assets of the trust.

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Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated statements of financial position using significant unobservable (Level 3) inputs:

	Investments		Beneficial Interest in Charitable Lead Trusts	Beneficial Interest in Perpetual Trusts
	Private Equity	Real Assets Partnerships		
Balance, June 30, 2023	\$ 5,539,256	\$ 6,526,542	\$ 8,000,071	\$ 29,114,285
Distributions	48,529	-	-	-
Unrealized losses	(1,269,791)	(2,756,259)	-	-
Contributions of perpetual trust	(303,848)	(587,398)	-	-
Change in discount to present value	-	-	351,203	-
Unrealized gain on perpetual trusts	-	-	-	2,922,135
Balance, June 30, 2024	4,014,146	3,182,885	8,351,274	32,036,420
Distributions	(869,883)	(1,960,550)	-	-
Unrealized gains (losses)	83,464	(271,207)	-	-
Change in discount to present value	-	-	366,621	-
Unrealized gain on perpetual trusts	-	-	-	2,394,768
Balance, June 30, 2025	<u>\$ 3,227,727</u>	<u>\$ 951,128</u>	<u>\$ 8,717,895</u>	<u>\$ 34,431,188</u>

Note 11. Liquidity and Availability

The Endowment receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Endowment receives support and investment income without donor restrictions.

The Endowment considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which support Riley Children's Health and its research programs, Camp Riley and the Riley Museum Home to be available to meet cash needs for general expenditures. General expenditures include management and general expenses, fundraising expenses, communications expenses, and grant commitments.

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The Endowment has established an Investment Policy Statement ("IPS") that is used to define how the Endowment's investment portfolio is managed. The investment portfolio is broken into three asset classes as defined below:

1. Short-Term Assets - includes the portion of the Endowment's funds that have a time horizon of 3 years or less, plus annual grant commitments. The IPS states that this asset class should be 100% liquid within one week.
2. Intermediate-Term Assets - includes the portion of the Endowment's funds that have a time horizon of greater than 3 years but not more than 7 years. The IPS states that this asset class should be 80% liquid within 3 years and 100% liquid within 5 years.
3. Long-Term Assets - includes endowment funds to be held in perpetuity. These funds have a spending policy and a perpetual time horizon. The IPS states that 30% of this asset class should be liquid within one year and 50% liquid within 3 years.

The Endowment strives to have sufficient liquid assets to meet its annual operating expenditures plus endowment distributions and estimated grant obligations for three years. This allows the Endowment to adjust to emerging programmatic needs of Riley Children's Health.

The table below presents financial assets available for general expenditures within one year at June 30, 2025 and 2024:

	2025	2024
Cash and cash equivalents	\$ 8,068,144	\$ 12,865,489
Contributions receivable, gross	27,417,005	27,748,879
Investments	481,424,141	427,769,206
Total financial assets	<u>516,909,290</u>	<u>468,383,574</u>
Less: amounts not available to be used within one year		
Contributions receivable, due after one year	(17,528,621)	(18,074,361)
Intermediate-term assets	(20,482,702)	(20,132,880)
Investments held in perpetuity	(110,349,605)	(104,179,048)
Investments held for board-designated endowment	(88,396,742)	(81,437,879)
Investments held on behalf of Indiana University	(2,500,948)	(2,203,933)
Financial assets not available to be used within one year	<u>(239,258,618)</u>	<u>(226,028,101)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 277,650,672</u>	<u>\$ 242,355,473</u>

Note 12. Commitments

As of June 30, 2025, the Endowment has outstanding commitments of \$29,000,000 for research, education, patient and family services and programs for Riley Children's Health. The commitments are expected to be paid in one year.

Note 13. Related Party Transactions

Amounts due on promises to give from members of the Board of Governors were \$4,212,091 and \$4,546,375 at June 30, 2025 and 2024, respectively. The Endowment also purchases products and services from businesses in which a member of the Board of Governors held an ownership percentage. These purchases were not material in 2025 or 2024.

Note 14. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Investments

The Endowment has significant investments in equity and debt securities and is therefore subject to concentrations of credit risk. Investments are managed by investment advisors who are supervised by the Finance Committee of the Board of Governors. Though the fair value of investments is subject to fluctuations on a year to year basis, the Committee members believe that the investment policy is prudent for the long-term welfare of the Endowment.

Contributions Receivable

At June 30, 2025 and 2024, 43% and 49% of the total contributions receivable were from three donors and four donors, respectively, through both foundations and individual donations. Other concentrations of credit risk with respect to contributions receivable are limited due to the large number of contributors comprising the Endowment's contributor base and their dispersion across different industries and geographic areas.